CLACKAMAS COUNTY FIRE DISTRICT #1

FINANCIAL REPORT

Year Ended June 30, 2022

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CLACKAMAS COUNTY FIRE DISTRICT #1
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2022

BOARD OF DIRECTORS

Thomas Joseph	President
Marilyn Wall	Vice- President
Jay Cross	Director
Chris Hawes	Director
Jim Syring	Secretary/Treasurer

*The Directors receive mail at the District address as listed below

OFFICERS

Nick Browne, District Fire Chief

DISTRICT ADDRESS

11300 SE Fuller Rd
Milwaukie, OR 97222

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SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clackamas County Fire District #1 (the “District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clackamas County Fire District #1 as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the beginning net position of governmental activities and the beginning fund balance of the General Fund has been adjusted to reflect corrections for errors reported in cash, property taxes receivable, and unavailable revenues. Our opinion is not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i –vi and the schedules on pages 44 – 48 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 combining statements and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and individual fund schedules 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated April 10, 2023, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

April 10, 2023

By:

Brad Bingenheimer, Partner

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MANAGEMENT’S DISCUSSION AND ANALYSIS

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CLACKAMAS COUNTY FIRE DISTRICT #1
Management's Discussion and Analysis
JUNE 30, 2022

The management of Clackamas County Fire District #1 offers readers of the Annual Financial Report, this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. This analysis focuses on significant financial issues, major financial activities, and resulting changes in financial position, budget variances, and specific issues related to funds and the economic factors affecting the District.

Financial Highlights

Assets totaled $69,369,826 as of June 30, 2022 and consisted of $22,149,788 in cash and cash equivalents; $4,583,572 in accounts receivable and other assets; and $42,636,466 in capital assets.

Net position was $(41,863,897) as of June 30, 2022 compared to $(45,864,098) as of June 30, 2021 year end, as restated. The District's net position increased by $4,000,201 from June 30, 2021, primarily due to net changes in net pension and OPEB liabilities offset by changes in related deferred inflows and outflows.

As of June 30, 2022, the District had $97,196,254 in outstanding bonds, notes payable, accrued compensated absences, and net pension, and OPEB liabilities. The District's debt on bonds and notes payable decreased by $3,352,445 during the fiscal year. This was due to continued principal payments on the District's outstanding debt.

As of June 30, 2022, the District's governmental funds reported combined ending fund balances of $21,659,895, a decrease of $272,475 from the prior year's balance.

Overview of the Financial Statements

The Management Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

1. Government-Wide Financial Statements

These two statements present an overview of the District's finances, in a manner similar to the private sector. Each statement presents highly condensed, entity-wide information and uses the full accrual basis of accounting.

The Statement of Net Position presents information on the District's total assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District as of the date on the statement. Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how net position of the District changed over the most recent fiscal year by tracking receipts, disbursements and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown as governmental activities which consist of fire services. These activities are primarily financed through property taxes.

2. Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital Projects Fund. These funds are considered to be major funds. Budgetary comparison statements are presented for the General Fund. Data for the other six non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining schedules in the other supplementary information described below.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District reports the Clackamas Fire Health Trust as a fiduciary fund. The Health Trust is a postemployment benefits plan that provides a monthly benefit to eligible retirees prior to Medicare eligibility that partially offsets medical premiums.

3. Notes to the Basic Financial Statements

Notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Required Supplementary Information. Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered part of basic financial statements. Required pension and other postemployment benefit schedules (OPEB) are presented immediately following the notes to the basic financial statements.

Other Supplementary Information. The schedules for any major capital project funds and non-major governmental funds and budgetary comparison schedules are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indictor of a government's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows by $40,627,459 at the close of the most recent fiscal year.

The following table reflects a Summary of Net Position for these fiscal years:

	2022	2021	Change
Assets			
Current assets	$ 26,012,622	$ 26,301,027	$ (288,405)
Net pension assets	720,738	338,554	382,184
Capital assets	42,636,466	44,759,310	(2,122,844)
Total assets	69,369,826	71,398,891	(2,029,065)
Deferred outflows of resources	30,047,101	32,867,092	(2,819,991)
Liabilities			
Current liabilities	3,118,728	3,204,087	(85,359)
Long-term liabilities	97,196,254	138,801,229	(41,604,975)
Total liabilities	100,314,982	142,005,316	(41,690,334)
Deferred inflows of resources	40,965,842	8,124,765	32,841,077
Net position			
Net investment in capital assets	12,913,914	15,499,159	(2,585,245)
Restricted	3,829,871	537,179	3,292,692
Unrestricted	(58,607,682)	(61,900,436)	3,292,754
Total net position	$ (41,863,897)	$ (45,864,098)	$ 4,000,201

By far the largest portion of the District's net position reflect its investment in capital assets (e.g. land, buildings, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets do not have financial liquidity easily available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to pay these liabilities. The balance of $3,829,871 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $(58,607,682) represents a deficit in unrestricted net position.

Prior Period Adjustment
The 2021 amounts above have been modified to account for a prior period adjustment which decreased currrent assets by $450,115 and increased capital assets by $1,135,109. These prior period adjustments were made to accurately reflect cash and cash equivalents, property tax receivables, and the value and accumulated depreciation of District assets.

The following table summarizes revenues and expenses for these fiscal years:

	2022	2021	Change
Revenues			
Program Revenues			
Charges for services	$ 3,791,553	$ 6,711,974	$ (2,920,421)
Operating grants	2,597,496	1,123,909	1,473,587
General Revenues			
Property taxes	61,357,578	59,178,043	2,179,535
Other taxes	79,423	29,329	50,094
Other revenues	3,417,765	3,055,336	362,429
Total Revenues	71,243,815	70,098,591	1,145,224
Expenses			
Fire services	$ 65,609,358	$ 82,938,700	$ (17,329,342)
Interest long-term debt	1,634,256	1,707,814	(73,558)
Total expenses	67,243,614	84,646,514	(17,402,900)
Change in Net Position	4,000,201	(14,547,923)	18,548,124
Beginning net position	(45,864,098)	(31,316,175)	(14,547,923)
Ending net position	$ (41,863,897)	$ (45,864,098)	$ 4,000,201

Governmental activities increased the District's net position by $4,000,201. This is primarily due to decrease in fire service expenses as a result of changes in net pension and OPEB liabilities.

Prior Period Adjustment
As noted above, the 2021 amounts above have been modified to account for a prior period adjustment which resulted in a net increase of $684,995 to the prior year's ending net position.

Financial Analysis of the District's Funds

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financial requirements. In particular, unassigned fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year as they have not been limited to use for a particular purpose.

At the end of the fiscal year, the District's governmental funds reported combined ending fund balances of $21,659,895, a decrease of $272,475 from the prior year's balance. This decrease is primarily the result of deficit spending in the District's General Fund until midyear budget reductions were identified. The decrease was offset with $2,000,000 in one-time grant revenue from the state apprenticeship program.

The General Fund is the District's primary operating fund. The ending fund balance of the General Fund as of June 30, 2022 was $15,599,606, a decrease of $2,029,942 from the prior year financial statements. As noted above, the decrease is the result of expenses outpacing revenues until the District implemented midyear budget reductions. As also noted above, the decrease also reflects a prior-year adjustment that reduced General Fund balance by $440,238 to accurately reflect cash balances and property tax receivables in FY 2020-21.

The General Fund's unrestricted fund balance as of June 30, 2022 was $15,092,859. District policy currently specifies that the General Fund ending balance should be 35 percent of the operating budget to meet operating needs in the following fiscal year until the bulk of property tax revenues are received in November. Based on the General Fund operating budget in the FY 2022-23 Adopted Budget, the ending fund balance should be about $22.8 million to meet District policy.

