

**CLACKAMAS COUNTY
FIRE DISTRICT #1**

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2021

CLACKAMAS COUNTY FIRE DISTRICT #1

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**CLACKAMAS COUNTY
FIRE DISTRICT #1**

JUNE 30, 2021

BOARD OF DIRECTORS

TERM EXPIRES

Jay Cross	President	June 30, 2021
Thomas Joseph	Vice President	June 30, 2023
Marilyn Wall	Secretary/Treasurer	June 30, 2023
Jim Syring	Director	June 30, 2023
Don Trotter	Director	June 30, 2021

All directors receive their mail at the address listed below

OFFICERS

Nick Browne, District Fire Chief

ADMINISTRATION

Nick Browne, Registered Agent
11300 SE Fuller Road
Milwaukie, Oregon 97222

INDEPENDENT AUDITORS' REPORT

Board of Directors
Clackamas County Fire District #1
Clackamas, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Clackamas County Fire District #1 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, major fund, and the aggregate remaining fund information of Clackamas County Fire District #1, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although a part of the basic

financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund Budgetary Comparison Schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated, in all material respects, in relation to 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 the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

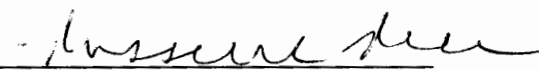
The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 31, 2022, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

West Linn, Oregon
January 31, 2022

By 
Russell T. Ries, Partner

**CLACKAMAS COUNTY FIRE DISTRICT #1
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the Fire District, we offer readers of the Fire District's financial statements a narrative overview and analysis of the financial statements of the Fire District for fiscal year ended June 30, 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Fire District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Fire District is a municipal corporation engaged in fire protection and emergency medical services, disaster preparedness, and other related emergency services.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of the Fire District exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$46,549,092.
- The Fire District's total net position decreased by \$15,232,917. The majority of the decrease is attributable to changes in pension and OPEB liabilities.
- Capital assets decreased \$2,532,332 to \$43,624,201 during the year.
- Long-term debt decreased by \$3,009,639 to \$44,229,997. The decrease is attributable to payment of bonded debt, payments on the promissory note for the Training Center property, payments to the 2015 general obligation bond issue, payments on the 2017 general obligation bond issue, payments on the 2005 PERS bond issue, and Series A note payments.

FINANCIAL ANALYSIS

The Fire District's total net position was \$(46,549,092) at June 30, 2021. Of this amount, \$(62,505,430) was unrestricted, \$537,179 was restricted for special purposes and \$15,499,159 was invested in fixed assets net of related debt.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>% +/-</u>
Assets			
Cash and investments	\$ 23,425,047	\$ 24,953,741	(6.1)
Other assets	3,326,095	4,056,276	(18.0)
Capital assets	<u>43,624,201</u>	<u>46,156,533</u>	<u>(5.5)</u>
Total assets	70,375,343	75,166,550	(6.4)
Deferred Outflows			
Pension items	29,235,785	25,256,022	15.8
OPEB items	3,631,307	4,554,455	(20.3)
Liabilities			
Other liabilities	97,436,765	85,847,999	13.5
Long-term liabilities	<u>44,229,997</u>	<u>47,239,636</u>	<u>(6.4)</u>
Total liabilities	141,666,762	133,087,635	6.5
Deferred Inflows			
Pension items	3,317,911	2,628,651	26.2
OPEB items	4,806,854	576,916	100.0
Net Assets			
Investment in capital assets (net of related debt)	15,449,159	18,477,752	(16.4)
Restricted for special purposes	537,179	395,812	35.7
Unrestricted	<u>(62,505,430)</u>	<u>(50,189,739)</u>	<u>(24.5)</u>
Total Net Assets	<u>\$ (46,549,092)</u>	<u>\$ (31,316,175)</u>	<u>\$ (48.7)</u>

STATEMENT OF NET POSITION

During the current fiscal year, the Fire District's net position decreased by \$15,232,917. The key elements of the change in the Fire District's net position for the year ended June 30, 2021 are as follows:

Assets:

- Cash and Investments decreased by \$1,520,694 primarily due to investments in capital assets.
- Property tax receivable decreased by \$25,798 to \$1,878,310. This represents taxes levied but not received.
- Capital assets net of depreciation decreased by \$2,532,332, predominately due to depreciation expense not exceeding the investment the Fire District made in capital assets during the fiscal year.
- Deferred Outflows: Pension items are related to the GASB 68 reporting standard for pension liabilities and are reported at \$29,235,785 at June 30, 2021. OPEB items are related to the GASB 75 reporting standard for OPEB liabilities and are reported at \$3,631,307 at June 30, 2021.

Liabilities:

- 2015 GO Bond principal payments of \$1,000,000 and bond premium amortization of \$121,490 resulted in a year-end balance of \$13,019,646.
- Payment on the 2005 PERS Bond has reduced the Fire District's obligations by a net \$1,285,000.
- Payment to a private party for property adjacent to the Training Center reduced the Fire District's liabilities by \$92,608.
- The Government Accounting Standards Board pronouncement #75 (GASB 75) requires the liability of employers to employees for defined benefit OPEB to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the OPEB plan's fiduciary net position. This year the OPEB liability is \$11,162,054.
- Vacation liability increases or decreases year to year based on use and contract commitments. The liability increased by \$1,534,925 to \$3,557,950.
- Deferred Inflows: Pension items are related to the GASB 68 reporting standard for pension liabilities and are reported at \$3,317,911 at June 30, 2021. OPEB items are related to the GASB 75 reporting standard for OPEB liabilities and are reported at \$4,806,854 at June 30, 2021.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>% +/-</u>
Revenues			
Charges for service	\$ 6,711,938	\$ 4,410,328	52.2
Operating grants and contributions	1,123,909	796,111	41.2
General Revenues:			
Taxes and assessments	59,383,233	57,074,869	4.1
Miscellaneous	<u>3,084,665</u>	<u>821,111</u>	<u>100.0</u>
Total revenues	70,303,745	63,102,419	11.4
Expenses			
Fire services	83,828,848	73,571,496	14.0
Interest on long-term debt	<u>1,707,814</u>	<u>1,830,164</u>	<u>(6.7)</u>
Total expenses	<u>85,536,662</u>	<u>75,401,660</u>	<u>13.5</u>
Change in net assets	(15,232,917)	(12,299,341)	(23.9)
Beginning net position	(31,316,175)	(19,016,934)	(64.7)
Ending net position	\$ (46,549,092)	\$ (31,316,175)	(48.7)

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 39 of this report.

REQUIRED SUPPLEMENTAL INFORMATION

Changes in total OPEB liability and related ratios for the Fire District's other post employment and pension obligations and budgetary comparison statement for the General Fund has been provided. The budget is adopted on the modified accrual basis.

The Fire District's funds are broken into the following categories: General Fund, Equipment Replacement Fund, Capital Projects Fund, Enterprise Fund, Debt Service Fund, Capital Construction Fund, and Wildland Mitigation Fund. GASB 54 requires certain funds to be consolidated with the General Fund if the predominant funding source is from transfers from the General Fund. For the GASB 54 requirement the Fire District has consolidated the Equipment Replacement Fund, Capital Projects Fund, and the Capital Construction Fund for reporting purposes. The activity of the individual funds is as follows:

General Fund

The resources allocated in the General fund are for the day to day operations of the Fire District. The fund balance in the General Fund decreased by \$155,212 due to current resources collected not exceeding planned expenditures.

Other Funds

Other Funds include the Equipment Replacement Fund, Capital Projects Fund, Enterprise Fund, Wildland Mitigation Fund, Capital Construction Fund, and Debt Service Fund. The fund balances in these funds changed as follows:

Equipment Replacement Fund – The balance in this fund increased by \$65,869 as a result of surplus asset sales and fund transfers less current year emergency and business expenditures.

Capital Projects Fund (land and buildings) – The balance in the Capital Projects Fund decreased by \$2,170,767. The Fire District utilized funding in the Capital Projects Fund to make payments on the loan for the property adjacent to the Training Center and the Series A debt payments.

Enterprise Fund – This fund increased by \$164 during 2021.

