



SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



436 1st Avenue W • PO Box 1072
Albany, Oregon 97321 • (541) 223-5555

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Andrew Brian, Chair
Sandy, Oregon

Sue Hein, Vice Chair
Sandy, Oregon

Justin Stuchlik, Secretary/Treasurer
Sandy, Oregon

Ron Lesowski
Sandy, Oregon

Mark Maunder
Sandy, Oregon

FIRE CHIEF AND REGISTERED AGENT

Phil Schneider
17460 Bruns Avenue
Sandy, Oregon 97055

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

TABLE OF CONTENTS

June 30, 2021

Page
Number

INTRODUCTORY SECTION

Title Page
District Officials
Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	13
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Notes to Basic Financial Statements.....	16-49
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of District Contributions.....	50
Schedule of the District's Proportionate Share of the OPEB RHIA Asset	51
Schedule of District Contributions.....	51
Schedules of Changes in OPEB Liability and Related Ratios – Medical Benefit	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	53
Other Supplementary Information – Individual Fund Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
McCulloch Memorial Fund	54
Personnel Services Reserve Fund.....	55
LOSAP Reserve Fund	56
Apparatus and Equipment Reserve Fund	57
Land and Facilities Reserve Fund	58

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS

Independent Auditor's Report Required by Oregon State Regulations	59-60
---	-------

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sandy Rural Fire Protection District
Sandy, Oregon 97055

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sandy Rural Fire Protection District, Sandy, Oregon as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the District's proportionate share of the net pension liability/OPEB RHIA asset and District contributions, schedules of changes in in OPEB liability and related ratios – medical benefit, and budgetary comparison information on pages 4 through 9 and 50 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

Other Information

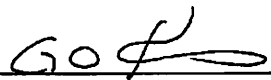
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sandy Rural Fire Protection District's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 8, 2021 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: _____
Glen O. Kearns, CPA

Albany, Oregon
November 8, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

SANDY RURAL FIRE PROTECTION DISTRICT

Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of Sandy Rural Fire Protection District amounted to \$9,509,821. Of this amount, \$8,290,320 was invested in capital assets. The remaining balance included \$9,220 restricted for various purposes and \$1,210,281 of unrestricted net position.
- The District's total net position decreased by \$48,372 during the current fiscal year.
- Overall expenditures were \$4,525,758, which were greater than total revenues of \$4,477,386 by \$48,372.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets 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 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting.

SANDY RURAL FIRE PROTECTION DISTRICT

Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Sandy Rural Fire Protection District 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 six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, McCulloch Memorial, Personnel Services Reserve, LOSAP Reserve, Apparatus and Equipment Reserve, and Land and Facility Reserve. The General, Apparatus and Equipment Reserve, and Land and Facility Reserve Funds are all considered to be major funds. Sandy Rural Fire Protection District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 49 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes schedules of the District's proportionate share of the net pension liability/OPEB RHIA asset, schedules of changes in OPEB liability and related ratios - medical benefit, and District contributions and budgetary comparison information for the General Fund. This required supplementary information can be found on pages 50 through 53 of this report.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The individual fund schedules are presented immediately following the required supplementary information on pages 54 through 58 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, 2021, the District's assets exceeded liabilities by \$9,509,821.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

District's Net Position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position decreased by \$48,372 during the current fiscal year. Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities	
	2021	2020
Assets		
Current assets and other assets	\$ 3,587,853	\$ 3,256,123
Restricted assets	9,220	8,178
Net capital assets	<u>8,290,320</u>	<u>8,244,504</u>
Total assets	<u>11,887,393</u>	<u>11,508,805</u>
Deferred outflows of resources	<u>1,533,744</u>	<u>1,038,192</u>
Liabilities		
Current liabilities	29,008	158,730
Noncurrent liabilities	<u>3,812,299</u>	<u>2,691,414</u>
Total liabilities	<u>3,841,307</u>	<u>2,850,144</u>
Deferred inflows of resources	<u>70,009</u>	<u>138,660</u>
Net position		
Net investment in capital assets	8,290,320	8,244,504
Restricted for various purposes	9,220	8,178
Unrestricted	<u>1,210,281</u>	<u>1,305,511</u>
Total net position	<u>\$ 9,509,821</u>	<u>\$ 9,558,193</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Changes in Net Position