General Fund Budgetary Highlights

There were three supplemental budgets during the year that decreased property tax revenues by $1,190,000, and increased contract revenues, conflagration revenues, grants, and miscellaneous revenues by $4,126,000. The effect to expenditures was as follows: decrease in Fire Chief office expenditures by $364,183 and an increase in emergency services and business services by $3,078,358. Actual revenues were $453,873 less than budgeted and actual expenditures were $3,235,863 less than budgeted.

Capital Assets and Debt Administration

Capital Assets. The following table compares capital assets for these fiscal years:

	2022	2021	Change
Land	$ 2,167,718	$ 2,167,718	$ -
Buildings	33,163,586	34,469,931	(1,306,345)
Equipment and vehicles	7,305,162	8,121,663	(816,501)
Total	42,636,466	44,759,312	(2,122,846)

For more detailed information regarding capital assets please refer to Note 6 in the "notes to the basic financial statements."

Long-term Debt. At June 30, 2022, the District had bonded debt outstanding of $38,621,317 compared to $41,616,963 at June 30, 2021.

	2022	2021	Change
Bonds payable	$ 38,621,317	$ 41,616,963	$ (2,995,646)
Bond premium	1,923,374	2,181,854	(258,480)
Notes payable	332,861	431,180	(98,319)
Compensated absences	3,523,890	3,557,950	(34,060)
Net pension liability	42,770,306	79,512,674	(36,742,368)
Net OPEB liability	10,024,506	11,500,608	(1,476,102)
Total	$ 97,196,254	$ 138,801,229	$(41,604,975)

Economic Factors and Next Year's Budget

The focus of the FY 2022-23 budget is to maintain service levels within existing resources, while developing a long-term financial plan that allows for sustainable future growth. Some factors that were considered during the preparation of the 2022-23 budget were:

- Adapting to lower revenue growth than in previous years, as assessed valuation growth was projected at 3.25% over the previous year.
- Contributing General Fund resources to the District's capital funds to replace essential assets.
- Implementing an intergovernmental agreement to provide full fire protection services to the City of Gladstone.
- Accommodating inflationary increases, especially for fuel and utilities.

The District is committed to balanced budgets that provide adequate resources to maintain and replace capital assets. We will continue to use conservative approaches in estimating revenues and expenses, and continue to examine existing programs, along with new and trending activities, to ensure we remain efficient and forward thinking.

Requests for Information. This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mark Whitaker, Chief Financial Officer
Clackamas County Fire District #1
11300 SE Fuller Rd.
Milwaukie, OR 97222

BASIC FINANCIAL STATEMENTS

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CLACKAMAS COUNTY FIRE DISTRICT #1

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 22,149,788
Property taxes receivable	2,257,330
Other receivables, net	1,098,757
Inventory	300,566
Prepaid items	206,181
Net OPEB asset	720,738
Capital assets:	
Land and construction in progress	2,167,718
Other capital assets, net	40,468,748
Total assets	69,369,826
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	26,629,266
Other postemployment benefit related items	3,417,835
Total deferred outflows of resources	30,047,101
LIABILITIES	
Accounts payable and accrued liabilities	2,278,450
Accrued interest payable	127,615
Deposits	62,663
Unearned revenue	650,000
Long-term liabilities:	
Due within one year	7,157,141
Due in more than one year	90,039,113
Total liabilities	100,314,982
DEFERRED INFLOWS OF RESOURCES	
Pension related items	35,064,047
Other postemployment benefit related items	5,901,795
Total deferred inflows of resources	40,965,842
NET POSITION	
Net investment in capital assets	12,913,914
Restricted for:	
Capital projects	1,496,879
Debt service	332,992
Other purposes	2,000,000
Unrestricted	(58,607,682)
Total net position	**$ (41,863,897)**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Totals**
GOVERNMENTAL ACTIVITIES				
Fire services	$ 65,609,358	$ 3,791,553	$ 2,597,496	$ (59,220,309)
Interest	1,634,256	-	-	(1,634,256)
Totals	**$ 67,243,614**	**$ 3,791,553**	**$ 2,597,496**	(60,854,565)
	GENERAL REVENUES			
	Taxes levied for:			
	General purposes			61,437,001
	Unrestricted investment earnings			148,997
	Miscellaneous			3,268,768
	Total general revenues and transfers			64,854,766
	Change in net position			4,000,201
	Net position at beginning of year			(46,549,094)
	Prior period adjustment			684,996
	Net position at end of year			**$ (41,863,897)**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Project	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 16,268,996	$ 3,319,018	$ 2,561,773	$ 22,149,787
Receivables	2,182,838		74,492	2,257,330
Other receivables	873,611	-	225,146	1,098,757
Inventory	300,566	-	-	300,566
Prepaid items	206,181	-	-	206,181
Total assets	**$ 19,832,192**	**$ 3,319,018**	**$ 2,861,411**	**$ 26,012,621**
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ 2,224,693	$ 39,180	$ 14,577	$ 2,278,450
Consumer deposits	62,663	-	-	62,663
Total liabilities	2,287,356	39,180	14,577	2,341,113
Deferred inflows of resources				
Unavailable revenue	1,945,230	-	66,383	2,011,613
Total deferred inflows of resources	1,945,230	-	66,383	2,011,613
Fund balances				
Nonspendable	506,747	-	-	506,747
Restricted	-	1,493,545	2,336,326	3,829,871
Assigned	-	1,786,293	444,125	2,230,418
Unassigned	15,092,859	-	-	15,092,859
Total fund balances	15,599,606	3,279,838	2,780,451	21,659,895
Total liabilities, deferred inflows of resources and fund balances	**$ 19,832,192**	**$ 3,319,018**	**$ 2,861,411**	**$ 26,012,621**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2022

Fund Balances - Total Governmental Funds	$	21,659,895
Amounts reported for governmental activities in the statement of net position are different because:		
The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds		720,738
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		42,636,466
Deferred outflows related to the pension and other postemployment benefit plans are not current financial resources and, therefore, are not reported in the funds		30,047,101
Other long-term assets are not available to pay for current period expenditures and. therefore, are reported as unavailable in the funds		2,011,613
The net pension liability is reported in the statement of net positon, but is not reported in the funds		(42,770,306)
The other postemployment liability is reported in the statement of net positon, but is not reported in the funds		(10,024,506)
Some liabilities are not due and payable in the current period, and, therefore are not reported in the funds		
Long-term debt and premium		(40,877,552)
Accrued interest		(127,614)
Compensated absences		(3,523,890)
Deferred inflows related to the pension and other postemployement benefit plans are reported in the statement of net position, but are not reported in the funds.		(40,965,842)
The statement of activities report unearned revenues related to the contribuion of capital assets for payment of future services		(650,000)
Net Position of Governmental Activities	**$**	**(41,863,897)**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

June 30, 2022

	General	Capital Project	Total Nonmajor Funds	Total Governmental Funds
Revenues				
Property taxes	$ 58,773,338	$ -	$ 1,984,255	$ 60,757,593
Contract revenue	3,149,604	-	641,949	3,791,553
Conflagration reimbursement	1,355,443	-	163,298	1,518,741
Grants	2,135,259	-	462,237	2,597,496
Interest	127,900	13,373	7,724	148,997
Miscellaneous	1,724,711	-	600	1,725,311
Total revenues	67,266,255	13,373	3,260,063	70,539,691
Expenditures				
Current				
Fire services	64,641,964	-	909,724	65,551,688
Debt service	2,075,504	506,588	2,186,150	4,768,242
Capital outlay	-	327,423	194,824	522,247
Total expenditures	66,717,468	834,011	3,290,698	70,842,177
Excess (deficiency) of revenues over expenditures	548,787	(820,638)	(30,635)	(302,486)
Other financing sources (uses)				
Sale of capital assets	-	-	30,011	30,011
Transfers in	49,375	628,104	2,000,000	2,677,479
Transfers out	(2,628,104)	-	(49,375)	(2,677,479)
Total other financing sources (uess)	(2,578,729)	628,104	1,980,636	30,011
Net change in fund balances	(2,029,942)	(192,534)	1,950,001	(272,475)
Fund balances at beginning of year	18,069,786	3,472,372	840,327	22,382,485
Prior period adjustment	(440,238)	-	(9,877)	(450,115)
Fund balances at end of year	**$ 15,599,606**	**$ 3,279,838**	**$ 2,780,451**	**$ 21,659,895**

See notes to financial statements.