Debt Service Fund – The fund balance increased by \$141,367 in the Debt Service Fund. The ending balance is \$537,179.

Wildland Mitigation Fund – This fund balance increased \$16,549.

INVESTMENTS

The bulk of the Fire District's cash assets are placed in the State of Oregon's Local Government Investment Pool (LGIP), also known as the Oregon Short Term Fund (OSTF). At June 30, 2021 the Fire District had \$22,176,115 invested with the LGIP. The current audit of the OSTF Fund indicates 100 percent funded status for overall assets placed with the fund as of June 30, 2021.

CAPITAL ASSETS

At June 30, 2021, the Fire District had \$43,624,201 invested in capital assets, including land, buildings, and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$2,532,332. Fiscal Year 2020-21 additions are mainly the result of the purchase of fleet vehicles, fleet maintenance equipment, and small equipment purchases. The decrease in net assets is attributable to depreciation of existing capital assets exceeding the Fire District's investment in capital assets.

LONG TERM DEBT

At June 30, 2021, the Fire District had long-term debt outstanding of \$44,229,997 (PERS Bonds of \$12,600,000), a promissory note for the purchase of the Training Center property for \$431,180, the 2015 GO Bonds of \$11,825,000, the 2017 GO Bonds of \$10,805,000, the 2018 Series A Note of \$6,386,963 and unamortized premiums totaling \$2,181,854.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fire District is primarily dependent upon property taxes for the funding of operations; therefore, the Fire District is affected by the local economic conditions. The budget for Fiscal 2021-22 has been approved by the board, and includes a conservative revenue increase related to property value increases/additions and increased expenses due to contract commitments.

OUTLOOK FOR THE FUTURE, BASED ON CURRENTLY KNOWN FACTS

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, and operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity.

CONTACTING THE FIRE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens and creditors with a general overview of the Fire District's finances and to show the Fire District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Chief Financial Officer for Clackamas County Fire District #1, Mark Whitaker at 503-742-2600 or email at mark.whitaker@clackamasfire.com.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Governmental Activities</u>
ASSETS:	
Cash and investments	\$ 23,425,047
Property taxes receivable	1,878,310
Accounts receivable	722,390
Grants receivable	224,839
Prepaid items	182,484
Inventories	318,072
Capital Assets:	
Land, construction in progress	2,233,568
Trucks and equipment (net of depreciation)	<u>41,390,633</u>
Total assets	<u>70,375,343</u>
DEFERRED OUTFLOWS	
Pension items	29,235,785
OPEB items	<u>3,631,307</u>
	<u>32,867,092</u>
LIABILITIES	
Accounts payable	1,267,224
Accrued interest payable	167,636
Payroll liabilities	1,769,227
Compensated absences	3,557,950
Net pension liability	79,512,674
Accrued OPEB liability	11,162,054
Due within one year:	
Bonds payable	3,206,882
Capital lease	98,319
Due in more than one year:	
Bonds payable	40,591,935
Capital lease	<u>332,861</u>
Total liabilities	<u>141,666,762</u>
DEFERRED INFLOWS	
Pension items	3,317,911
OPEB items	<u>4,806,854</u>
	<u>8,124,765</u>
NET POSITION	
Net investment in capital assets	15,499,159
Restricted for special purposes	537,179
Unrestricted	<u>(62,585,430)</u>
Total net position	<u>\$ (46,549,092)</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Functions</u>	<u>Expenses</u>	<u>Function Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Fire Services	\$ 83,828,848	\$ 6,711,938	\$ 1,123,909	\$ (75,993,001)
Interest on long-term debt	<u>1,707,814</u>	<u>-</u>	<u>-</u>	<u>(1,707,814)</u>
Total governmental activities	<u>\$ 85,536,662</u>	<u>\$ 6,711,938</u>	<u>\$ 1,123,909</u>	<u>\$ (77,700,815)</u>
General Revenues:				
Taxes				59,383,233
Miscellaneous				<u>3,084,665</u>
Total general revenues				<u>62,467,898</u>
CHANGE IN NET POSITION				(15,232,917)
NET POSITION, beginning				<u>(31,316,175)</u>
NET POSITION, ending				<u>\$ (46,549,092)</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Governmental Funds		
	General Fund	Other Governmental Funds	Total
ASSETS			
Cash and investments	\$ 22,885,761	\$ 539,286	\$ 23,425,047
Taxes receivable	1,815,236	63,074	1,878,310
Accounts receivable	636,819	85,571	722,390
Grants receivable	224,839	-	224,839
Prepaid items	182,484	-	182,484
Inventories	318,072	-	318,072
	<u>\$ 26,063,211</u>	<u>\$ 687,931</u>	<u>\$ 26,751,142</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,206,261	\$ 60,963	\$ 1,267,224
Payroll liabilities	1,769,227	-	1,769,227
Total liabilities	<u>2,975,488</u>	<u>60,963</u>	<u>3,036,451</u>
Deferred Inflows of Resources			
Unavailable revenue – property taxes	1,282,463	49,739	1,332,202
Total liabilities and deferred inflows	<u>4,257,951</u>	<u>110,702</u>	<u>4,368,653</u>
Fund Balances			
Non-spendable for –			
Inventory	318,072	-	318,072
Prepaid items	182,484	-	182,484
Restricted for –			
Debt payments	-	537,179	537,179
Committed – Training classes	-	23,501	23,501
Assigned for –			
Projected budgetary deficit	3,971,932	-	3,971,932
Future equipment purchases	259,769	-	259,769
Future capital projects	3,475,705	-	3,475,705
Wildland	-	16,549	16,549
Unassigned	13,597,299	-	13,597,299
Total fund balances	<u>21,805,260</u>	<u>577,229</u>	<u>22,382,489</u>
	<u>\$ 26,063,211</u>	<u>\$ 687,931</u>	<u>\$ 26,751,142</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION –
GOVERNMENTAL FUNDS
JUNE 30, 2021**

Total Fund Balances – Governmental Funds \$ 22,382,489

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets 43,624,201

Pension related assets, deferred outflows, liabilities and deferred inflows are recognized on the Statement of Net Position but not in the governmental funds.

Deferred outflows for pension items	29,235,785
Pension liability	(79,512,674)
Deferred inflows for pension items	<u>(3,317,911)</u>
	(53,594,800)

OPEB related assets, deferred outflows, liabilities and deferred inflows are recognized on the Statement of Net Position but not in the governmental funds.

Deferred outflows for OPEB items	3,631,307
OPEB liability	(11,162,054)
Deferred inflows for OPEB items	<u>(4,806,854)</u>
	(12,337,601)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position. (47,955,583)

Deferred revenue related to property taxes 1,332,202

NET POSITION \$ (46,549,092)

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Governmental Funds</u>		
	<u>General</u>	Other Governmental Funds	<u>Total Governmental Funds</u>
REVENUES			
Taxes	\$ 57,010,774	\$ 2,248,960	\$ 59,259,734
GMET income	510,042	-	510,042
Contract income	3,226,679	-	3,226,679
Grant income	929,099	194,810	1,123,909
Earnings on investments	192,002	15,521	207,523
Sale of surplus property	142,269	-	142,269
Miscellaneous	<u>5,710,090</u>	<u>-</u>	<u>5,710,090</u>
Total revenues	<u>67,720,955</u>	<u>2,459,291</u>	<u>70,180,246</u>
EXPENDITURES:			
Fire Protection Services:			
Fire chief	1,195,032	-	1,195,032
Emergency services	47,931,392	178,261	48,109,653
Business services	17,234,962	-	17,234,962
Capital outlay	743,454	-	743,454
Debt service	<u>2,872,893</u>	<u>2,122,950</u>	<u>4,995,843</u>
Total expenditures	<u>69,977,733</u>	<u>2,301,211</u>	<u>72,278,944</u>
Excess of Revenue Over (Under) Expenditures	(2,256,778)	158,080	(2,098,698)
Other Financing Sources (Uses):			
Transfers in	834,704	-	834,704
Transfers out	<u>(834,704)</u>	<u>-</u>	<u>(834,704)</u>
Net Change in Fund Balance	(2,256,778)	158,080	(2,098,698)
Beginning Fund Balance	<u>24,062,038</u>	<u>419,149</u>	<u>24,481,187</u>
Ending Fund Balance	<u>\$ 21,805,260</u>	<u>\$ 577,229</u>	<u>\$ 22,382,489</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES –
GOVERNMENTAL FUNDS
JUNE 30, 2021**