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

Changes in Net Position

	Governmental Activities	
	2021	2020
Program revenues		
Administration	\$ 3,366	\$ 3,616
Fire prevention	100,208	84,749
Support services	2,200	1,840
Total program revenues	105,774	90,205
General revenues		
Property taxes - general	4,212,417	3,852,114
Investment earnings	8,260	15,194
Insurance reimbursement	-	3,617
Miscellaneous	150,935	29,812
Total general revenues	4,371,612	3,900,737
Total revenues	4,477,386	3,990,942
Program expenses		
Administration	3,740,564	3,434,953
Support services	26,238	19,584
Volunteers	127,263	92,348
Buildings and grounds	95,665	77,656
Operations	89,267	110,470
Fire prevention	3,100	8,050
Maintenance	150,767	148,221
Training	1,858	7,489
Emergency medical services	32,866	28,398
Unallocated depreciation	258,170	247,649
Total program expenses	4,525,758	4,174,818
Change in net position	(48,372)	(183,876)
Net position - beginning of year	9,558,193	9,742,069
Net position - end of year	\$ 9,509,821	\$ 9,558,193

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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 combined ending fund balances of \$3,438,272, an increase of \$470,079 from the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$2,727,834. Of this amount, \$2,704,567 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2021 amounted to \$8,290,320 net of accumulated depreciation. This investment in capital assets includes land, buildings, apparatus and equipment. Depreciation expense for the year was \$258,170.

Additional information on the District's capital assets can be found on pages 26 through 27 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 priorities continue to be firefighter safety, to maintain operations, and the maintenance of major assets such as apparatus and facilities.
- The county assessor projected 4.5% - 5.0% growth; however, the District built the budget on a 0% annual growth increase based on the anticipated fiscal impact of COVID-19.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

- The District is estimating uncollected property taxes to be approximately 8% of total levied taxes. This is an increase from the previous estimated uncollected property taxes of 6%.
- The District's financial priorities for the fiscal year 2021-2022 are as follows:
 - Transparency in the financial plan and its process
 - Maintain and increase the unappropriated ending fund balance as needed with future growth
 - Keep debt minimal while maintaining excellent service
 - Continue funding of Reserve Funds to match five-year financial plan
 - Maintain appropriate funding to the contingency fund

All of these factors were considered when preparing the District's 2021-2022 budget.

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: Sandy Rural Fire Protection District, 17460 Bruns Avenue, Sandy, Oregon 97055.

BASIC FINANCIAL STATEMENTS

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,421,154
Cash with agent	13,164
Accounts Receivable	475
Property taxes receivable	115,913
Prepaid expenses	<u>23,267</u>
Total current assets	<u>3,573,973</u>
Restricted assets	
Cash and cash equivalents	9,220
OPEB RHIA asset	13,880
Capital assets not being depreciated	652,412
Capital assets being depreciated, net	<u>7,637,908</u>
Total assets	<u>11,887,393</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,533,744</u>
LIABILITIES	
Current liabilities	
Accounts payable	3,175
Accrued payroll liabilities	<u>25,833</u>
Total current liabilities	<u>29,008</u>
Noncurrent liabilities	
Net pension liability - PERS	3,422,374
Net OPEB medical benefit	155,795
Compensated absences	<u>234,130</u>
Total long-term liabilities	3,812,299
Total liabilities	<u>3,841,307</u>
DEFERRED INFLOWS OF RESOURCES	<u>70,009</u>
NET POSITION	
Net investment in capital assets	8,290,320
Restricted for various purposes	9,220
Unrestricted	<u>1,210,281</u>
Total net position	<u>\$ 9,509,821</u>

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
Administration	\$ 3,740,564	\$ 3,366	\$ -	\$ -	\$ (3,737,198)
Support services	26,238	-	2,200	-	(24,038)
Volunteers	127,263	-	-	-	(127,263)
Buildings and grounds	95,665	-	-	-	(95,665)
Operations	89,267	-	-	-	(89,267)
Fire prevention	3,100	100,208	-	-	97,108
Maintenance	150,767	-	-	-	(150,767)
Training	1,858	-	-	-	(1,858)
Emergency medical services	32,866	-	-	-	(32,866)
Unallocated depreciation	258,170	-	-	-	(258,170)
Total governmental activities	\$ 4,525,758	\$ 103,574	\$ 2,200	\$ -	(4,419,984)
General revenues					
Property taxes levied for general purposes					4,212,417
Investment earnings					8,260
Insurance reimbursement					-
Miscellaneous					150,935
Total general revenues					4,371,612
Change in net position					(48,372)
Net position - beginning					9,558,193
Net position - ending					\$ 9,509,821