Net Change in Fund Balances - Total Governmental Funds		$ (272,475)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:		
Governmental funds report the acquistion of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:		
Acquisition of capital assets	$ 941,273	
Depreciation	(3,058,824)	(2,117,551)
The net effect of transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position		(5,295)
The changes in net pension liability and deferred inflows and outflows related to the District's participation in pension plan are reported as pension expense on the statement of activities		
Net pension liability	36,742,368	
Deferred inflows	(31,746,136)	
Deferred outflows	(2,606,519)	2,389,713
The changes in other postemployment benefit liability (asset) and deferred related to the District's participation in other postemployment benefit benefit plans are reported as OPEB expense on the statement of activities		
Net OPEB liability	1,476,102	
Net OPEB asset	382,184	
Deferred inflows	(1,094,941)	
Deferred outflows	(213,472)	549,873
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes		679,410
The statement of activities report unearned revenues related to the contribution of capital assets for payment of future services		(650,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued interest	40,021	
Compensated absences	34,060	74,081
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.		
Principal payments	3,093,965	
Net premium amortization	258,480	3,352,445
Change in Net Position of Governmental Activities		**$ 4,000,201**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1

GENERAL FUND

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

Year Ended June 30, 2022

	Budget			
	Original	**Final**	**Actual**	**Variance**
Revenues				
Property taxes	$ 60,367,923	$ 59,177,923	$ 58,773,338	$ (404,585)
Contract revenue	2,781,205	2,931,205	3,149,604	218,399
Conflagration reimbursement	-	1,366,000	1,355,443	(10,557)
Grants	200,000	2,200,000	2,135,259	(64,741)
Interest	200,000	200,000	127,900	(72,100)
Miscellaneous	1,235,000	1,845,000	1,724,711	(120,289)
Total revenues	64,784,128	67,720,128	67,266,255	(453,873)
Expenditures				
Fire Chief's office	1,518,271	1,154,088	1,035,248	118,840
Emergency services	45,895,568	48,668,186	48,144,529	523,657
Business services	16,094,895	16,400,635	15,462,187	938,448
Debt service	2,075,504	2,075,504	2,075,504	-
Contingency	2,587,718	1,654,918	-	1,654,918
Total expenditures	68,171,956	69,953,331	66,717,468	3,235,863
Excess (deficiency) of revenues over expenditures	(3,387,828)	(2,233,203)	548,787	2,781,990
Other financing sources (uses)				
Transfers in	44,000	49,375	49,375	-
Transfers out	(628,104)	(2,628,104)	(2,628,104)	-
Total other financing sources (uses)	(584,104)	(2,578,729)	(2,578,729)	-
Net change in fund balance	(3,971,932)	(4,811,932)	(2,029,942)	2,781,990
Fund balance at beginning of year	18,505,460	22,617,157	18,069,786	(4,547,371)
Prior period adjustment	-	-	(440,238)	(440,238)
Fund balance at end of year	**$ 14,533,528**	**$ 17,805,225**	**$ 15,599,606**	**$ (2,205,619)**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Clackamas Fire Health Trust
ASSETS	
Cash and cash equivalents	$ 41,439
Investments	1,357,511
Total assets	1,398,950
NET POSITION	
Net position restricted for:	
Other postemployment benefits	1,398,950
Total Net Position	**$ 1,398,950**

See notes to financial statements.

CLACKAMAS COUNTY FIRE DISTRICT #1

STATEMENT OF CHANGES IN NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2022

	Clackamas Fire Health Trust
ADDITIONS	
Contributions	$ 373,511
Investment earnings	
Interest and dividends	39,707
Change in fair value of investments	(190,376)
Net investment earnings	(150,669)
Total additions	222,842
DEDUCTIONS	
Benefits	80,991
Administrative expenses	4,000
Total deductions	84,991
Net increase (decrease) in fiduciary net position	137,851
Net position at beginning of year	1,261,099
Net position at end of year	**$ 1,398,950**

See notes to financial statements.

NOTE 1 – FINANCIAL REPORTING ENTITY

The Clackamas Fire District #1 (the "District") was organized under the provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. The District is a municipal corporation governed by an elected five member board.

The accompanying financial statements present all activities, funds and component units for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon evaluation of these criteria, the Clackamas Fire Health Trust is a component unit.

The Clackamas Fire Health Trust is another postemployment benefits plan created by the District to provide insurance premium offset to eligible retirees of the District. It is administered by a Board of Trustees, four appointed each by the District and the union. Although, legally separate, the Trust provides services entirely, or almost entirely, to the District and thus has been reported as a blended component unit among the District's fiduciary funds. The financial statements for the Trust are included in these statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The District has only "governmental activities" and one "program" as defined in the statement of activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the District, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

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 year. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes, and federal and state grants. Other revenue items are considered to be measurable and available when received by the District. 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.

The District reports the following major governmental funds:

- *General* – The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. The primary source of revenue is property taxes and the primary expenditures are for fire protection and emergency services, and administration.

- *Capital Project* – The Capital Project Fund is used largely for land acquisition and facility capital projects and other capital equipment.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District also reports the following nonmajor governmental fund types:

- *Special revenue* – are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- *Capital projects* – are used to account for financial resources used for the acquisition or construction of major capital facilities.

- *Debt Service* – accounts for the resources accumulated and payments for principal and interest on long-term debt.

The District also reports the following fiduciary funds:

- *Pension Trust Fund* – accounts for the early retirement other postemployment benefit plan for District employees.

Budget policies and budgetary control
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 in November each fiscal year with the appointment of the budget officer. Recommendations are developed through late winter with the budget committee approving the budget in May. Public notices of the budget hearing are published generally in April 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.

Expenditures budgets are appropriated at the following levels for each fund: Fire Chief, Emergency Services, Business Services, Capital Outlay, Transfers Out, 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.

Cash and cash equivalents
For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes

Uncollected property taxes in governmental funds are reported in governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred revenue. Property taxes are collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue. All property taxes receivable are due from property owners within the County.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property within the County and become a lien against the property as of July 1 of each year and are payable in three installments which are due on November 15, February 15 and May 15 following the lien date.

Other receivables

Ambulance transport receivable and contracts receivable are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off or adjusts to an allowance for doubtful accounts, as of year end, all balances that have not been collected by the time the financial statements are issued and that are deemed unlikely to collect.

Grants and entitlements

Federal and state grants and state shared revenue are recorded as revenue in all fund types when all eligibility requirements have been met.

Inventories

Inventories are valued at the lower of cost (first-in, first out method) or market. Inventories consist of expendable supplies held for consumption.