Net Changes in Fund Balances – Governmental Funds	\$ (2,098,698)
<p>Repayment of bond and note principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Bond and note payments	2,705,795
Capital lease payments	92,608
Amortization of bond premiums	211,236
	3,009,639
<p>Fixed asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds fixed asset additions.</p>	
	(2,532,532)
<p>Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.</p>	
	123,499
<p>Interest payable used in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds.</p>	
	12,940
Change in accrued compensated absences	(1,534,925)
Net change in OPEB related assets, deferred outflows, liabilities and deferred inflows	(1,824,098)
Net change in pension related assets, deferred outflows, liabilities and deferred inflows	(10,388,742)
Change in Net Position of Governmental Activities	\$ (15,232,917)

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
STATEMENT OF CHANGES IN FIDUCIARY POSITION
JUNE 30, 2021**

	<u>Clackamas Fire Health Trust</u>
ASSETS:	
Cash and investments	\$ 1,261,099
Liabilities	<u> -</u>
NET POSITION	
Held in trust	<u>\$ 1,261,099</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Clackamas Fire Health Trust</u>
ADDITIONS:	
Contributions	\$ 289,970
Investment earnings	<u>113,509</u>
TOTAL ADDITIONS	<u>403,479</u>
DEDUCTIONS	
Benefits	<u>80,047</u>
CHANGE IN NET POSITION	<u>323,432</u>
NET POSITION – beginning	<u>937,667</u>
NET POSITION - ending	<u>\$ 1,261,099</u>

(See accompanying notes to basic financial statements)

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Reporting Entity

The District was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. The Clackamas County Fire District #1 is a municipal corporation governed by an elected five member board. As required by accounting principles generally accepted in the United States of America, these financial statements present Clackamas County Fire District #1 (the primary government) and any component units. Component units, as established by GASB Statement 39 as amended by GASB 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

**Measurement Focus, Basis of Accounting and Basis of Presentation
Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions."

The government-wide statements report information on the District irrespective of fund activity, and the fund financial statements report information using the District's funds. The District has only "governmental activities" and one "program" as defined in the Statement.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Governmental Fund Types

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Description of Funds

The District reports the following major fund:

General Fund

This fund accounts for all financial resources and expenditures of the District, except those required to be accounted for in another fund. The primary source of revenue is property taxes and the primary expenditures are for fire protection and administration.

In addition, the District reports the following fund type:

Clackamas Fire Health Trust – This trust fund accounts for health and welfare benefits accumulated for eligible retirees and their dependents. The trust is an independent, irrevocable trust governed by a separate board of trustees and administered on behalf of a third party administrator.

Budget

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Expenditures budgets are appropriated at the following levels for each fund: Fire Chief, Emergency Services, Business Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency.

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. Emergency Services expenditures exceeded appropriations by \$728,912 in the General Fund.

Property Taxes Receivable

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred inflows because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Capital Assets

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of two years. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: 5 to 40 years.

Retirement Plans

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

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

It is the District's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignation and retirements.

Net Position

Net position comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, laws or regulations of other governments or constraints through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets not included in the other categories previously mentioned.

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

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt. As permitted by GASB Statement No. 34 the cost of bond issuance will be amortized prospectively from the date of adoption of GASB Statement No. 34.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Authority to classify portions of ending fund balance as Assigned has been given to the Fire Chief and Finance Director
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed, assigned, and unassigned.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum fund balance policy in the General Fund. The policy states the District wants to maintain a minimum General Fund ending fund balance totaling 5 months of Personnel Services expenditures and 25 percent of the Materials & Services and Capital Outlay annual appropriations for expenditures.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Deferred Outflows/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualifies for reporting in the category (pension and OPEB items).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items, which qualifies for reporting in this category. The first unavailable revenue is in the governmental funds balance sheet for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District's statement of net position shows pension and opeb items as a Net Deferred Inflow.

NOTE B – CASH AND INVESTMENTS:

Oregon Revised Statutes (294.035) and District policy authorize the authority to invest in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method, which approximates fair value.

Cash and Investments at June 30 (recorded at cost) consisted of:

	Carrying Value	Percent of Portfolio	Weighted Average Maturity Years
Demand Deposits	\$ 1,241,032	5.03%	-
Petty Cash	4,900	0.02%	-
Cash with Fiscal Agent	3,000	0.01%	-
Mutual Funds –			
OPEB Trust	1,261,099	5.11%	-
Local Government Investment Pool	<u>22,176,115</u>	89.43%	-
Total	<u>\$24,686,146</u>		

Cash and investments by restriction are reflected in the basic financial statements as follows:

	Governmental Activities	Fiduciary Activities	Total Government
Unrestricted	\$ 22,887,868	\$ 1,261,099	\$ 24,148,967
Restricted	537,179	-	537,179
Total	<u>\$ 23,425,047</u>	<u>\$ 1,261,099</u>	<u>\$ 24,686,146</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE B – CASH AND INVESTMENTS (CONTINUED):

Investments

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2021. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2021 the fair value of the position in the LGIP is 100% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Fair Value Hierarchy

Various inputs are used in determining the fair value of investments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial statement purposes as follows:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE B – CASH AND INVESTMENTS (CONTINUED):

The categorization of a value determined for investments is based on the pricing transparency of the investments and is not necessarily an indication of the risks associated with investing in those securities.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. Assets are categorized by asset type, which is a key component of determining hierarchy levels. Asset types allowable per the District's investment policy generally fall within hierarchy level 1 and 2.

The District has the following recurring fair value measurements as of June 30, 2021:

	Totals as of June 30, 2021	Fair Value Measurements Using		
		Quoted Prices Active Markets in Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments Measured at Fair Value:				
Mutual Funds	\$ 1,261,099	\$ 1,261,099	\$ -	\$ -

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date.

Credit Risk

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Custodial Credit Risk

At year-end, the District's net carrying amount of deposits was \$1,241,032 and the bank balance was \$906,715. Of these deposits, \$250,000 was covered by federal depository insurance. Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE C – CAPITAL ASSETS:

The changes in capital assets for the fiscal year ended June 30, 2021 are as follows:

	June 30, 2020	Additions	Deletions	June 30, 2021
Non-Depreciable				
Land	\$ 2,233,568	\$ -	\$ -	\$ 2,233,568
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Total Non-Depreciable	<u>2,233,568</u>	<u>-</u>	<u>-</u>	<u>2,233,568</u>
Depreciable				
Buildings	47,422,985	351,728	-	47,774,713
Trucks and Equipment	27,709,567	458,096	-	28,167,663
Total Depreciable	<u>75,132,552</u>	<u>809,824</u>	<u>-</u>	<u>75,942,376</u>
Less: Accumulated Depreciation				
Buildings	13,346,805	1,492,875	-	14,839,680
Trucks and Equipment	17,862,582	1,849,481	-	19,712,063
Total Accumulated Depreciation	<u>31,209,387</u>	<u>3,342,356</u>	<u>-</u>	<u>34,551,743</u>
Net Depreciable Capital Assets	<u>43,923,165</u>	<u>(2,532,532)</u>	<u>-</u>	<u>41,390,633</u>
Capital Assets, Net	<u>\$ 46,156,733</u>	<u>\$ (2,532,532)</u>	<u>\$ -</u>	<u>\$ 43,624,171</u>

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM:

Plan description

The Oregon Public Employees Retirement System (PERS) consisting of a single cost-sharing multiple-employee defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx. If the link is expired please contact Oregon PERS for this information.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

Benefits provided

1. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension Benefits

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

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:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-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 either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA will vary based on the amount of the annual benefit.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

2. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program 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 will vary based on the amount of the annual benefit.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participation in OPERS defined benefit pension plans also participate in their defined contribution plan. An Individual Account Program (IAP) member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completed 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP IAP may receive 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

Six percent of covered payroll is withheld from general service and fire employees.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. The State of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2021 were \$8,418,696, excluding amounts to fund employer specific liabilities. The rates based on a percentage of payroll, first became effective July 1, 2020. The rates in effect for the fiscal year ended June 30, 2021 were 28.53% for Tier One/Tier Two Payroll, 16.37% for OPSRP Payroll General Service, and 21.00% for OPSRP Police and Fire Payroll.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)

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

At June 30, 2021, the District reported a net pension liability of \$79,512,674 for its proportionate share of the plan net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. The District's 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 entities, actuarially determined. At June 30, 2021, the District's proportion was 0.36434529%, which decreased from its proportion measured as of June 30, 2020 which was 0.38059274%.