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

SANDY RURAL FIRE PROTECTION DISTRICT

Sandy, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

				Nonmajor governmental funds			
		Apparatus and Equipment	Land and Facilities	Special Revenue			
	General Fund	Reserve Fund	Reserve Fund	McCulloch Memorial Fund	Personnel Services Reserve Fund	LOSAP Reserve Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,719,936	\$ 206,231	\$ 305,739	\$ 9,220	\$ 103,534	\$ 85,713	3,430,374
Cash with agent	13,164	-	-	-	-	-	13,164
Property taxes receivable	116,388	-	-	-	-	-	116,388
Prepaid expenses	23,267	-	-	-	-	-	23,267
 Total assets	 <u>\$ 2,872,755</u>	 <u>\$ 206,231</u>	 <u>\$ 305,739</u>	 <u>\$ 9,220</u>	 <u>\$ 103,534</u>	 <u>\$ 85,713</u>	 <u>\$ 3,583,193</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 3,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,175
Payroll liabilities	25,833	-	-	-	-	-	25,833
 Total liabilities	 29,008	 -	 -	 -	 -	 -	 29,008
 Deferred inflows of resources							
Unavailable revenue - property taxes	115,913	-	-	-	-	-	115,913
 Fund balances							
Nonspendable	23,267	-	-	-	-	-	23,267
Restricted	-	-	-	9,220	-	-	9,220
Committed	-	206,231	305,739	-	103,534	85,713	701,218
Unassigned	2,704,567	-	-	-	-	-	2,704,568
 Total fund balances	 2,727,834	 206,231	 305,739	 9,220	 103,534	 85,713	 3,438,272
 Total liabilities, deferred inflows of resources, and fund balances							
	<u>\$ 2,872,755</u>	<u>\$ 206,231</u>	<u>\$ 305,739</u>	<u>\$ 9,220</u>	<u>\$ 103,534</u>	<u>\$ 85,713</u>	<u>\$ 3,583,193</u>

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

June 30, 2021

Total fund balances		\$ 3,438,272
----------------------------	--	---------------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost	10,960,522	
Accumulated depreciation	<u>(2,670,202)</u>	8,290,320

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.

115,913

Amounts relating to the District's proportionate share of the net pension liability for the Oregon Public Employees Retirement System (PERS) and the OPEB medical benefit liability 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 expense	1,533,744	
OPEB RHIA asset	13,880	
Deferred inflows of resources relating to return on pension assets	(70,009)	
Net pension liability - PERS	(3,422,374)	
Net OPEB medical benefit	<u>(155,795)</u>	(2,100,554)

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:

Compensated absences payable		<u>(234,130)</u>
------------------------------	--	------------------

Net position of governmental activities		\$ <u>9,509,821</u>
--	--	----------------------------

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

SANDY RURAL FIRE PROTECTION DISTRICT

Sandy, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Apparatus and Equipment Reserve Fund	Land and Facilities Reserve Fund	Nonmajor governmental funds			Total Governmental Funds
				McCulloch Memorial Fund	Special Revenue Personnel Services Reserve Fund	LOSAP Reserve Fund	
REVENUES							
Property taxes	\$ 4,207,405	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,207,405
Charges for services	103,574	-	-	-	-	-	103,574
Investment earnings	5,735	165	153	1	2,206	-	8,260
Grants and contributions	2,175	-	-	2,200	-	-	4,375
Miscellaneous	24,422	-	-	-	-	124,338	270,870
Total revenues	4,343,311	165	153	2,201	2,206	124,338	4,472,374
EXPENDITURES							
Current							
Administration	3,149,057	-	-	-	-	-	3,149,057
Support services	26,238	-	-	-	-	-	26,238
Volunteers	88,638	-	-	-	-	38,625	570,453
Buildings and grounds	97,735	-	-	-	-	-	97,735
Operations	75,041	-	-	1,159	-	-	76,200
Fire prevention	3,100	-	-	-	-	-	3,100
Maintenance	150,767	-	-	-	-	-	150,767
Training	1,858	-	-	-	-	-	1,858
Emergency medical svcs	32,866	-	-	-	-	-	32,866
Capital outlay	79,536	304,375	-	-	-	-	383,911
Total expenditures	3,704,836	304,375	-	1,159	-	38,625	4,492,185
Excess (deficiency) of revenues over (under) expenditures	638,475	(304,209)	153	1,042	2,206	85,713	423,379
OTHER FINANCING SOURCES (USES)							
Sale of assets	-	46,700	-	-	-	-	46,700
Transfers in	-	81,763	-	-	-	-	81,763
Transfers out	(81,763)	-	-	-	-	-	(81,763)
Total other financing sources (uses)	(81,763)	128,463	-	-	-	-	46,700
Net change in fund balances	556,712	(175,746)	153	1,042	2,206	85,713	470,079
Fund balances - beginning	2,171,122	381,978	305,587	8,178	101,328	-	2,968,193
Fund balances - ending	\$ 2,727,834	\$ 206,231	\$ 305,739	\$ 9,220	\$ 103,534	\$ 85,713	\$ 3,438,272

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances	\$ 470,079
------------------------------------	-------------------

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	372,914	
Capital asset disposals	(68,928)	
Depreciation expense recorded in the current year	<u>(258,170)</u>	45,816

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	(22,332)
----------------------	----------

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.