Capital assets

Capital assets are recorded in the statement of net position at cost or estimated historical cost if purchased or constructed. Donated items are recorded at their estimated fair value at the date of donation. The District records capital assets for items with original cost, or estimated fair value if donated, of $5,000 or more and an expected economic useful life of 1 year or more. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upon disposal of capital assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in the change in net position. Depreciation taken on contributed capital assets is recorded as an expense of operations and charged to retained earnings.

Capital assets are depreciated using the straight-line method over the following estimated useful lives (with prorated depreciation in the year of acquisition and prorated depreciation in the year of disposal):

Infrastructure	40 years
Buildings and improvements	40 to 50 years
Equipment and vehicles	7 to 12 years

Long-term obligations

In the government-side financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which they are incurred. 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.

Premiums and discounts on bonded debt issuance

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. The excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

Other long-term obligations

Compensated absences

Vacation- Employees may accumulate vacation leave earned based upon their employee contract. Vacation leave is accrued when earned in the government-wide financial statements.

Sick leave- Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

Net pension liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other postemployment benefits
For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to the other postemployment benefits, and other postemployment benefit expense, information about the fiduciary net position of the Oregon Public Employees Retirement System Retirement Health Insurance Account (RHIA) and additions to/deductions from the RHIA's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

An actuarial valuation dated July 1, 2020 was completed for purposes of measuring the other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and other postemployment benefits expense for the District's Early Retirement Postemployment Benefits Plan.

<u>Deferred outflow / inflows of resources</u>
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges, pension related items, and other postemployment benefit related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that apply to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

<u>Net position</u>
Government-wide reporting
In the government-wide financial statements, equity is classified as net position and displayed in three components:

> ***Net investment in capital assets*** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position (continued)

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" are reported as "unrestricted net position."

In the government-wide financial statements, 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.

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balances are to be properly reported within one of the fund balance categories list below:

Non-spendable — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors are the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Directors has granted authority to the Fire Chief and Finance Director to assign fund balance amounts.

Unassigned — The residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the governmental fund financial statements, when an expenditures is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

New accounting pronouncements and accounting standards
During the year, the District implemented GASB Statement No. 87, "*Leases*". This statement established a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset. The implementation of this standard did not have a material impact on the District's financial statements.

NOTE 3 – PRIOR PERIOD ADJUSTMENT

The beginning net position of governmental activities has been increased by $684,996 to correct for understatement in capital assets of $1,135,111 and an overstatement of cash and property taxes receivable of $450,115. In addition, the beginning fund balances of the General fund and the Debt Service fund have been reduced by $440,238 and $9,877, respectively, to correct an overstatement of cash, property taxes receivable, and unavailable revenue.

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2022, the District's cash, cash equivalents and investments are as follows:

Cash and cash equivalents:	
Deposits with financial institutions	$ 1,077,748
State of Oregon Local Government Investment Pool	21,072,041
Money market	41,439
Total cash and cash equivalents	22,191,228
Investments:	
Mutual funds	1,357,511
Total cash, cash equivalents and investments	$ 23,548,739

The District maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

NOTE 4 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – *Deposits with Financial Institutions:* This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to $250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each financial institution

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the District's deposits. As of June 30, 2022, none of the District's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

NOTE 4 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Investment Type	Rating	Fair Value	Risk Concentration	Weighted Average Maturity (in months)
Mutual funds	Not Rated	$ 1,357,511	100%	N/A

Credit Risk: Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool. Additionally, the District's pension trust may invest in equity securities and mutual funds.

Concentration of Credit Risk: The District does not have a formal policy that places a limit on the amount that may be invested in any one issuer.

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

Portfolio Credit Rating: The District does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

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

Fair Value Measurements: The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investment in equities and mutual funds are measured using Level 1 inputs.

NOTE 5 -- RECEIVABLES

The District's receivables at June 30, 2022, are as follows:

	Governmental Activities / Funds		
	General	Total Nonmajor	Totals
Ambulance transport	$ 349,628	$ -	$ 349,628
Property taxes	2,182,838	74,492	2,257,330
Accounts	7,415	-	7,415
Contract	454,596	-	454,596
Grants	116,883	225,146	342,029
Allowance for doubtful accounts	(54,911)	-	(54,911)
	$ 3,111,360	$ 299,638	$ 3,356,087

NOTE 6 – CAPITAL ASSETS

For the year ended June 30, 2022, capital asset activity was as follows:

	Restated Balance July 1, 2021	Increases	Decreases and Reclassifications	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 2,167,718	$ -	$ -	$ 2,167,718
Total capital assets not being depreciated	2,167,718	-	-	2,167,718
Capital assets being depreciated				
Buildings and improvements	46,973,321	109,185	-	47,082,506
Equipment and vehicles	27,938,551	832,088	(443,181)	28,327,458
Total capital assets being depreciated	74,911,872	941,273	(443,181)	75,409,964
Less accumulated depreciation for:				
Buildings and improvements	12,503,390	1,415,530	-	13,918,920
Equipment and vehicles	19,816,888	1,643,294	(437,886)	21,022,296
Total accumulated depreciation	32,320,278	3,058,824	(437,886)	34,941,216
Total capital assets being depreciated, net	42,591,594	(2,117,551)	(5,295)	40,468,748
Governmental activities capital assets, net	$ 44,759,312	$ (2,117,551)	$ (5,295)	$ 42,636,466

For the year ended June 30, 2022, depreciation charged to expense in the statement of activities amounted to $3,058,824.

NOTE 7 – INTERFUND TRANSACTIONS AND BALANCES

During the year ended June 30, 2022, interfund transfers were as follows:

	Transfers In	Transfers Out
General	$ 49,375	$2,628,104
Nonmajor governmental	2,628,104	49,375
Totals	$2,677,479	$2,677,479

In the adopted budget, the District anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

NOTE 8 – UNAVAILABLE REVENUE

As of June 30, 2022, resources owned by the District, which are measurable but not available, in the governmental funds consist of the following:

	General	Nonmajor Funds	Totals
Property taxes	$ 1,945,230	$ 66,383	$ 2,011,613

NOTE 9 – LONG-TERM OBLIGATIONS

For the year ended June 30, 2022, changes in long-term obligations were as follows:

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Balances Due Within One Year
Long-term debt					
General obligation bonds:					
PERS Bond 2005	$ 12,600,000	$ -	$ 1,445,000	$ 11,155,000	$ 1,615,000
Series 2015	11,825,000	-	1,050,000	10,775,000	1,175,000
Series 2017	10,805,000	-	240,000	10,565,000	250,000
Series 2018	6,386,963		260,646	6,126,317	270,883
Bond premium	2,181,854	-	258,480	1,923,374	217,985
Direct borrowings and direct placement					
Note payable - training facility	431,180	-	98,319	332,861	104,383
Total long-term debt	44,229,997	-	3,352,445	40,877,552	3,633,251
Other long-term obligations					
Compensated absences	3,557,950	3,523,890	3,557,950	3,523,890	3,523,890
Net pension liability	79,512,674	-	36,742,368	42,770,306	-
Net other postemployment benefit liability	11,500,608	-	1,476,102	10,024,506	-
Total long-term obligations	$ 138,801,229	$ 3,523,890	$ 45,128,865	$ 97,196,254	$ 7,157,141

Long-term debt obligations

Pension Obligation Bonds - Original issue of $20,335,000 due over 20 years in semi-annual installments payable on June 1 and December 1 with principal payments due annually on June 1.

General Obligations Bond Series 2015 – The District issued bonds in the amount of $17,780,000 for capital improvements of equipment and facilities. Interest on outstanding bonds varies between 3% and 5% based on bond maturity dates.

General Obligations Bond Series 2017 – The District issued bonds in the amount of $15,650,000 for capital improvements of equipment and facilities. Interest on outstanding bonds varies between 3% and 5% based on bond maturity dates.