For the year ended June 30, 2021, the District's recognized pension expense of \$18,627,571. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,499,520	\$ -
Changes in assumptions	4,287,194	149,514
Net difference between projected and actual earnings on pension plan investments	9,349,657	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,680,718	3,168,397
District contributions subsequent to the measurement date	8,418,696	-
	<u>\$ 29,235,785</u>	<u>\$ 3,317,911</u>

The \$8,418,696 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 4,287,192
2023	5,469,935
2024	4,991,235
2025	2,845,536
2026	(114,720)
	<u>\$ 17,479,178</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting changes, if available.

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of a 2018 actuarial experience study published July 24, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	OIC Target
Cash	0.0%
Debt Securities	20.0%
Public Equity	32.5%
Private Equity	17.5%
Real Estate	12.5%
Alternative Equity	15.0%
Opportunity Portfolio	2.5%
Total	100.00%

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. 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: http://www.oregon.gov/pers/docs/financial_reports/2020_cafr.pdf.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annualized Geometric Mean</u>
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds – Diversified	1.50%	4.06%
Hedge Fund – Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed Inflation - Mean		2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods whether the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, is such evaluation can reliably be made. GASB does not contemplate a specific method of making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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 discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
District's proportionate share of the net pension liability (asset)	\$ 118,069,754	\$ 79,512,674	\$ 47,180,775

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE D – STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED):

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Oregon PERS System – GASB 68 reporting summary dated March 12, 2021.

NOTE E – LONG-TERM DEBT:

The changes in long-term debt for the year ended June 30, 2021 is comprised of the following:

Governmental General Activities:

	<u>Outstanding July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2021</u>	<u>Due Within One Year</u>
2018 Full Faith and Credit Note					
Series A	\$ 6,637,758	\$ -	\$ 250,795	\$ 6,386,963	\$ 260,646
2017 GO Bonds	10,975,000	-	170,000	10,805,000	240,000
2015 GO Bonds	12,825,000	-	1,000,000	11,825,000	1,050,000
2005 PERS Bonds	13,885,000	-	1,285,000	12,600,000	1,445,000
Promissory Note	523,788	-	92,608	431,180	98,319
Accrued Compensated Absences	2,023,025	3,557,950	2,023,025	3,557,950	3,557,950
Unamortized Premiums	2,393,090	-	211,236	2,181,854	211,236
Totals	<u>\$ 49,262,661</u>	<u>\$ 3,557,950</u>	<u>\$ 5,032,664</u>	<u>\$47,787,947</u>	<u>\$ 6,863,151</u>

Future debt service requirements for bonds payable and loans payable are as follows:

Year	2015 GO Bonds		2005 PERS Bonds		2018 Series A Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2021 – 2022	\$ 1,050,000	\$ 476,350	\$ 1,445,000	\$ 630,504	\$ 260,646	\$ 245,942
2022 – 2023	1,175,000	423,850	1,615,000	558,196	270,883	235,705
2023 - 2024	1,245,000	365,100	1,800,000	477,382	281,523	225,065
2024 - 2025	1,285,000	302,850	2,000,000	387,310	292,581	214,007
2025 – 2026	1,325,000	238,600	2,215,000	287,230	304,073	202,515
2027 – 2031	5,745,000	438,150	3,525,000	230,684	1,709,181	823,760
2032 – 2033	-	-	-	-	3,268,075	280,193
Totals	<u>\$11,825,000</u>	<u>\$2,244,900</u>	<u>\$12,600,000</u>	<u>\$ 2,571,306</u>	<u>\$6,386,963</u>	<u>\$2,227,188</u>

Year	Promissory Note - Training Facility		2017 GO Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021 – 2022	\$ 98,319	\$ 23,196	\$ 240,000	\$ 419,800	\$ 3,093,965	\$ 1,795,792
2022 – 2023	104,905	16,610	250,000	410,200	3,415,781	1,644,561
2023 – 2024	111,375	10,140	320,000	400,200	3,757,898	1,477,887
2024 - 2025	116,581	5,401	430,000	387,400	4,124,162	1,296,968
2025 – 2026	-	-	550,000	365,900	4,394,073	1,094,245
2027 – 2031	-	-	6,110,000	1,346,400	17,089,181	2,838,994
2032 – 2033	-	-	2,905,000	87,150	6,173,075	367,343
Totals	<u>\$ 431,180</u>	<u>\$ 55,347</u>	<u>\$10,805,000</u>	<u>\$3,417,050</u>	<u>\$42,048,143</u>	<u>\$10,515,791</u>

The Accrued Compensated Absences are considered to be current liabilities.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE E – LONG-TERM DEBT:

The District's outstanding Series A note from direct borrowing related to governmental activities of \$6,386,963 contain a provision that in an event of default, the lender may increase the interest rate by 300 basis points (3.00%) while the event of default is continuing and exercise any remedy available at law or in equity, however the note is not subject to acceleration. No remedy shall be exclusive. The lender may waive any event of default, but no such waiver shall extend to a subsequent event of default. The District pledges its full faith and credit and taxing power to pay the principal and interest due to the lender under this agreement. The obligation of the District to make payments shall be a full faith and credit obligation of the District and is not subject to appropriation. The lender does not have a lien or security interest on any property, real or personal.

NOTE F – RISK MANAGEMENT:

The Fire District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Fire District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

NOTE G – OTHER POST EMPLOYMENT BENEFITS:

**EARLY RETIREMENT POST-EMPLOYMENT BENEFITS PLAN AND
TRUST INSURANCE PREMIUM OFF-SET PLAN**

General Information about the OPEB Plan

Plan description and benefits provided. Early Retirement Post-Employment Benefits Plan provides OPEB employees enrolled in a District health plan immediately prior to retirement and eligible for retirement under PERS, or the surviving spouse of an employee who would have been eligible. The younger spouse of a retiree who is Medicare eligible is also eligible for implicit medical benefits through the District until the spouse is Medicare eligible (implicit) and a maximum monthly benefit paid by the District on behalf of the retiree to offset District health insurance premiums. The benefit is payable until the retiree reaches Medicare eligibility (explicit). Early Retirement Post-Employment Benefits Plan is a single-employer defined benefit OPEB plan administered by the District. Oregon Revised Statutes 243.303 grants the authority to establish and amend the benefit terms and financing requirements to the District Board.

TRUST INSURANCE PREMIUM OFF-SET PLAN

The Trust Insurance Premium Off-Set Plan is a single employer defined benefit plan that is used to provide OPEB for plan eligible retiring participants. The District established the Trust in fiscal year 2017 to fund the future payments required to provide post-employment benefits other than pension as described in the Plan Description above. The Trust is an independent, irrevocable trust administered by a Board of Trustees, appointed by the District and Union. Funding and payment of the annual, ongoing retiree medical and dental benefits from the District do apply toward the funding of the Trust to meet ERISA/DOL requirements. These can be obtained by writing: Joseph Reinhart, P.C., 7355 SW Hermoso Way, Portland, OR 97223. The District funds premium costs by contributing 1.00% for all District's covered employees, whether they are union or non-union.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – OTHER POST EMPLOYMENT BENEFITS:

Employees covered by benefit terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	72
Active employees	<u>264</u>
	<u>336</u>

Net OPEB Liability

The District's net OPEB liability of \$11,162,054 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	2.50 percent, average, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	5.0 percent increase in all future years
Dental cost trend rates	3.0 percent increase in all future years