(546,947)

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.

5,012

Change in net position	\$ <u>(48,372)</u>
-------------------------------	---------------------------

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

NOTES TO BASIC FINANCIAL STATEMENTS

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District.

B. Reporting Entity

Sandy Rural Fire Protection District was formed in the 1930s. The District operates three stations and serves over 18,000 citizens. Fire district boundaries cover approximately 77 square miles in northern Clackamas County, Oregon, including the City of Sandy, Oregon. Emergency services provided are advanced life support (emergency medical services), fire suppression, technical rescue (vehicle extrication and water rescue), and fire code enforcement. The District is governed by a four-member board of directors elected from the District at large.

C. Basis of Presentation – Government-Wide Financial Statements

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

D. Basis of Presentation – Fund Financial Statements

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

The government reports the following major governmental funds:

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

Apparatus and Equipment Reserve Fund – The Apparatus and Equipment Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for equipment acquisitions.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Land and Facilities Reserve Fund - The Land and Facilities Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for physical plant improvements.

In addition, the government also reports the following nonmajor governmental funds:

Special Revenue Funds

McCulloch Memorial Fund - The McCulloch Memorial Fund accounts for cash donations received in memory of individuals and is used for the purchase of major rescue tools and/or emergency medical equipment such as defibrillators.

Personnel Services Reserve Fund - The Personnel Services Reserve Fund accounts for future hiring of career staff positions that are intended to be grant funded with a required match.

LOSAP Reserve Fund - The LOSAP Reserve Fund accounts for length of service award program payments to volunteers.

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

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 measureable 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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

F. Budgetary Information

Annual budgets are adopted on the cash basis of accounting for revenues and modified accrual basis of accounting for expenses. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds.

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 each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, material and services, debt service, capital outlay, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. 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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

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. Prepaid Expenses

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

4. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns 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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Office Equipment	5-10
Apparatus	5-20
Equipment	5-30
Buildings and improvements	15-50

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that 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 fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally 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 of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Investments, including amounts held in pooled cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties other than a forced liquidation sale. Certificates of Deposit at Clackamas County Bank are stated at fair value.

Credit Risk

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Investments

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

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificate of Deposit	Unrated	6/30/2021	\$ 103,534

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 Clackamas County Bank Certificate of Deposit.

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. The Certificate of Deposit is held at Clackamas County Bank and is fully insured by the Federal Depository Insurance Corporation (FDIC).

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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The District maintains separate cash accounts for each fund. Interest earned is recorded based upon each account's earnings. The District holds accounts at Clackamas County Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$250,000 insured by the FDIC and \$3,219,003 collateralized under the PFCP.

Deposits

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

NOW sweep account	\$ 2,805,649
Money market account	511,971
Savings account	9,220
Total investments	<u>103,534</u>
Total deposits	<u><u>\$ 3,430,374</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 2,719,936
Fire Apparatus & Equipment Reserve Fund	206,231
Land & Facilities Reserve Fund	305,739
Nonmajor governmental funds	<u>189,247</u>
Total governmental activities - unrestricted	3,421,154
Governmental activities - restricted	
Nonmajor governmental funds	<u>9,220</u>
Total cash and investments	<u><u>\$ 3,430,374</u></u>

Restricted cash is for grant requirements and donor projects.