2018 Full Faith and Credit – The District issued bonds in the amount of $7,000,000. Semi-annual payments are $253,294 and include interest calculated at 3.89%.

Direct borrowings and direct placements

The District borrowed $1,200,000 due over 15 years in monthly installments of principal and interest in the amount of $10,126 at an interest rate of 6%.

NOTE 9 – LONG-TERM OBLIGATIONS (Continued)

Future maturities of obligations

As of June 30, 2022, the future maturities of long-term obligations are as follows:

Fiscal	GO Bond Series 2015		GO Bond Series 2017		Full Faith and Credit Refunding Bond 2018	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,175,000	$ 423,850	$ 250,000	$ 410,200	$ 270,883	$ 235,705
2024	1,245,000	365,100	320,000	400,200	281,523	225,065
2025	1,285,000	302,850	430,000	387,400	292,582	214,008
2026	1,325,000	238,600	550,000	365,900	304,073	202,515
2027	1,365,000	172,350	685,000	338,400	316,016	190,572
2028-32	4,380,000	265,800	8,330,000	1,095,150	1,776,313	756,627
2033-37	-	-	-	-	2,884,927	156,756
	$ 10,775,000	$ 1,768,550	$ 10,565,000	$ 2,997,250	$ 6,126,317	$ 1,981,248

Fiscal	Pension Obligaton Bonds		Note Payable - Training Facility		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,615,000	$ 558,196	$ 104,383	$ 17,132	$ 3,415,266	$ 1,234,883
2024	1,800,000	477,382	110,821	10,694	3,757,344	1,078,241
2025	2,000,000	387,310	117,656	3,859	4,125,238	908,027
2026	2,215,000	287,230	-	-	4,394,073	728,345
2027	2,440,000	176,392	-	-	4,806,016	539,314
2028-32	1,085,000	54,294	-	-	15,571,313	1,076,721
2033-37	-	-	-	-	2,884,927	156,756
	$ 11,155,000	$ 1,940,804	$ 332,861	$ 31,685	$ 38,954,178	$ 5,722,287

NOTE 10 – DEFINED-BENEFIT PENSION PLAN

Plan description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined-benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan’s fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Description of benefit terms
All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier 1/Tier 2 retirement benefit (Chapter 238)
Tier 1/Tier 2 Retirement Benefit Plan is closed to new members hired on or after August 29, 2003.

Pension benefits
The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67% for general service employees and 2% for police and fire 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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

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 an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

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.

<u>Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)</u>
Pension benefits
The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

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:

General service: 1.5% 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% 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% 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.

<u>Contributions</u>
OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Contributions (ontinued)
Tier 1/Tier 2 employer contribution rates are 27.60%, and OPSRP employer contribution rates are 18.54% for general service employees and 22.90% for police and fire. Employer contributions for the year ended June 30, 2022 were $8,834,354.

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions
Net pension liability
At June 30, 2022, the District reported a liability of $42,770,306 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The District's proportion of the net pension liability was actuarially determined based on a projection of the District's long-term contributions effort to the pension plan relative to the long-term projected contributions effort of all participating employers. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL).

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

At June 30, 2021, the District's proportion was 0.35741761%, which was a decrease of 0.00692768% from its proportion measured as of June 30, 2020.

Pension expense
For the year ended June 30, 2022, the District recognized pension expense of $6,444,641.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience
Changes in assumptions
Net differences between projected and actual investment earnings
Changes in employer proportion since the prior measurement date
Differences between employer contributions and employer's proportionate share of system contributions
Contributions subsequent to the measurement date

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

Fiscal year ended June 30, 2021 – 5.4 years
Fiscal year ended June 30, 2020 – 5.3 years
Fiscal year ended June 30, 2019 – 5.2 years
Fiscal year ended June 30, 2018 – 5.2 years
Fiscal year ended June 30, 2017 – 5.3 years
Fiscal year ended June 30, 2016 – 5.3 years
Fiscal year ended June 30, 2015 – 5.4 years
Fiscal year ended June 30, 2014 – 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,003,580	$ -
Changes of assumptions	10,706,695	112,561
Net difference between projected and actual earnings on pension plan investments	-	31,662,526
Changes in proportionate share	2,098,223	2,534,852
Differences between employer contributions and employer's proportionate share of system contributions	986,414	754,108
Contributions subsequent to the measurement date	8,834,354	-
Total	$ 26,629,266	$ 35,064,047

Deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement in the amount of $8,834,354 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	
2023	$ (2,414,341)
2024	(2,886,262)
2025	(5,005,160)
2026	(7,904,150)
2027	940,777
Total	$ (17,269,135)

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing the total pension liability

The total pension liability measured as of June 30, 2021 was based on an actuarial valuation as of December 31, 2019 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.4%
Long-term expected rate of return	6.9%
Discount rate	6.9%
Administrative expenses – Tier 1/Tier 2 cost	$32.5 million per year added to normal
Administrative expenses – OPSRP	$8 million per year added to normal cost
Projected salary increases	3.4%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.015) in accordance with *Moro* decision; blend based on service
Mortality	***Healthy retirees and beneficiaries:*** Pub-2010 Health 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 retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and setbacks as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ended on December 31, 2018.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing the total pension liability (continued)

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized. Senate Bill 1049 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tire 2 UAL over a closed 22-year period at the December 31, 2019 rate-setting actuarial valuation, which will set actuarially determined contribution rates for the 2021–2023 biennium.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16-year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Discount rate

The discount rate used to measure the total pension liability was 6.9%, a reduction from 7.2% from the prior fiscal year. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed asset allocation

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	100.00%

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in the total pension liability (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 July 2019, the PERS Board reviewed long-term assumptions developed by both the actuary'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 forward-looking capital market economic model.

Long-term Expected Rate of Return[1]

Asset Class	Target Allocation	Annual Arithmetic Return[2]	20 Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62%	7.11%	5.85%	17.05%
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds – Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity – Hedge	0.63	5.85	5.31	11.05
Hedge Fund – Macro	5.62	5.33	5.06	7.90
U.S. Cash	(2.50)[3]	1.77	1.76	1.20
Assumed information – mean			2.40%	1.65%

[1] Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.
[2] The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.
[3] Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in the total pension liability (continued)

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.

- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS 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.

NOTE 10 – DEFINED-BENEFIT PENSION PLAN (Continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate
The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	$83,990,650	$42,770,306	$8,283,839

NOTE 11 – DEFINED-CONTRIBUTION PLAN

Plan description
Individual account program (IAP) – Participants in OPERS defined benefit pension plan also participate in the defined-contribution plan.

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

Upon retirement, a member of the 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
The District employees make contributions of 6% of covered compensation to the plan.

Recordkeeping
PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 12 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan description

The District contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at:
www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statues Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to $60 toward the monthly cost of health insurance.

To be eligible, 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
3) Enroll in a PERS-sponsored health plan

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

NOTE 12 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN(Continued)

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation.

The District contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2022, the District made contributions in the amount of $4,446 to the RHIA.

Net OPEB liability/(asset), OPEB expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability(asset)

At June 30, 2022, the District reported an asset of $720,738 for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. the District's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2021, the District's proportion was .20988263%, which was an increase of .043729% from its proportion measured as of June 30, 2020.