The District, based upon recommendations made the Plan's actuary, sets the actuarial assumptions. Mortality and withdrawal rates are generally intended to match those selected by the Oregon PERS Actuary used to value benefits under Oregon PERS.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and by adding expected inflation. The current asset allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Fund Type</u>	<u>% of Total Portfolio</u>	<u>Expected Long-Term Real Rate of Return</u>
Cash and Equivalents	0.71%	-2.43%
Mutual Funds – Equity Funds	20.46%	4.51%
Mutual Funds – Bond Funds	78.83%	<u>0.09%</u>
		<u>0.98%</u>

The discount rate used to measure the Total OPEB Liability was 2.21%. Based on the expected 3.75% long-term rate of return on the OPEB plan's assets, the Fiduciary Net Position was only projected to be available to make projected OPEB payments for plan participants through the 2028-2029 year. Therefore, the expected long-term rate of return on the plan's assets has been blended with the June 30, 2021 rate of 2.16% in the 20-year General Obligation Municipal Bond Index published by Bond Buyer. This resulted in a blended rate of 2.21%.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – OTHER POST EMPLOYMENT BENEFITS (Continued):

Changes in the net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2020	\$16,234,206	\$ (937,667)	\$15,296,539
Contributions		(289,970)	(289,970)
Expected investment income		(39,099)	(39,099)
Difference between actual and expected income		(78,410)	(78,410)
Benefit payments – implicit medical	(237,897)		(237,897)
Benefit payments – explicit medical	(80,047)	80,047	-
Administrative and trust expenses		4,000	4,000
Service cost	727,784		727,784
Interest on total OPEB liability	355,263		355,263
Change of benefit terms	-		-
Change in assumptions	(1,137,612)		(1,137,612)
Experience (gain) loss	(3,438,544)		(3,438,544)
Balance at June 30, 2021	\$12,423,153	\$ (1,261,099)	\$11,162,054

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 12,542,925	\$ 11,162,054	\$ 9,935,989

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare cost trend rates:

	<u>1% Decrease (4.0%)</u>	<u>Healthcare Cost Trend Rates (5.0%)</u>	<u>1% Increase (8.0% (6.0%)</u>
Total OPEB liability	\$ 9,628,104	\$ 11,162,054	\$ 12,998,605

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual earnings	\$ -	\$ 70,252
Differences between expected and actual experience	253,886	3,698,781
Changes of assumptions or other inputs	3,377,421	1,037,821
Total	<u>\$ 3,631,307</u>	<u>\$ 4,806,854</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – OTHER POST EMPLOYMENT BENEFITS (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2022	\$	(29,087)
2023		(29,083)
2024		(25,323)
2025		(25,323)
2026		(9,641)
Thereafter		(1,057,090)

RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)

Plan Description

The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.06% of Tier 1 and Tier 2 payroll and 0.00% of OPSRP annual covered payroll. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE G – OTHER POST EMPLOYMENT BENEFITS (Continued):

the plan over a closed period not to exceed 30 years.

NOTE H – RISK MANAGEMENT:

The District established the Health Self-Insurance Plan during the 2011-2012 fiscal year. The Health Self-Insurance is used to pay employee medical bills, vision, and administrative fees. The District purchases commercial insurance for claims in excess of coverage provided by the Health Self-Insurance Plan and for all other risks of loss. The claim liability reported in the funds at June 30, 2021 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amounts of the loss can be reasonably estimated.

NOTE I – SHORT-TERM DEBT:

The District uses a taxable line of credit to help meet current cash flow needs. The various rate line of credit is with Key Bank and may not exceed \$1 million.

NOTE J – COMMITMENTS AND CONTINGENCIES:

Grant Programs

Certain grantors may conduct audits of the expenditures of funds under contracts to determine eligibility under applicable regulations and contract provisions. In the event unallowable expenditures have been made, a liability for repayment of those funds could exist. However, it is the opinion of management that all applicable regulations and contract provisions, that have a material effect on the accompanying financial statements, have been complied with.

NOTE K – TAX ABATEMENTS:

The District is subject to tax abatements granted by the State of Oregon's Business Development Department (BDD). This program has the stated purpose to stimulate and protect economic success in such areas of the state by providing tax incentives for employment, business, industry and commerce and by providing adequate levels of complementary assistance to community strategies for such interrelated goals as environmental protection, growth management and efficient infrastructure.

Under the BDD program, companies commit to expand or maintain facilities and employment in the state, establish a new business in the state, or relocate an existing business to the state. In the case of the District, state-granted abatements have resulted in reductions of property taxes, which the Clackamas County administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be up to 100 percent.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE K – TAX ABATEMENTS (Continued):

Information relevant to these abatements for the year ended June 30, 2021 is as follows:

Tax Abatement Program:	Amount Abated During the Year
Enterprise Zone (ORS 285c.175)	\$ 55,000

REQUIRED SUPPLEMENTARY INFORMATION

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS**

	<u>2019</u>	<u>2021</u>
Total OPEB Liability		
Service cost	\$ 1,915,786	\$ 727,784
Interest	725,868	355,263
Changes of benefit terms	0	0
Differences between expected and actual experience	340,439	(3,438,544)
Changes of assumptions or other inputs	2,780,243	(1,137,612)
Benefit payments	<u>(502,784)</u>	<u>(317,944)</u>
Net change in total OPEB liability	5,259,552	(3,811,053)
Total OPEB liability - beginning	9,869,516	16,234,206
Total OPEB liability - ending	<u>\$ 15,129,068</u>	<u>\$ 12,423,153</u>
 Plan Fiduciary Net Position		
Contributions-employer	\$ 745,693	\$ 289,970
Net investment income	26,199	113,509
Benefit payments	<u>(133,866)</u>	<u>(80,047)</u>
Net change in plan fiduciary net position	638,026	323,432
Plan fiduciary net position-beginning	0	937,667
Plan fiduciary net position-ending	<u>\$ 638,026</u>	<u>\$ 1,261,099</u>
 Net OPEB liability	<u>\$ 14,491,042</u>	<u>\$ 11,162,054</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	4.22%	10.15%
 Covered-employee payroll	\$ 26,197,322	\$ 33,631,847
 Net OPEB liability as a percentage of covered-employee payroll	55.31%	33.19%

Notes to Schedule:

Changes of assumptions. (2018) Retirement rates for Fire employees have been increased due to the District's expectation that firefighters will retire at rates higher than those used in the Oregon PERS valuation. The increased retirement rates resulted in a significant increase in the liabilities from the prior valuation. The assumed rate at which eligible employees enter the plan upon retirement increased from 65% to 100% from the prior valuation based on the District's expected experience. This change resulted in a significant increase in liabilities from the prior valuation.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