C. Deferred Inflows and Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB RHIA asset	\$ 9,003	\$ (2,498)
Net OPEB medical benefit	41,459	(37,458)
Net Pension Liability - PERS	<u>1,483,282</u>	<u>(30,053)</u>
Total	<u><u>\$ 1,533,744</u></u>	<u><u>\$ (70,009)</u></u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 652,412	\$ -	\$ -	\$ 652,412
Construction in progress	601,364	-	(601,364)	-
Total capital assets not being depreciated	<u>1,253,776</u>	<u>-</u>	<u>(601,364)</u>	<u>652,412</u>
Capital assets being depreciated				
Buildings & improvements	6,301,567	5,030	-	6,306,597
Apparatus	2,810,221	622,051	(447,821)	2,984,451
Equipment	747,238	347,197	(77,373)	1,017,062
Total capital assets being depreciated	<u>9,859,026</u>	<u>974,278</u>	<u>(525,194)</u>	<u>10,308,110</u>
Less accumulated depreciation for				
Buildings & improvements	(562,777)	(129,051)	-	(691,828)
Apparatus	(1,796,108)	(89,073)	399,865	(1,485,316)
Equipment	(509,413)	(40,046)	56,401	(493,058)
Total accumulated depreciation	<u>(2,868,298)</u>	<u>(258,170)</u>	<u>456,266</u>	<u>(2,670,202)</u>
Total capital assets being depreciated, net	<u>6,990,728</u>	<u>716,108</u>	<u>(68,928)</u>	<u>7,637,908</u>
Governmental activities capital assets, net	<u>\$ 8,244,504</u>	<u>\$ 716,108</u>	<u>\$ (670,292)</u>	<u>\$ 8,290,320</u>

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 652,412	\$ -	\$ 652,412
Buildings & improvements	6,306,597	(691,828)	5,614,769
Apparatus	2,984,451	(1,485,316)	1,499,135
Equipment	1,017,062	(493,058)	524,004
Total capital assets	<u>\$ 10,960,522</u>	<u>\$ (2,670,202)</u>	<u>\$ 8,290,320</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Depreciation expense is recorded on the statement of activities as follows:

Governmental activities	
Unallocated depreciation expense	<u>\$ 258,170</u>

E. Interfund Transfers

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

	<u>Transfers in:</u>
	Apparatus and
	Equipment
	Reserve
	<u>Fund</u>
Transfers out:	
General Fund	<u>\$ 81,763</u>

Transfers from the General Fund are primarily for funding future capital purchases.

F. Compensated Absences

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

	<u>Beginning</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u>
	Balance						Balance
Governmental activities							
Compensated absences	<u>\$ 211,798</u>		<u>\$ 22,332</u>		<u>\$ -</u>		<u>\$ 234,130</u>

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

G. Short-Term Debt

In July 2011, the District entered into an agreement with Clackamas County Bank for a \$300,000 variable rate non-revolving line of credit. The interest rate on the line of credit is equal to the greater of (a) the Prime Rate minus 0.25% or (b) 2.50%, changing on each day the Prime Rate changes. The line of credit was used for interim financing of General Fund operations. The General Fund has traditionally been used to liquidate short-term debt. There was no short-term debt activity for the year ended June 30, 2021.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

H. Constraints on Fund Balances

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

	General Fund	Apparatus & Equipment Reserve Fund	Land & Facilities Reserve Fund	McCulloch Memorial Fund	Personnel Services Reserve Fund	LOSAP Reserve Fund	Total Governmental Funds
Fund balances:							
Nonspendable	\$ 23,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,267
Restricted for:							
Donor projects	-	-	-	9,220	-	-	9,220
Committed for:							
Apparatus & equipment	-	206,231	-	-	-	-	206,231
Land & facilities	-	-	305,739	-	-	-	305,739
Career personnel	-	-	-	-	103,534	-	103,534
Volunteer personnel	-	-	-	-	-	85,713	85,713
Unassigned	<u>2,704,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,704,567</u>
Total fund balances	<u>\$ 2,727,834</u>	<u>\$ 206,231</u>	<u>\$ 305,739</u>	<u>\$ 9,220</u>	<u>\$ 103,534</u>	<u>\$ 85,713</u>	<u>\$ 3,438,272</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget Violation

During the year ended June 30, 2021, the District expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
LOSAP	Materials & Services	\$ 450	\$ 1,625	\$ 1,175

IV. 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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

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

Plan Membership

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

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

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

Plan Benefits

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

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

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

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

Employer contributions for the year ended June 30, 2021 were \$362,692.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

Actuarial Methods and Assumptions

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

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Discount Rate

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

Depletion Date Projection

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

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

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

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Long-Term Expected Rate of Return

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

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

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

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

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

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

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

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

At June 30, 2021, the District reported a liability of \$3,422,374 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2021, the District's proportion was 0.0156821%. For the year ended June 30, 2021, the District recognized pension expense of \$880,853. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experience	\$ 150,626	\$ -
Changes of assumptions	183,668	(6,435)
Net differences between projected and actual earnings on investments	402,427	-
Changes in proportionate share	365,401	(6,146)
Differences between employer contribution and employer's proportionate share of system contributions	25,347	(17,472)
Total (prior to post-MD contributions)	1,127,469	(30,053)
Contributions subsequent to the MD	355,813	-
Total	\$ 1,483,282	\$ (30,053)