OPEB expense

For the year ended June 30, 2022, the District recognized OPEB expense of $72,901.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2021, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

Difference between expected and actual experience
Changes in assumptions
Changes in employer proportion since the prior measurement date
Net difference between projected and actual investment earnings
Contributions subsequent to the measurement date

NOTE 12 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN(Continued)

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

Fiscal year ended June 30, 2021 – 2.7 years
Fiscal year ended June 30, 2020 – 2.9 years
Fiscal year ended June 30, 2019 – 3.1 years
Fiscal year ended June 30, 2018 – 3.3 years
Fiscal year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

Net OPEB liability/(asset), OPEB expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (Continued)
Deferred inflows of resources and deferred outflows of resources (Continued)
At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 20,052
Changes of assumptions	14,181	10,722
Net difference between projected and actual earnings on pension plan investments	-	171,286
Changes in proportionate share	66,719	53,913
Contributions subsequent to the measurement date	4,446	-
Total	$ 85,346	$ 255,973

NOTE 12 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date in the amount of $4,446 will be recognized as an adjustment to the net OPEB (asset)/liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,		
2023	$	(25,230)
2024		(56,631)
2025		(39,105)
2026		(54,107)
2027		-
Total	$	(175,073)

Actuarial methods and assumptions used in developing total OPEB liability
Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 10.

Retiree healthcare participation
Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Actuarial methods and assumptions used in developing total OPEB liability (continued)
Healthcare cost trend rate
A healthcare cost trend rate is not utilized in the actuarial valuation as statue stipulates a $60 monthly payment to retirees for health insurance.

Depletion date projection
GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

NOTE 12 – PERS DEFINED-BENEFIT OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

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

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

<u>Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate</u>
The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.9%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9%) or 1-percentage-point higher (7.9%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	$ (637,387)	$ (720,738)	$ (791,940)

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CLACKAMAS FIRE HEALTH INSURANCE TRUST

<u>Plan description</u>
The Clackamas Fire Health Insurance Trust is an other postemployment benefits plan to provide trust insurance premium offset (TIPO) to eligible retirees. The Health Trust is managed by a Board of Trustees, appointed by the District and the union. The trust is funded with District contributions of 1 percent of base employee salary each pay period.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CLACKAMAS FIRE HEALTH INSURANCE TRUST (Continued)

Plan benefits

Employees enrolled in a District health plan immediately prior to retirement and eligible for retirement under PERS are eligible to receive TIPO payments from the Health Trust if they stay continuously enrolled in the District's medical or dental plan after retirement. The current maximum TIPO payment is $160 per month. Retirees are required to pay the remainder of the District health premium to remain on the District plan. Spouses and dependents are not eligible for a direct TIPO payment, but may remain on the District medical or dental plan on a self-pay basis. Retirees remain eligible until the reach Medicare eligibility as long as they stay enrolled in the District's medical or dental plan.

Plan membership

As of June 30, 2021, there were 264 active employees and 72 eligible retiree, for a total of 336 plan members.

Total OPEB liability, changes in net OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2022, The District reported a net OPEB liability of $10,024,506. The net OPEB liability was measured as of June 30, 2022 and determined by an actuarial valuation as of July 1, 2021.

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $472,526.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CLACKAMAS FIRE HEALTH INSURANCE TRUST (Continued)

Changes in the total OPEB liability is as follows:

	Total other postemployment benefit liability	Plan Fiduciary Net Position	Net other postemployment benefit liability (asset)
Beginning balances	$ 12,423,153	$ 1,261,099	$ 11,162,054
Changes for the year			
Service cost	570,216	-	570,216
Interest on total OPEB liability	434,038	-	434,038
Effect of assumptions, changes or inputs	(1,610,495)	(150,669)	(1,459,826)
Benefit payments	(393,456)	(80,991)	(312,465)
Administrative expenses	-	(4,000)	4,000
Employer contributions	-	373,511	(373,511)
Ending balances	$ 11,423,456	$ 1,398,950	$ 10,024,506

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 225,035	$ 3,187,763
Changes of assumptions or inputs	2,944,698	2,407,253
Net difference between projected and actual earnings	162,756	50,806
	$ 3,332,489	$ 5,645,822

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CLACKAMAS FIRE HEALTH INSURANCE TRUST (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (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 ends June 30,	
2023	$ (129,666)
2024	(125,906)
2025	(125,906)
2026	(110,224)
2027	(150,913)
Thereafter	(1,670,718)

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 year
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 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:

Fund Type	% of Total Portfolio	Expected Long-Term Real Rate of Return
Cash and Equivalents	2.96%	-2.43%
Mutual Funds - Equity Funds	19.54%	4.51%
Mutual Funds - Bond Funds	77.50%	0.09%
		0.88%

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS PLAN – CLACKAMAS FIRE HEALTH INSURANCE TRUST (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (Continued)
The discount rate used to measure the Total OPEB Liability was 3.55%. 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 2.21% in the 20-year General Obligation Municipal Bond Index published by Bond Buyer. This resulted in blended rate of 3.55%.

Sensitivity of LOC's total OPEB liability to changes in the discount and healthcare cost trend rates
The following presents the District's total OPEB liability calculated using the discount rate of 3.55%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.55%) or 1-percentage-point higher (4.55%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Discount rate sensitivity analysis:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Net other postemployment benefit liability (asset)	$ 11,241,349	$ 10,024,506	$ 8,943,474

Health care trend sensitivity analysis:

	1 Percentage Point Lower	Current Trend	1 Percentage Point Higher
Net other postemployment benefit liability (asset)	$ 8,586,463	$ 10,024,506	$ 11,745,556

NOTE 14 – INTERGOVERNMENTAL AGREEMENTS

The District has intergovernmental agreements with the City of Gladstone, City of Lake Oswego, Sandy Fire District, Hoodland Fire District, Canby Fire District, and Aurora Fire District to provide fire protection services.

NOTE 15 – TAX ABATEMENTS

Clackamas County has designated historic property under ORS 358.475-.545 that abates property taxes on property under ORS 285C for partial abatement on enterprise zones. As a result, the property taxes that the District will receive for the 2021-2022 levy year has been reduced by $174,578, respectively.

NOTE 16 – RISK MANAGEMENT

The District is exposed to various risks of loss related to errors and omissions, automobile, damage to and destruction of assets, bodily injury, and worker's compensation for which the District carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

In 2012, the District established the Health Self-Insurance Plan. The plan is used to pay employee medical, vision, and related administrative expenses. Excess insurance coverage is purchased to cover individual claims in excess of $150,000 and $5,518,804 in aggregate for the plan up to a maximum reimbursement of $1,000,000. Total expenses paid by the District during the year ended June 30, 2022 were $5,511,793.

Changes in the balance of claims liabilities during the past two years is as follows:

Liability - June 30, 2020	$ 950,000
Claims incurred	7,341,607
Claims payments	(7,407,126)
Liability - June 30, 2021	$ 884,481
Claims incurred	5,277,314
Claims payments	(5,511,795)
Liability - June 30, 2022	$ 650,000

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REQUIRED SUPPLEMENTARY INFORMATION

CLACKAMAS COUNTY FIRE DISTRICT #1

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Plan Years Ended June 30*

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.35741761%	$ 42,770,306	$ 37,542,042	113.93%	87.60%
2020	0.36434529%	79,512,674	33,457,641	237.65%	75.80%
2019	0.38059274%	65,833,429	33,114,000	198.81%	80.23%
2018	0.33850664%	51,279,297	30,834,520	166.30%	82.07%
2017	0.34186219%	46,083,152	28,244,965	163.16%	83.12%
2016	0.34630769%	51,998,825	26,799,963	194.03%	80.53%
2015	0.32638330%	18,739,171	24,803,359	75.55%	92.00%
2014	0.31940553%	(7,240,012)	21,263,236	-34.05%	103.59%

* This schedule is 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 PENSION CONTRIBUTIONS