<u>Year Ended June 30,</u>	<u>(a) Employer's proportion of the net pension liability(asset)(NPL)</u>	<u>(b) Employer's proportionate share of the net pension liability(asset)(NPL)</u>	<u>(c) District's covered payroll</u>	<u>(b/c) NPL as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2021	0.36434529%	\$ 79,512,674	\$33,457,641	237.66%	75.80%
2020	0.38059274%	\$ 65,833,429	\$33,114,000	198.81%	80.20%
2019	0.33850664%	\$ 51,279,297	\$30,834,520	166.31%	82.10%
2018	0.34186219%	\$ 46,083,152	\$28,244,965	163.16%	83.10%
2017	0.34630769%	\$ 51,998,825	\$26,799,963	194.03%	80.50%
2016	0.32638333%	\$ 18,739,171	\$24,803,359	75.55%	91.87%
2015	0.31940553%	\$ (7,240,012)	\$21,263,236	(34.05)%	103.59%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2021	\$8,418,696	\$ 8,418,696	\$ -	\$37,542,042	22.43%
2020	\$7,605,944	\$ 7,605,944	\$ -	\$33,457,641	22.73%
2019	\$6,122,696	\$ 6,122,696	\$ -	\$33,114,000	18.49%
2018	\$5,795,014	\$ 5,795,014	\$ -	\$30,834,520	18.80%
2017	\$3,993,675	\$ 3,993,675	\$ -	\$28,244,965	14.14%
2016	\$3,979,579	\$ 3,979,579	\$ -	\$26,799,963	14.84%
2015	\$3,829,135	\$ 3,829,135	\$ -	\$24,803,359	15.4%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Taxes	\$ 57,024,619	\$ 56,469,811	\$ 57,010,774	\$ 540,963
GEMT income	500,000	510,043	510,042	(1)
Contract income	3,052,033	3,230,824	3,226,679	(4,145)
Earnings on investments	375,000	170,000	157,880	(12,120)
Grants	140,450	1,176,088	929,099	(246,989)
Miscellaneous	<u>2,108,000</u>	<u>5,648,843</u>	<u>5,807,755</u>	<u>158,912</u>
Total revenues	<u>63,200,102</u>	<u>67,205,609</u>	<u>67,642,229</u>	<u>436,620</u>
EXPENDITURES:				
Fire chief	923,790	1,339,542	1,195,032	144,510
Emergency services	47,839,963	47,143,529	47,872,441	(728,912)
Business services	12,848,609	17,751,066	17,081,459	669,607
Debt service	1,979,806	1,979,806	1,979,805	1
Contingency	<u>2,539,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>66,131,740</u>	<u>68,213,943</u>	<u>68,128,737</u>	<u>85,206</u>
Excess of Revenues Over (Under) Expenditures	(2,931,638)	(1,008,334)	(486,508)	521,826
Other Financing Sources (Uses):				
Transfers In	363,000	363,000	363,000	-
Transfers Out	<u>-</u>	<u>(59,104)</u>	<u>(31,704)</u>	<u>27,400</u>
Total Other Financing Sources (Uses)	<u>363,000</u>	<u>303,896</u>	<u>331,296</u>	<u>27,400</u>
Net Change in Fund Balance	(2,568,638)	(704,438)	(155,212)	549,226
FUND BALANCE, Beginning	<u>20,089,198</u>	<u>18,224,998</u>	<u>18,224,998</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 17,520,560</u>	<u>\$ 17,520,560</u>	<u>\$ 18,069,786</u>	<u>\$ 549,226</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary Information

The District prepares its annual operating budget under the provisions of the Oregon Municipal Budget Law. In accordance with those provisions, the following process is used to adopt the annual budget:

Local Budget law process requires that certain, specific actions must happen as a local government prepares its annual budget. The process can be broken down into four phases.

Phase 1 begins the process. The budget officer puts together a proposed budget. The budget officer must prepare the proposed budget in a format designed by the Department of Revenue. The format meets the requirements set out in the statutes.

Phase 2 is when the budget committee approves the budget. The budget committee reviews the proposed budget, listens to comments from citizens, and then approves the budget. Special public notices are required before the budget committee's first meeting.

Phase 3 includes adopting the budget and, when appropriate, certifying property taxes to the county tax assessor. This phase includes a special hearing of the government body and specific public notices, including a summary of the approved budget. Special forms must also be used to notify the county assessor of the local government's property tax levy.

Phase 4 occurs during the fiscal year when the local government is operating under the adopted budget. This phase includes changes to the adopted budget. Changes to the adopted budget must be made before additional money is spent or money is spent for a different purpose than described in the adopted budget.

The level of control at which expenditures may not legally exceed appropriations is the object category level by department within a fund. The Budget Act recognizes the following object categories as the minimum legal level of control by department within a fund:

- Fire Chief
- Emergency Services
- Business Services
- Capital Outlay
- Debt Service
- Interfund Transfers

All transfers of appropriations between departments and supplemental appropriations require Board approval. The Director may transfer appropriations between object categories within a department without Board approval. Supplemental appropriations must also be filed with the Office of State Auditor and inspector.

Basis of Accounting

The budget is prepared on the modified accrual basis of accounting.

SUPPLEMENTARY INFORMATION

**CLACKAMAS COUNTY
FIRE DISTRICT #1
COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30 2021**

	GENERAL FUND	EQUIPMENT REPLACEMENT FUND	CAPITAL PROJECT FUND	CAPITAL CONSTRUCTION FUND	PERS RESERVE FUND	TOTAL
ASSETS						
Cash and Investments	\$ 19,045,155	\$ 332,319	\$ 3,504,955	\$ 3,332	\$ -	\$ 22,885,761
Accounts Receivable	636,799	20	-	-	-	636,819
Taxes Receivable	1,815,236	-	-	-	-	1,815,236
Grants Receivable	224,839					224,839
Inventories	318,072					318,072
Prepaid Items	182,484					182,484
Total Assets	<u>\$ 22,222,585</u>	<u>\$ 332,339</u>	<u>\$ 3,504,955</u>	<u>\$ 3,332</u>	<u>\$ -</u>	<u>\$ 26,063,211</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 1,101,109	\$ 72,570	\$ 32,582	\$ -	\$ -	\$ 1,206,261
Accrued Wages and Payroll Taxes	1,769,227	-	-	-	-	1,769,227
Total Liabilities	<u>2,870,336</u>	<u>72,570</u>	<u>32,582</u>	<u>-</u>	<u>-</u>	<u>2,975,488</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	1,282,463	-	-	-	-	1,282,463
Total Liabilities and Deferred Inflows	<u>4,152,799</u>	<u>72,570</u>	<u>32,582</u>	<u>-</u>	<u>-</u>	<u>4,257,951</u>
Fund Balances						
Non-Spendable	500,555					500,555
Assigned:						-
Projected Budgetary Deficit	3,971,932	-	-	-	-	3,971,932
Future Equipment	-	259,769	-	-	-	259,769
Capital Projects	-	-	3,472,373	3,332	-	3,475,705
Multi-Year Projects				-	-	-
Employee retirement					-	-
Unassigned	13,597,299	-	-	-	-	13,597,299
Total Fund Balances	<u>18,069,786</u>	<u>259,769</u>	<u>3,472,373</u>	<u>3,332</u>	<u>-</u>	<u>21,805,260</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,222,585</u>	<u>\$ 332,339</u>	<u>\$ 3,504,955</u>	<u>\$ 3,332</u>	<u>\$ -</u>	<u>\$ 26,063,211</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	GENERAL	EQUIPMENT REPLACEMENT FUND	CAPITAL PROJECT FUND	CAPITAL CONSTRUCTION FUND	PERS RESERVE FUND	TOTAL
REVENUES:						
Taxes	\$ 57,010,774	\$ -	\$ -	\$ -	\$ -	\$ 57,010,774
GMET income	510,042					510,042
Contract Income	3,226,679					3,226,679
Sale of surplus property	97,665	44,604				142,269
Earnings on Investments	157,880	2,015	31,909	198		192,002
Intergovernmental						-
Miscellaneous	5,710,090					5,710,090
Grants	929,099	-	-	-	-	929,099
Total Revenues	67,642,229	46,619	31,909	198	-	67,720,955
EXPENDITURES:						
Fire Protection Services:						
Fire chief	1,195,032					1,195,032
Emergency services	47,872,441	58,951				47,931,392
Business services	17,081,459	153,503				17,234,962
Debt service	1,979,805		893,088			2,872,893
Capital Outlay			506,588	236,866		743,454
Total Expenditures	68,128,737	212,454	1,399,676	236,866	-	69,977,733
Excess of Revenues Over (Under) Expenditures	(486,508)	(165,835)	(1,367,767)	(236,668)		(2,256,778)
Other Financing Sources (Uses):						
Proceeds from Series A Note						-
Debt issuance costs including underwriter's discount						-
Transfers In	363,000	231,704		240,000	-	834,704
Transfers Out	(31,704)		(803,000)	-		(834,704)
Special Items:						
Proceeds from sale of real estate	-	-		-	-	-
Net Change in Fund Balance	(155,212)	65,869	(2,170,767)	3,332	-	(2,256,778)
Beginning Fund Balance	18,224,998	193,900	5,643,140			24,062,038
Ending Fund Balance	\$ 18,069,786	\$ 259,769	\$ 3,472,373	\$ 3,332	-	\$ 21,805,260