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	\$ 273,481
2nd Fiscal Year	314,793
3rd Fiscal Year	288,219
4th Fiscal Year	201,657
5th Fiscal Year	19,265
Thereafter	-

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 5,081,942	\$ 3,422,374	\$ 2,030,748

Changes Subsequent to the Measurement Date

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

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

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

If the member earns more than \$2,500 per month, 0.75% for OPSRP members and 2.5% for Tier One and Tier Two members' salaries that were previously contributed to the member's IAP began funding the new Employee Pension Stability Accounts to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. PERS estimated that approximately \$125 million in member contributions with be redirected in fiscal year 2020-2021.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

General Information about the OPEB Plan

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

Plan Benefits – PERS RHIA (Chapter 238)

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

OPEB Membership

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

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

Basis of Accounting

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Contributions

Employer contributions for the year ended June 30, 2020 were \$434.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

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

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

Proportionate Share Allocation Methodology

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.20. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Long-Term Expected Rate of Return

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

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

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

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

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

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed.

Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

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

At June 30, 2021, the District reported an asset of \$13,880 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.006811740%. For the year ended June 30, 2021, the District recognized OPEB credit of \$1,043.

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 projected and actual experience	\$ -	\$ (1,419)
Changes of assumptions	-	(738)
Net differences between projected and actual earnings on investments	1,544	-
Changes in proportionate share	7,025	(341)
Total (prior to post-MD contributions)	8,569	(2,498)
Contributions subsequent to the MD	434	-
Total	\$ 9,003	\$ (2,498)

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 2.9 years. Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021. Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer Subsequent Fiscal Years:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ 2,001
2nd Fiscal Year	3,012
3rd Fiscal Year	571
4th Fiscal Year	487
5th Fiscal Year	-

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (11,205)	\$ (13,880)	\$ (16,166)

Changes Subsequent to the Measurement Date

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

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

D. Other Post-Employment Benefits (GASB 75) – District Medical Benefit Plan

1. 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).

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Participant Statistics

As of June 30, 2021, there were 16 active members and zero retired participants in the Medical Benefit plan. The average age of participants is 43.9.

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 June 30, 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, 2019
Measurement Dates/Fiscal Year Ends	June 30, 2020 through June 30, 2021
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Discount	2.21 percent discount rate assumption
General Inflation	2.50 percent per year
Salary Scale	3.50 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 retirees members electing coverage as of July 1, 2019.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2017 through June 30, 2020, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$748 per retiree per month, and \$812 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$54 per retiree and \$53 per spouse.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Table for males and females, as appropriate. Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2020	\$	132,402
Changes for the year:		
Service cost		10,660
Interest		4,987
Change in assumptions		8,883
Benefit payments		(1,137)
Net changes		23,393
Total OPEB Liability at June 30, 2021	\$	155,795

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	\$ -	\$ (31,154)
Changes in assumptions	38,363	(6,304)
Benefit payments	3,096	-
Total	\$ 41,459	\$ (37,458)

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

<u>Employer Subsequent Fiscal Years:</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (1,245)
2nd Fiscal Year	(1,245)
3rd Fiscal Year	(1,245)
4th Fiscal Year	(1,245)
5th Fiscal Year	(1,245)
Thereafter	(2,205)

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:

<u>June 30 Disclosure</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Total OPEB Liability	\$ 168,037	\$ 155,795	\$ 144,135

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:

<u>June 30 Disclosure</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 137,746	\$ 155,795	\$ 176,963

E. Concentrations

1. Collective Bargaining Agreement

At June 30, 2021, the District had approximately 17 employees who were accounted for under the governmental activities of the District. Of this total, 71% are covered under a collective bargaining agreement. The existing agreement expires on June 30, 2022.

