



CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2023



CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

DISTRICT OFFICIALS

June 30, 2023

BOARD OF DIRECTORS

Brad Pahl, President

Jeff Green, Vice President

Barbara Oakley, Secretary

Kay Norberg, Treasurer

Mark W. Wilson, Director

All board members receive mail at the address listed below.

FIRE CHIEF

Sean Hartley
6971 SW Shad Road
Terrebonne, Oregon 97760

REGISTERED AGENT

Russell D. Poppe
975 Oak Street, Suite 700
Eugene, Oregon 97401

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Crooked River Ranch Fire & Rescue
Terrebonne, Oregon 97760

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue, Terrebonne, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue, Terrebonne, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Crooked River Ranch Fire & Rescue prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2023, the District adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, Statement No. 99, *Omnibus 202*, and Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crooked River Ranch Fire & Rescue, Terrebonne, Oregon's basic financial statements. The combining and individual nonmajor fund financial statements, if applicable, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, if applicable, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated August 7, 2023 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 

Glen O. Kearns, CPA

Albany, Oregon

August 7, 2023

BASIC FINANCIAL STATEMENTS

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,327,780
Restricted cash	375,128
Capital assets not being depreciated	98,511
Capital assets being depreciated, net	<u>1,972,352</u>
Total assets	<u>3,773,771</u>
LIABILITIES	
Current liabilities	
Accounts payable	532
Long-term liabilities, current portion	<u>173,008</u>
Total current liabilities	<u>173,540</u>
Noncurrent liabilities	
Long-term liabilities, less current portion	<u>1,734,875</u>
Total liabilities	<u>1,908,415</u>
NET POSITION	
Net investment in capital assets	162,980
Restricted for debt service	375,128
Unrestricted	<u>1,327,248</u>
Total net position	<u>\$ 1,865,356</u>

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital</u>	<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Grants and</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Contributions</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental activities					
Public safety	\$ 1,481,215	\$ 347,154	\$ 95,238	\$ 499,444	\$ (539,379)
General revenues					
Property taxes levied for general purposes					1,095,155
Property taxes levied for debt service					178,544
Investment earnings					24,332
Miscellaneous					34,531
					<u>1,332,562</u>
Change in net position					793,183
Net position - beginning					<u>1,072,173</u>
Net position - ending					<u>\$ 1,865,356</u>

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Debt Service Fund	Capital Reserve Fund	Total
ASSETS				
Cash and cash equivalents	<u>\$ 1,292,610</u>	<u>\$ 13,629</u>	<u>\$ 396,669</u>	<u>\$ 1,702,908</u>
LIABILITIES				
Accounts payable	<u>\$ 532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532</u>
FUND BALANCES				
Restricted	361,499	13,629	-	375,128
Committed	-	-	396,669	396,669
Unassigned	<u>930,579</u>	<u>-</u>	<u>-</u>	<u>930,579</u>
Total fund balances	<u>1,292,078</u>	<u>13,629</u>	<u>396,669</u>	<u>1,702,376</u>
Total liabilities and fund balances	<u>\$ 1,292,610</u>	<u>\$ 13,629</u>	<u>\$ 396,669</u>	<u>\$ 1,702,908</u>

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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

June 30, 2023

Total fund balances		\$ 1,702,376
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Bonds payable		(1,907,883)
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	4,941,536	
Accumulated depreciation	<u>(2,870,673)</u>	<u>2,070,863</u>
Net position of governmental activities		<u>\$ 1,865,356</u>

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2023

	General Fund	Debt Service Fund	Capital Reserve Fund	Total
REVENUES				
Property taxes	\$ 1,095,155	\$ 178,544	\$ -	\$ 1,273,699
Service revenue	347,154	-	-	347,154
Investment earnings	16,858	728	6,746	24,332
Grant revenue	487,061	-	107,621	594,682
Conflagration	22,279	-	-	22,279
Miscellaneous	12,252	-	-	12,252
Total revenues	1,980,759	179,272	114,367	2,274,398
EXPENDITURES				
Current				
Public safety				
Personnel services	805,268	-	-	805,268
Materials and services	448,065	-	-	448,065
Debt service	27,045	181,562	-	208,607
Capital outlay	-	-	169,861	169,861
Total expenditures	1,280,378	181,562	169,861	1,631,801
Excess (deficiency) of revenues over (under) expenditures	700,381	(2,290)	(55,494)	642,597
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	75,000	75,000
Transfers out	(75,000)	-	-	(75,000)
Total other financing sources (uses)	(75,000)	-	75,000	-
Net change in fund balances	625,381	(2,290)	19,506	642,597
Fund balances - beginning	666,697	15,919	377,163	1,059,779
Fund balances - ending	\$ 1,292,078	\$ 13,629	\$ 396,669	\$ 1,702,376