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
EQUIPMENT REPLACEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Sale of surplus property	\$ 15,000	\$ 30,000	\$ 44,604	\$ 14,604
Earnings of investments	<u>3,000</u>	<u>3,000</u>	<u>2,015</u>	<u>(985)</u>
Total revenues	<u>18,000</u>	<u>33,000</u>	<u>46,619</u>	<u>13,619</u>
EXPENDITURES:				
Emergency services	121,454	126,649	58,951	67,698
Business services	<u>142,311</u>	<u>179,284</u>	<u>153,503</u>	<u>25,781</u>
Total expenditures	<u>263,765</u>	<u>305,933</u>	<u>212,454</u>	<u>93,479</u>
Excess of Revenues Over (Under) Expenditures	(245,765)	(272,933)	(165,835)	107,098
Other Financing Sources:				
Transfers In	-	<u>231,704</u>	<u>231,704</u>	-
Total Other Financing Sources	-	<u>231,704</u>	<u>231,704</u>	-
Net Change in Fund Balance	(245,765)	(41,229)	65,869	107,098
FUND BALANCE, Beginning	<u>398,436</u>	<u>193,900</u>	<u>193,900</u>	-
FUND BALANCE, Ending	<u>\$ 152,671</u>	<u>\$ 152,671</u>	<u>\$ 259,769</u>	<u>\$ 107,098</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Earnings on investments	\$ 8,000	\$ 28,000	\$ 31,909	\$ 3,909
EXPENDITURES:				
Emergency services	1,721,429	2,189,107	-	2,189,107
Business services	376,016	421,016	-	421,016
Capital outlay	2,071,675	1,743,4296	893,088	850,341
Debt service	<u>506,588</u>	<u>506,588</u>	<u>506,588</u>	<u>-</u>
Total expenditures	<u>4,675,708</u>	<u>4,860,140</u>	<u>1,399,676</u>	<u>3,460,464</u>
Excess of Revenues Over (Under) Expenditures	(4,667,708)	(4,832,140)	(1,367,767)	3,464,373
Other Financing Sources (Uses):				
Transfers out	(603,000)	(803,000)	(803,000)	-
Proceeds from note	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(603,000)</u>	<u>(803,000)</u>	<u>(803,000)</u>	<u>-</u>
Net Change in Fund Balance	(5,270,708)	(5,635,140)	(2,170,767)	3,464,373
FUND BALANCE, Beginning	<u>5,270,708</u>	<u>5,635,140</u>	<u>5,643,140</u>	<u>8,000</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,472,373</u>	<u>\$ 3,472,373</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
CAPITAL CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Earnings on investments	\$ 2,000	\$ 2,000	\$ 198	\$ (1,802)
EXPENDITURES:				
Capital outlay	<u>242,000</u>	<u>269,400</u>	<u>236,866</u>	<u>32,534</u>
Excess of Revenues Over (Under) Expenditures	(240,000)	(267,400)	(236,668)	30,732
Transfers in	<u>240,000</u>	<u>267,400</u>	<u>240,000</u>	<u>(27,400)</u>
	-	-	3,332	3,332
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,332</u>	<u>\$ 3,332</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Governmental Funds			
	Debt Service Fund	Enterprise Fund	Wildland Mitigation Fund	Total
ASSETS				
Cash and investments	\$ 515,785	\$ 23,501	\$ -	\$ 539,286
Accounts receivable	8,059	-	77,512	85,571
Taxes receivable	<u>63,074</u>	<u>-</u>	<u>-</u>	<u>63,074</u>
 Total assets	 <u>\$ 586,918</u>	 <u>\$ 23,501</u>	 <u>\$ 77,512</u>	 <u>\$ 687,931</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES – Accounts payable	\$ -	\$ -	\$ 60,963	\$ 60,963
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue – prop. taxes	<u>49,739</u>	<u>-</u>	<u>-</u>	<u>49,739</u>
Total liabilities and deferred inflows	<u>49,739</u>	<u>-</u>	<u>60,963</u>	<u>110,702</u>
FUND BALANCES				
Reported in:				
Special Revenue Fund	-	23,501	-	23,501
Wildland Mitigation Fund	-	-	16,549	16,549
Debt Service Fund	<u>537,179</u>	<u>-</u>	<u>-</u>	<u>537,179</u>
Total fund balances	<u>537,179</u>	<u>23,501</u>	<u>16,549</u>	<u>577,229</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 586,918</u>	 <u>\$ 23,501</u>	 <u>\$ 77,512</u>	 <u>\$ 687,931</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES –
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Debt Service Fund</u>	<u>Enterprise Fund</u>	<u>Wildland Mitigation Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,248,960	\$ -	\$ -	\$ 2,248,960
Grants	-	-	194,810	194,810
Earnings on investments	15,357	164	-	15,521
Enterprise income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>2,264,317</u>	<u>164</u>	<u>194,810</u>	<u>2,459,291</u>
EXPENDITURES				
Fire Protection Services:				
Emergency services	-	-	178,261	178,261
Capital outlay	-	-	-	-
Debt service	<u>2,122,950</u>	<u>-</u>	<u>-</u>	<u>2,122,950</u>
Total expenditures	<u>2,122,950</u>	<u>-</u>	<u>178,261</u>	<u>2,301,211</u>
Excess of Revenues Over (Under) Expenditures	141,367	164	16,549	158,080
Other Financing Sources (Uses):				
Proceeds from Bond Issue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	141,367	164	16,549	158,080
FUND BALANCE, Beginning	<u>395,812</u>	<u>23,337</u>	<u>-</u>	<u>419,149</u>
FUND BALANCE, Ending	<u>\$ 537,179</u>	<u>\$ 23,501</u>	<u>\$ 16,549</u>	<u>\$ 577,229</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Taxes	\$ 1,806,982	\$ 1,806,982	\$ 2,248,960	\$ 441,978
Earnings on investments	<u>2,500</u>	<u>2,500</u>	<u>15,357</u>	<u>12,857</u>
Total revenue	<u>1,809,482</u>	<u>1,809,482</u>	<u>2,264,317</u>	<u>454,835</u>
EXPENDITURES				
Debt Service:				
Principal	1,220,000	1,220,000	1,170,000	50,000
Interest	<u>902,950</u>	<u>902,950</u>	<u>952,950</u>	<u>(50,000)</u>
Total expenditures	<u>2,122,950</u>	<u>2,122,950</u>	<u>2,122,950</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	(313,468)	(313,468)	141,367	454,835
Other Financing Sources (Uses):				
Proceeds from Bond Issue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(313,468)	(313,468)	141,367	454,835
FUND BALANCE, Beginning	<u>442,455</u>	<u>395,812</u>	<u>395,812</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 128,987</u>	<u>\$ 82,344</u>	<u>\$ 537,179</u>	<u>\$ 454,835</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Earning on investments	\$ 200	\$ 200	\$ 164	\$ (36)
Enterprise income	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total revenue	<u>5,200</u>	<u>5,200</u>	<u>164</u>	<u>(5,036)</u>
EXPENDITURES				
Emergency services	10,000	10,000	-	10,000
Fire chief's office	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net Change in Fund Balance	(9,800)	(9,800)	164	9,964
FUND BALANCE, Beginning	<u>11,700</u>	<u>23,337</u>	<u>23,337</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 1,900</u>	<u>\$ 13,537</u>	<u>\$ 23,501</u>	<u>\$ 9,964</u>

**CLACKAMAS COUNTY
FIRE DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL -
WILDLAND MITIGATION FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
Conflagration	\$ 188,496	\$ 188,496	\$ -	\$ (188,496)
Grants	263,111	263,111	194,810	(68,301)
Miscellaneous	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>(12,000)</u>
Total revenues	<u>463,607</u>	<u>463,607</u>	<u>194,810</u>	<u>(268,797)</u>
EXPENDITURES:				
Emergency services	<u>456,031</u>	<u>456,031</u>	<u>178,261</u>	<u>277,770</u>
Total expenditures	<u>456,031</u>	<u>456,031</u>	<u>178,261</u>	<u>277,770</u>
Excess of Revenues Over (Under) Expenditures	7,576	7,576	16,549	8,973
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	7,576	7,576	16,549	8,973
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, Ending	<u>\$ 7,576</u>	<u>\$ 7,576</u>	<u>\$ 16,549</u>	<u>\$ 8,973</u>

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

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

We have audited the basic financial statements of Clackamas County Fire District #1, as of and for the year ended June 30, 2021, and have issued our report thereon dated January 31, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Clackamas County Fire District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).**
- Indebtedness limitations, restrictions and repayment.**
- Budgets legally required (ORS Chapter 294).**
- Insurance and fidelity bonds in force or required by law.**
- Authorized investment of surplus funds (ORS Chapter 294).**
- Public contracts and purchasing (ORS Chapter 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Clackamas County Fire District #1 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except Emergency Services expenditures exceeded appropriations by \$728,912 in the General Fund.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Clackamas County Fire District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clackamas County Fire District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clackamas County Fire District #1's internal control over financial reporting.