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. New Pronouncements

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

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

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

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

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

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

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

G. Subsequent Events

Management has evaluated subsequent events through November 8, 2021, which was the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

OREGON PERS SYSTEM

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

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0156821%	0.0135696%	0.0122413%	0.0123154%	0.0113007%	0.0120843%	0.0164357%
District's proportionate share of the net pension liability (asset)	\$ 3,422,374	\$ 2,347,214	\$ 1,854,402	\$ 1,660,114	\$ 1,696,490	\$ 693,818	\$ (372,550)
District's covered-employee payroll	\$ 1,478,751	\$ 1,210,173	\$ 1,151,244	\$ 1,110,092	\$ 980,250	\$ 986,626	\$ 1,269,448
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	231%	194%	161%	150%	173%	70%	-29%
Plan fiduciary net position as a percentage of the total pension liability	76%	80%	82%	83%	81%	92%	103%

Schedule of District Contributions

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 362,692	\$ 357,300	\$ 320,505	\$ 229,420	\$ 151,738	\$ 150,594	\$ 172,425
Contributions in relation to the contractually required contribution	<u>362,692</u>	<u>357,300</u>	<u>320,505</u>	<u>229,420</u>	<u>151,738</u>	<u>150,594</u>	<u>172,425</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,811,648	\$ 1,784,715	\$ 1,447,203	\$ 1,149,483	\$ 861,292	\$ 968,984	\$ 986,626
Contributions as a percentage of covered-employee payroll	20%	20%	22%	20%	18%	16%	17%

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, 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)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the OPEB liability (asset)	0.006811740%	0.013701970%	0.012613800%
District's proportionate share of the OPEB liability (asset)	\$ (13,880)	\$ (26,477)	\$ (14,080)
District's covered-employee payroll (from actuarial exhibits)	\$ 1,478,751	\$ 1,210,173	\$ 1,151,244
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-0.94%	-2.19%	-1.22%
Plan fiduciary net position as a percentage of the total OPEB liability	150.07%	144.40%	123.99%

Schedule of District Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 434	\$ 486	\$ 7,236
Contributions in relation to the contractually required contribution	<u>434</u>	<u>486</u>	<u>7,236</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,811,648	\$ 1,784,715	\$ 1,447,203
Contributions as a percentage of covered-employee payroll	0.02%	0.03%	0.50%

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	2021	2020	2019
Total Medical Benefit Pension Liability - beginning	\$ 132,402	\$ 124,988	\$ 128,044
Changes for the year:			
Service Cost	\$ 10,660	\$ 5,780	\$ 5,795
Interest	4,987	5,016	4,605
Economic/demographic gains or losses	-	(37,926)	-
Change in assumptions	8,883	36,855	(2,973)
Benefit Payments	(1,137)	(2,311)	(10,483)
Net changes for the year	23,393	7,414	(3,056)
Total Medical Benefit Pension Liability - ending	\$ 155,795	\$ 132,402	\$ 124,988
 District's covered-employee payroll	 \$ 1,811,648	 \$ 1,784,715	 \$ 1,447,203
 Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	 8.60%	 7.42%	 8.64%

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Property taxes	\$ 3,695,796	\$ 511,609	\$ 4,207,405	\$ -	\$ 4,207,405
Charges for services	17,475	(14,109)	3,366	-	3,366
Conflagration income	-	100,208	100,208	-	100,208
Grant Income	3,000	(825)	2,175	-	2,175
Investment earnings	10,000	(4,265)	5,735	-	5,735
Miscellaneous	6,950	17,472	24,422	-	24,422
Total revenues	<u>3,733,221</u>	<u>610,090</u>	<u>4,343,311</u>	<u>-</u>	<u>4,343,311</u>
EXPENDITURES					
Current					
Personnel services	2,989,841	(269,537)	2,720,304	-	2,720,304
Materials and services	1,063,297	(158,301)	904,996	-	904,996
Capital outlay	81,320	(1,784)	79,536	-	79,536
Contingency	170,000	(170,000)	-	-	-
Total expenditures	<u>4,304,458</u>	<u>(599,622)</u>	<u>3,704,836</u>	<u>-</u>	<u>3,704,836</u>
Excess (deficiency) of revenues over (under) expenditures	(571,237)	1,209,712	638,475	-	638,475
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(281,763)</u>	<u>(200,000)</u>	<u>(81,763)</u>	<u>-</u>	<u>(81,763)</u>
Net change in fund balance	(853,000)	1,009,712	556,712	-	556,712
Fund balance - beginning	<u>2,113,000</u>	<u>44,959</u>	<u>2,157,959</u>	<u>13,163</u>	<u>2,171,122</u>
Fund balance - ending	<u>\$ 1,260,000</u>	<u>\$ 1,054,671</u>	<u>\$ 2,714,671</u>	<u>\$ 13,163</u>	<u>\$ 2,727,834</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