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2022	$ 8,834,354	$ 8,834,354	-	$ 37,194,787	23.75%
2021	8,418,696	8,418,696	-	37,542,042	22.42%
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	18.79%
2017	3,993,675	3,993,675	-	28,244,965	14.14%
2016	3,979,579	3,979,579	-	26,799,963	14.85%
2015	3,829,135	3,829,135	-	24,803,359	15.44%

* This schedule is 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 THE PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY/(ASSET)

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Plan Years Ended June 30*

Year Ended June 30,	Proportion of the net OPEB liability (asset)	Proportionate share of the net OPEB liability (asset)	Covered employee payroll	Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.20988263%	$ (720,738)	$ 37,542,042	-1.9%	183.9%
2020	0.16615330%	(338,554)	33,457,641	-1.0%	150.1%
2019	0.30429247%	(588,003)	33,114,000	-1.8%	144.4%
2018	0.29320849%	(327,300)	30,834,520	-1.1%	124.0%
2017	0.27514024%	(114,827)	28,244,965	-0.4%	108.9%
2016	0.28085910%	76,271	26,799,963	0.3%	80.5%

* This schedule is 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 OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS

OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Ten Fiscal Years*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percent of covered payroll
2022	$ 4,446	$ 4,446	-	$ 37,194,787	0.01%
2021	6,220	6,220	-	37,542,042	0.02%
2020	10,567	10,567	-	33,457,641	0.03%
2019	150,976	150,976	-	33,114,000	0.46%
2018	140,743	140,743	-	30,834,520	0.46%
2017	136,980	136,980	-	28,244,965	0.48%

* This schedule is 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 NET OTHER POSTEMPLYMENT BENEFIT LIABILITY

EMPLOYEE BENEFIT PLAN FOR THE EMPLOYEES OF THE DISTRICT

Last 10 Plan Fiscal Years*

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Changes in OPEB liability					
Service cost	$ 570,216	$ 727,784	**	$ 1,915,786	$ 417,309
Interest on total OPEB liability	434,038	355,263	**	725,868	204,559
Effect of changes to benefit terms	-	-			2,681,546
Differences between expected and actual experience	-	(3,438,544)	**	340,439	(771,255)
Effect of assumptions changes or inputs	(1,610,495)	(1,137,612)	**	2,780,243	1,729,942
Benefit payments	(393,456)	(317,944)	**	(502,784)	(213,050)
Net change in total OPEB liability	(999,697)	(3,811,053)	**	5,259,552	4,049,051
Total OPEB liability - beginning of year	12,423,153	16,234,206	15,129,068	9,869,516	5,820,465
Total OPEB liability - end of year	11,423,456	12,423,153	16,234,206	15,129,068	9,869,516
Changes in fiduciary net positon					
Contributions - Employer	373,511	289,970	**	745,693	**
Net Investment Income (losses)	52,776	113,509	**	26,199	**
Administrative and Trust Expenses	(4,000)	-	**	-	**
Differences between expected and actual income	(203,445)	-	**	-	**
Benefit Payments	(80,991)	(80,047)	**	(133,866)	**
Net Change in plan fiduciary net position	137,851	323,432	299,641	638,026	**
Plan fiduciary net position - beginning of year	1,261,099	937,667	638,026	-	**
Plan fiduciary net position - end of year	1,398,950	1,261,099	937,667	638,026	
Total Net OPEB liability - end of year	**$ 10,024,506**	**$ 11,162,054**	**$ 16,234,206**	**$ 14,491,042**	**$ 9,869,516**
Covered employee payroll	$ 37,194,787	$ 37,542,042	33,457,641	33,114,000	20,979,092
Total OPEB liability as a percentage of covered payroll	27.0%	29.7%	48.5%	43.8%	47.0%

Notes to schedule

*Information will be accumulated until 10 years are presented.

**Information unavailable

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

COMBINING FINANCIAL STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CLACKAMAS COUNTY FIRE DISTRICT #1

CAPITAL PROJECTS FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Interest	$ 8,000	$ 13,373	$ 5,373
Total revenues	8,000	13,373	5,373
Expenditures			
Emergency services	30,000	8,284	21,716
Business services	248,998	197,624	51,374
Capital outlay	121,516	121,515	1
Debt service	506,589	506,588	1
Total expenditures	907,103	834,011	73,092
Excess (deficiency) of revenues over expenditures	(899,103)	(820,638)	78,465
Other financing sources (uses)			
Transfers in	628,104	628,104	-
Total other financing sources (uses)	628,104	628,104	-
Net change in fund balance	(270,999)	(192,534)	78,465
Fund balance at beginning of year	3,585,128	3,472,372	(112,756)
Fund balance at end of year	**$ 3,314,129**	**$ 3,279,838**	**$ (34,291)**

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue	Capital Projects	Debt	Total
ASSETS				
Cash and cash equivalents	$ 2,124,111	$ 112,779	$ 324,883	$ 2,561,773
Property taxes receivable	-	-	74,492	74,492
Other receivables	225,146	-	-	225,146
Total assets	**$ 2,349,257**	**$ 112,779**	**$ 399,375**	**$ 2,861,411**
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ 97	$ 14,480	$ -	$ 14,577
Deferred inflows of resources				
Unavailable revenue	-	-	66,383	66,383
Fund Balances				
Restricted	2,000,000	3,334	332,992	2,336,326
Assigned	349,160	94,965	-	444,125
Total fund balances	2,349,160	98,299	332,992	2,780,451
Total liabilities, deferred inflows of resources and fund balances	**$ 2,349,257**	**$ 112,779**	**$ 399,375**	**$ 2,861,411**

CLACKAMAS COUNTY FIRE DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue	Capital Projects	Debt	Total
Revenues				
Property taxes	$ -	$ -	$ 1,984,255	$ 1,984,255
Contract revenue	641,949	-	-	641,949
Conflagration reimbursement	163,298	-	-	163,298
Grants	462,237	-	-	462,237
Interest	126	11	7,587	7,724
Miscellaneous	600	-	-	600
Total revenues	1,268,210	11	1,991,842	3,260,063
Expenditures				
Current				
Fire services	909,724	-	-	909,724
Debt service	-	-	2,186,150	2,186,150
Capital outlay	-	194,824	-	194,824
Total expenditures	909,724	194,824	2,186,150	3,290,698
Excess (deficiency) of revenues over expenditures	358,486	(194,813)	(194,308)	(30,635)
Other financing sources (uses)				
Sale of capital assets	-	30,011	-	30,011
Transfers in	2,000,000	-	-	2,000,000
Transfers out	(49,375)	-	-	(49,375)
Total other financing sources (uess)	1,950,625	30,011	-	1,980,636
Net change in fund balances	2,309,111	(164,802)	(194,308)	1,950,001
Fund balances at beginning of year	40,049	263,101	537,177	840,327
Prior period adjustment	-	-	(9,877)	(9,877)
Fund balances at end of year	**$ 2,349,160**	**$ 98,299**	**$ 332,992**	**$ 2,780,451**

CLACKAMAS COUNTY FIRE DISTRICT #1

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2022

	Enterprise	Wildland Mitigation	Grants	Total
ASSETS				
Cash and cash equivalents	$ 23,626	$ 100,485	$ 2,000,000	$ 2,124,111
Receivables	-	225,146	-	225,146
Total assets	**$ 23,626**	**$ 325,631**	**$ 2,000,000**	**$ 2,349,257**
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	$ -	$ 97	$ -	$ 97
Fund Balances				
Restricted	-	-	2,000,000	2,000,000
Assigned	23,626	325,534	-	349,160
Total fund balances	23,626	325,534	2,000,000	2,349,160
Total liabilities, deferred inflows of resources and fund balances	**$ 23,626**	**$ 325,631**	**$ 2,000,000**	**$ 2,349,257**