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

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

This report is intended solely for the information and use of the Board of Directors and management of Clackamas County Fire District #1 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

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

By 
Russell T. Ries, Partner

January 31, 2022

**CLACKAMAS FIRE DISTRICT #1
SCHEDULE OF TAXABLE PROPERTY VALUES**

Clackamas County

Fiscal Tax Year	Real Market Value	M5 Real Market Value	AV Used to Calculated Rates	Tax Levy
2021	\$ 45,647,062,791	\$ 39,168,979,870	\$ 24,398,472,890	\$ 60,804,628
2020	43,303,220,159	37,289,219,115	23,328,641,766	58,478,397
2019	40,221,407,725	34,747,971,049	22,376,686,996	55,785,798
2018	36,741,793,185	31,801,633,047	21,438,952,440	53,776,010
2017	29,744,565,472	28,649,637,621	20,474,694,752	50,853,580

Source: Clackamas County Department of Assessment and Taxation

Multnomah County

Fiscal Tax Year	Real Market Value	M5 Real Market Value	AV Used to Calculated Rates	Tax Levy
2021	\$ 39,846,340	\$ 32,842,760	\$ 32,842,760	\$ 65,271
2020	40,527,450	40,527,450	33,751,190	71,200
2019	40,308,760	40,308,760	33,422,430	67,433
2018	53,714,698	53,710,578	46,129,820	99,159
2017	45,434,213	45,430,093	39,060,190	85,531

Source: Multnomah County Department of Assessment and Taxation

Total

Fiscal Tax Year	Real Market Value	M5 Real Market Value	AV Used to Calculated Rates	Tax Levy
2021	\$ 45,686,909,131	\$ 39,201,822,630	\$ 24,431,315,650	\$ 60,869,899
2020	43,343,747,609	37,329,746,565	23,362,392,956	58,549,597
2019	40,261,716,485	34,788,279,809	22,410,109,426	55,853,231
2018	36,795,507,883	31,855,343,625	21,485,082,260	53,875,169
2017	29,789,999,685	28,695,067,714	20,513,754,942	50,939,111

Source: Clackamas County Department of Assessment and Taxation and Multnomah County Department of Assessment and Taxation

CLACKAMAS FIRE DISTRICT #1
FISCAL YEAR 2020 REPRESENTATIVE LEVY RATE (Clackamas County Tax Code 012-051)

(Rates Per \$1,000 of Assessed Value)

General Government	Billing Rate	Local Option Rate	"GAP" Bonds or UR Special Levy Rate	Bond Levy Rate	Consolidated Rate
Clackamas County	2.9439	0.2480	0.1907	0.0000	3.3826
Clackamas County Extension & 4-H	0.0498	0.0000	0.0000	0.0000	0.0498
Clackamas County Law Enhanced	0.7019	0.0000	0.0000	0.0000	0.7019
Clackamas County Library	0.3954	0.0000	0.0000	0.0000	0.3954
Clackamas County Soil Conservation	0.0498	0.0000	0.0000	0.0000	0.0498
Clackamas County Fire District No. 1	2.3731	0.0000	0.0000	0.0888	2.4619
North Clackamas Park & Recreation	0.5258	0.0000	0.0000	0.0000	0.5258
Port of Portland	0.0698	0.0000	0.0000	0.0000	0.0698
Metropolitan Service District	0.0960	0.0960	0.0000	0.3974	0.5894
Vector Control	<u>0.0065</u>	<u>0.0250</u>	<u>0.0000</u>	<u>0.0000</u>	<u>0.0315</u>
Total General Government	<u>7.212</u>	<u>0.3690</u>	<u>0.1907</u>	<u>0.4862</u>	<u>8.2579</u>
Education					
Clackamas Community College	0.5543	0.0000	0.0000	0.2742	0.8285
Clackamas Education Service District	0.3667	0.0000	0.0000	0.0000	0.3667
North Clackamas School District	<u>4.7797</u>	<u>1.6300</u>	<u>0.0000</u>	<u>2.1910</u>	<u>8.6007</u>
Total Education	<u>5.7007</u>	<u>1.6300</u>	<u>0.0000</u>	<u>2.4652</u>	<u>9.7959</u>
Total Tax Rate	<u>12.9127</u>	<u>1.999</u>	<u>0.1907</u>	<u>2.9514</u>	<u>18.0538</u>

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes - Tax Rate Limitation - Measure 5" herein.)

① Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital cost.

Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes - Tax Rate Limitation - Measure 5" herein.)

Source: Clackamas County Department of Assessment and Taxation. Note that there are 125 tax codes in Clackamas County that overlap the District and Tax Code 012-051 has the highest taxable of these tax codes of \$4,087,507,351

Clackamas County
Tax Collection Record ①

Fiscal Year	Tax Levy Collection
2020	98.48%
2019	98.54%
2018	95.63%
2017	98.01%
2016	98.09%

① Prepayment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets. The percent of taxes collected represents taxes collected in a single levy year, beginning July 1 and ending June 30.

Source: Clackamas County Department of Assessment and Taxation.

**CLACKAMAS FIRE DISTRICT #1
SCHEDULE OF MAJOR TAXPAYERS**

**Clackamas County - Tax Year 2020
Major Taxpayers**

Taxpayer	Business / Service	Tax	Assessed Value
Portland General Electric	Electrical Utility	\$ 14,464,108	\$ 1,032,941,000
General Growth Properties Inc.	Town Center Mall	4,930,670	283,647,954
Fred Meyer Stores	Retail	4,741,774	266,407,570
Shorenstein Properties LLC	Real Estate	4,125,707	227,064,538
Northwest Natural Gas	Natural Gas Utility	3,767,171	236,425,500
PCC Structurals Inc.	Manufacturing/ Aerospace	3,715,552	219,410,400
Meadows Road LLC	Real Estate	1,746,231	95,448,283
Comcast Corporation	Telecommunications	1,730,956	101,055,000
ROIC Oregon LLC	Real Estate	1,648,205	88,768,523
Centurylink	Telecommunications	1,449,730	88,960,000
Top Ten County Taxpayers		\$ 42,320,104	\$ 2,640,128,768
Remaining County Taxpayers		919,865,446	53,180,483,700
Total County Taxpayers		\$ 962,185,550	\$ 55,820,612,468

**Clackamas County fire District No. 1 - Tax Year 2020
Major Taxpayers**

Taxpayer	Business / Service	Tax	Assessed Value
Portland General Electric	Electrical Utility	\$ 4,540,173	\$ 302,043,402
General Growth Properties Inc.	Town Center Mall	4,831,691	275,386,368
Fred Meyer Stores, Inc.	Grocery Stores	3,914,714	221,755,418
PCC Structurals Inc.	Manufacturing/ Aerospace	3,521,671	208,731,787
Northwest Natural Gas	Natural Gas Utility	1,779,371	111,661,000
Kaiser Foundation Hospital	Healthcare	1,157,830	70,615,344
ROIC Oregon LLC	Real Estate	1,253,330	68,340,890
Blount, Inc.	Manufacturing	1,170,936	62,229,500
Comcast Corporation	Telecommunications	1,016,589	59,548,000
CH Realty III/Clackamas LLC		1,057,184	58,668,181
Top Ten County Taxpayers		\$ 24,243,489	\$ 1,438,979,890
Remaining County Taxpayers		36,561,139	22,959,493,000
Total County Taxpayers		\$ 60,804,628	\$ 24,398,472,890

NOTE: 0.23% of the District's assessed value is within Multnomah County. The taxpayers in the above table are all within the portion of the District that overlaps Clackamas County.

NOTE: Comcast Corporation is subject to central assessment and the effects of SB 611. See "Revenue Sources - Property Taxes - Senate Bill 611."

① Tax amount is the total tax paid by the taxpayer within the boundaries of the County or District, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

② Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Clackamas County Department of Assessment and Taxation.