MCCULLOCH MEMORIAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Miscellaneous	\$ 500	\$ 1,700	\$ 2,200	\$ -	\$ 2,200
Investment earnings	<u>50</u>	<u>(49)</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total revenues	<u>550</u>	<u>1,651</u>	<u>2,201</u>	<u>-</u>	<u>2,201</u>
EXPENDITURES					
Current					
Material and services	<u>8,530</u>	<u>(7,371)</u>	<u>1,159</u>	<u>-</u>	<u>1,159</u>
Excess (deficiency) of revenues over (under) expenditures	(7,980)	9,022	1,042	-	1,042
Fund balance - beginning	<u>7,980</u>	<u>198</u>	<u>8,178</u>	<u>-</u>	<u>8,178</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 9,220</u>	<u>\$ 9,220</u>	<u>\$ -</u>	<u>\$ 9,220</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

PERSONNEL SERVICES RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment earnings	\$ -	\$ 2,206	\$ 2,206	\$ -	\$ 2,206
EXPENDITURES	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	2,206	2,206	-	2,206
Fund balance - beginning	100,000	1,328	101,328	-	101,328
Fund balance - ending	<u>\$ 100,000</u>	<u>\$ 3,534</u>	<u>\$ 103,534</u>	<u>\$ -</u>	<u>\$ 103,534</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

LOSAP RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Miscellaneous income	<u>-</u>	<u>124,338</u>	<u>124,338</u>	<u>-</u>	<u>124,338</u>
EXPENDITURES					
Current					
Personnel Services	37,000	-	37,000	-	37,000
Materials and services	<u>450</u>	<u>1,175</u>	<u>1,625</u>	<u>-</u>	<u>1,625</u>
Total Expenditures	<u>37,450</u>	<u>1,175</u>	<u>38,625</u>	<u>-</u>	<u>38,625</u>
Excess (deficiency) of revenues over (under) expenditures	(37,450)	123,163	85,713	-	85,713
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(32,450)	118,163	85,713	-	85,713
Fund balance - beginning	<u>124,337</u>	<u>(124,337)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 91,887</u>	<u>\$ (6,174)</u>	<u>\$ 85,713</u>	<u>\$ -</u>	<u>\$ 85,713</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

APPARATUS AND EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Charges for services	\$ 5,000	\$ (5,000)	\$ -	\$ -	\$ -
Investment earnings	<u>500</u>	<u>(335)</u>	<u>165</u>	<u>-</u>	<u>165</u>
Total revenues	<u>5,500</u>	<u>(5,335)</u>	<u>165</u>	<u>-</u>	<u>165</u>
EXPENDITURES					
Capital outlay	<u>689,063</u>	<u>(384,688)</u>	<u>304,375</u>	<u>-</u>	<u>304,375</u>
Excess (deficiency) of revenues over (under) expenditures	(683,563)	379,354	(304,209)	-	(304,209)
OTHER FINANCING SOURCES (USES)					
Sale of assets	20,000	26,700	46,700	-	46,700
Transfers in	<u>281,763</u>	<u>(200,000)</u>	<u>81,763</u>	<u>-</u>	<u>81,763</u>
Total other financing sources (uses)	<u>301,763</u>	<u>(173,300)</u>	<u>128,463</u>	<u>-</u>	<u>128,463</u>
Net change in fund balance	(381,800)	206,054	(175,746)	-	(175,746)
Fund balance - beginning	<u>381,800</u>	<u>178</u>	<u>381,978</u>	<u>-</u>	<u>381,978</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 206,231</u>	<u>\$ 206,231</u>	<u>\$ -</u>	<u>\$ 206,231</u>

SANDY RURAL FIRE PROTECTION DISTRICT
Sandy, Oregon

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

LAND AND FACILITIES RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Investment and other revenues	\$ 300	\$ (147)	\$ 153	\$ -	\$ 153
EXPENDITURES					
Capital outlay	<u>305,848</u>	<u>(305,848)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(305,548)	305,701	153	-	153
Fund balance - beginning	<u>305,548</u>	<u>39</u>	<u>305,587</u>	<u>-</u>	<u>305,587</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 305,739</u>	<u>\$ 305,739</u>	<u>\$ -</u>	<u>\$ 305,739</u>

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



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

Board of Directors
Sandy Rural Fire Protection District
Sandy, Oregon 97055

We have audited the basic financial statements of Sandy Rural Fire Protection District as of and for the year ended June 30, 2021 and have issued our report thereon dated November 8, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Sandy Rural Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

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

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

A. Budget Violation

During the year ended June 30, 2021, the District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
LOSAP	Materials & Services	\$ 450	\$ 1,625	\$ 1,175

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Sandy Rural Fire Protection District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sandy Rural Fire Protection District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sandy Rural Fire Protection District's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 8, 2021.

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



Accuity, LLC
Albany, Oregon
November 8, 2021