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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

For the Year Ended June 30, 2023

Net change in fund balances		\$	642,597
Amounts reported for governmental activities in the statement of activities are different because:			
Repayment of long-term debt principal is an expenditure in the governmental funds, but the related amortization of bond discount is not.			
Debt principal paid			157,096
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital asset purchases		169,861	
Depreciation expense recorded in the current year		<u>(176,371)</u>	<u>(6,510)</u>
Change in net position		\$	<u><u>793,183</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Crooked River Ranch Fire & Rescue have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Description of Government-Wide Financial Statements

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

B. Reporting Entity

Crooked River Ranch Fire & Rescue was formed in 1978 to provide fire protection and emergency medical services. Crooked River Ranch is located primarily within Jefferson County, and a small portion of the District lies within the boundaries of Deschutes County. Property taxes are levied in both counties. The District is governed by a five-member board of directors elected from the District at large.

C. Basis of Presentation - Government-Wide Financial Statements

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

D. Basis of Presentation - Fund Financial Statements

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

The District reports the following major governmental funds:

General Fund - The General Fund accounts for all financial resources of the District. The primary sources of revenue are property taxes, investment earnings, and reimbursements. Primary expenditures are for fire suppression.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Debt Service Fund

Debt Service Fund – The Debt Service Fund accounts for property tax revenue dedicated to repayment of long-term debt.

Capital Projects Fund

Capital Reserve Fund – The Capital Reserve Fund is used to account for receipts and disbursements set aside for future capital expenditures.

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

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

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accrued expenses and liabilities) are not recorded in the financial statements. Accounts payable and expenses for goods or services received but not yet paid are recorded by the District.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

F. Budgetary Information

1. Budgetary Basis of Accounting

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

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year.

The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution.

The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting.

A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances, and appropriations lapse at year-end.

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

G. Assets, Liabilities, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

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

3. Capital Assets

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-15
Buildings and improvements	7-30

4. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

5. Fund Balance Flow Assumption

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

6. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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

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

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

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

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

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Crooked River Ranch Fire & Rescue maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The District participates in an external investment pool (Jefferson County Treasurer's external investment pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Treasurer has calculated the fair value of the underlying investments of the pool and the District's share of the market value is reflected below. The portfolio's maturities are regulated by state statutes and investment policies. The investment had not been rated.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Fair Value Measurement

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

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

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2023.

Fair values of assets measured on a recurring basis at June 30, 2023 are as follows:

	Level 2
Investments	
Jefferson County Investment Pool	\$ 1,241,374

Credit Risk

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

Investments

As of June 30, 2023, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Jefferson County Investment Pool	Unrated	-	\$ 1,241,374

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

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

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds noninterest-bearing accounts at First Interstate Bank and Chase Bank, for which deposits are insured by the FDIC up to \$250,000 per institution. At June 30, 2023, the District had deposits of \$250,000 fully insured by the FDIC and \$242,809 collateralized by the PFCP.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Deposits

The District's deposits and investments at June 30, 2023 are as follows:

Checking accounts	\$ 461,534
Jefferson County Investment Pool	<u>1,241,374</u>
Total deposits and investments	<u><u>\$ 1,702,908</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 931,111
Capital Reserve Fund	<u>396,669</u>
Total unrestricted	1,327,780
Governmental activities - restricted	
General Fund	361,499
Debt Service Fund	<u>13,629</u>
Total restricted	<u>375,128</u>
Total cash and investments	<u><u>\$ 1,702,908</u></u>

Restricted cash noted above is for grant expenses and payment of principal and interest on the District's long-term liabilities.

B. Interfund Transfers

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

	Transfers in:
	Capital
	Reserve Fund
Transfers out:	
General Fund	<u><u>\$ 75,000</u></u>

The primary purpose of the interfund transfer was to reserve funds for future capital expenditures.