	Enterprise	Wildland Mitigation	Grants	Total
Revenues				
Contract revenue	$ -	$ 641,949	$ -	$ 641,949
Conflagration reimbursement	-	163,298	-	163,298
Grants	-	462,237	-	462,237
Interest	126	-	-	126
Miscellaneous	-	600	-	600
Total revenues	126	1,268,084	-	1,268,210
Expenditures				
Current				
Fire services	-	909,724	-	909,724
Excess (deficiency) of revenues over expenditures	126	358,360	-	358,486
Other financing sources (uses)				
Transfers in	-	-	2,000,000	2,000,000
Transfers out	-	(49,375)	-	(49,375)
Total other financing sources (uses)	-	(49,375)	2,000,000	1,950,625
Net change in fund balances	126	308,985	2,000,000	2,309,111
Fund balances at beginning of year	23,500	16,549	-	40,049
Fund balances at end of year	**$ 23,626**	**$ 325,534**	**$ 2,000,000**	**$ 2,349,160**

CLACKAMAS COUNTY FIRE DISTRICT #1

ENTERPRISE - SPECIAL REVENUE FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Interest	$ 200	$ 126	$ (74)
Miscellaneous	31,500	-	(31,500)
Total revenues	31,700	126	(31,574)
Expenditures			
Fire Chief's office	5,500	-	5,500
Emergency services	35,424	-	35,424
Total expenditures	40,924	-	40,924
Excess (deficiency) of revenues over expenditures	(9,224)	126	9,350
Other financing sources (uses)			
Net change in fund balance	(9,224)	126	9,350
Fund balance at beginning of year	23,337	23,500	163
Fund balance at end of year	**$ 14,113**	**$ 23,626**	**$ 9,513**

CLACKAMAS COUNTY FIRE DISTRICT #1

WILDLAND MITIGATION - SPECIAL REVENUE FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Contract revenue	$ 641,949	$ 641,949	$ -
Conflagration reimbursement	163,297	163,298	1
Grants	521,848	462,237	(59,611)
Interest	1,000	-	(1,000)
Miscellaneous	-	600	600
Total revenues	1,328,094	1,268,084	(60,010)
Expenditures			
Wildland mitigation program	1,077,043	909,724	167,319
Excess (deficiency) of revenues over expenditures	251,051	358,360	107,309
Other financing sources (uses)			
Transfers out	(49,375)	(49,375)	-
Total other financing sources (uses)	(49,375)	(49,375)	-
Net change in fund balance	201,676	308,985	107,309
Fund balance at beginning of year	16,549	16,549	-
Fund balance at end of year	**$ 218,225**	**$ 325,534**	**$ 107,309**

CLACKAMAS COUNTY FIRE DISTRICT #1

GRANTS - SPECIAL REVENUE FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Other financing sources (uses)			
Transfers in	2,000,000	2,000,000	-
Total other financing sources (uses)	2,000,000	2,000,000	-
Net change in fund balance	2,000,000	2,000,000	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	**$ 2,000,000**	**$ 2,000,000**	**$ -**

CLACKAMAS COUNTY FIRE DISTRICT #1

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2022

	Equipment Replacement	Capital Construction	Total
ASSETS			
Cash and cash equivalents	$ 109,445	$ 3,334	$ 112,779
Total assets	**$ 109,445**	**$ 3,334**	**$ 112,779**
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	$ 14,480	$ -	$ 14,480
Fund Balances			
Restricted	-	3,334	3,334
Assigned	94,965	-	94,965
Total fund balances	94,965	3,334	98,299
Total liabilities, deferred inflows of resources and fund balances	**$ 109,445**	**$ 3,334**	**$ 112,779**

CLACKAMAS COUNTY FIRE DISTRICT #1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended June 30, 2022

	Equipment Replacement	Capital Construction	Total
Revenues			
Interest	$ 10	$ 1	$ 11
Expenditures			
Capital outlay	194,824	-	194,824
Total expenditures	194,824	-	194,824
Excess (deficiency) of revenues over expenditures	(194,814)	1	(194,813)
Other financing sources (uses)			
Sale of capital assets	30,011	-	30,011
Net change in fund balances	(164,803)	1	(164,802)
Fund balances at beginning of year	259,768	3,333	263,101
Fund balances at end of year	**$ 94,965**	**$ 3,334**	**$ 98,299**

CLACKAMAS COUNTY FIRE DISTRICT #1

EQUIPMENT REPLACEMENT FUND - CAPITAL PROJECTS FUNDS

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Interest	$ 3,000	$ 10	$ (2,990)
Total revenues	3,000	10	(2,990)
Expenditures			
Emergency services	138,345	133,718	4,627
Business services	142,000	61,106	80,894
Total expenditures	280,345	194,824	85,521
Excess (deficiency) of revenues over expenditures	(277,345)	(194,814)	82,531
Other financing sources (uses)			
Sale of capital assets	25,000	30,011	5,011
Total other financing sources (uses)	25,000	30,011	5,011
Net change in fund balance	(252,345)	(164,803)	87,542
Fund balance at beginning of year	252,345	259,768	7,423
Fund balance at end of year	**$ -**	**$ 94,965**	**$ 94,965**

CLACKAMAS COUNTY FIRE DISTRICT #1

CAPITAL CONSTRUCTION - CAPITAL PROJECTS FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Interest	$ 250	$ 1	$ (249)
Miscellaneous	300,000	-	(300,000)
Total revenues	300,250	1	(300,249)
Expenditures			
Emergency services	33,180	-	33,180
Business services	271,720	-	271,720
Total expenditures	304,900	-	304,900
Net change in fund balance	(4,650)	1	4,651
Fund balance at beginning of year	4,650	3,333	(1,317)
Fund balance at end of year	**$ -**	**$ 3,334**	**$ 3,334**

CLACKAMAS COUNTY FIRE DISTRICT #1

DEBT SERVICE FUND

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

Year Ended June 30, 2022

	Budget	Actual	Variance
Revenues			
Property taxes	$ 1,641,334	$ 1,984,255	$ 342,921
Interest	5,000	7,587	2,587
Total revenues	1,646,334	1,991,842	345,508
Expenditures			
Debt service	2,186,150	2,186,150	-
Total expenditures	2,186,150	2,186,150	-
Net change in fund balance	(539,816)	(194,308)	345,508
Fund balance at beginning of year	665,362	537,177	(128,185)
Prior period adjustment	-	(9,877)	(9,877)
Fund balance at end of year	**$ 125,546**	**$ 332,992**	**$ 207,446**

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

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

We have audited the basic financial statements of Clackamas County Fire District #1 (the "District") as of and for the year ended June 30, 2022, and have issued our report thereon dated April 10, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Highway revenues used for public highways, roads and streets.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, 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 for the following:

Budgets legally required (ORS Chapter 294)

- In the 2022-23 budget document the historical amounts reported for 2019-2020 for the General Fund, Capital Construction Fund and Enterprise Fund, and amounts reported for 2020-2021 Capital Replacement Fund resources and expenses do not agree to actual amount as reported in the audited financial statements.

- In the 2022-2023 budget document the General Fund proposed, approved and adopted resources were $68,295,455 and the General Fund requirements were $70,998,035. ORS 294 requires budgeted resources and requirement to be equal in each fund.

- On the published budget summary (Form LB-1) for the 2022-23 budget the historical amounts for 2020-2021 did not agree to the amounts in the presented in the budget document.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. We have separately issued a letter to those charged with governance regarding deficiencies in internal controls.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors, 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.

Singer Lewak LLP

April 10, 2023

By:

Bradley G. Bingenheimer, Partner