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

C. Capital Assets

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 98,511	\$ -	\$ -	\$ 98,511
Capital assets being depreciated				
Buildings and improvements	3,198,047	110,539	(9,145)	3,299,441
Machinery and equipment	<u>1,484,262</u>	<u>59,322</u>	<u>-</u>	<u>1,543,584</u>
Total capital assets being depreciated	<u>4,682,309</u>	<u>169,861</u>	<u>(9,145)</u>	<u>4,843,025</u>
Less accumulated depreciation for				
Buildings and improvements	(1,711,854)	(105,391)	9,145	(1,808,100)
Machinery and equipment	<u>(991,593)</u>	<u>(70,980)</u>	<u>-</u>	<u>(1,062,573)</u>
Total accumulated depreciation	<u>(2,703,447)</u>	<u>(176,371)</u>	<u>9,145</u>	<u>(2,870,673)</u>
Total capital assets being depreciated, net	<u>1,978,862</u>	<u>(6,510)</u>	<u>-</u>	<u>1,972,352</u>
Governmental activities capital assets, net	<u>\$ 2,077,373</u>	<u>\$ (6,510)</u>	<u>\$ -</u>	<u>\$ 2,070,863</u>

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

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 98,511	\$ -	\$ 98,511
Buildings and improvements	3,299,441	(1,808,100)	1,491,341
Machinery and equipment	<u>1,543,584</u>	<u>(1,062,573)</u>	<u>481,011</u>
Capital assets, net of accumulated depreciation	<u>\$ 4,941,536</u>	<u>\$ (2,870,673)</u>	<u>\$ 2,070,863</u>

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

Governmental activities	
Public safety	<u>\$ 176,371</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

D. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
General obligation bonds, refunding series 2016	2.5%	\$ 2,525,000	\$ 1,945,000	\$ -	\$ 135,000	\$ 1,810,000	\$ 150,000
Ambulance loan	4.1%	<u>159,876</u>	<u>119,979</u>	<u>-</u>	<u>22,096</u>	<u>97,883</u>	<u>23,008</u>
Total governmental activities		<u>\$ 2,684,876</u>	<u>\$ 2,064,979</u>	<u>\$ -</u>	<u>\$ 157,096</u>	<u>\$ 1,907,883</u>	<u>\$ 173,008</u>

2. Governmental Activities - Interest Expense

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

Governmental activities	
Public safety	<u>\$ 46,562</u>

3. Governmental Activities - General Obligation Bonds

On December 15, 2016, the District issued general obligation bonds of \$2,525,000 (par value) with an interest rate of 2.48% to advance refund the portion of the Series 2007 general obligation bonds maturing January 1, 2018 through January 1, 2032, with interest rates of 4.0% to 4.2% and a par value of \$2,500,000. The series 2007 bonds mature on January 1, 2032 and are callable on July 1, 2017. The series 2007 bonds were issued at a discount of \$10,505 and, after paying issuance costs of \$75,063, the net proceeds were \$2,739,495.

The net proceeds from the issuance of the series 2016 bonds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the series 2007 bonds were called on July 1, 2017. Assets of the District are pledged as collateral. The advance refunding met the requirements on an in-substance debt defeasance and the series 2007 bonds were removed from the District's government-wide financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$328,377, which resulted in an economic gain (difference between present value of debt service payments on the old and new debt) of \$280,260.

If the District is unable to make payment, the agreement contains an event of default; the Bank may increase the interest rate applicable to the Bond by three percentage points (3.00%) while the event of default continues.

CROOKED RIVER RANCH FIRE & RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

4. Governmental Activities - Ambulance Loan

On July 18, 2019, the District signed a \$159,876 financing agreement with Government Capital Corporation to acquire apparatus, which is pledged as collateral. Interest is fixed at 4.1%. Payments of principal and interest are due annually on December 26. If the District is unable to make payment, the agreement contains an event of default; the Bank may take possession of the property, terminate the agreement, or pursue and exercise any remedy available at law or in equity to the extent of the law.

5. General Obligation Debt Capacity

The District's legal annual debt service limit (as defined by Oregon Revised Statutes 478.410) as of June 30, 2023 was approximately \$11,382,545. The District's legal debt service limit is 1.25% of the real market value of the property within the District.

6. Future Maturities of Long-Term Debt

Year Ending June 30	GO Bonds		Ambulance Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 150,000	\$ 43,028	\$ 23,008	\$ 4,038	\$ 173,008	\$ 47,066
2025	160,000	39,184	23,956	3,089	183,956	42,273
2026	170,000	35,092	24,945	2,100	194,945	37,192
2027	185,000	30,690	25,974	1,071	210,974	31,761
2028	200,000	25,916	-	-	200,000	25,916
2029-2032	945,000	48,918	-	-	945,000	48,918
	<u>\$ 1,810,000</u>	<u>\$ 222,828</u>	<u>\$ 97,883</u>	<u>\$ 10,298</u>	<u>\$ 1,907,883</u>	<u>\$ 233,126</u>

E. Constraints on Fund Balances

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

	General Fund	Debt Service Fund	Capital Reserve	Total Governmental Funds
Fund balances:				
Restricted for:				
Debt service	\$ -	\$ 13,629	\$ -	\$ 13,629
Grant program	361,499	-	-	361,499
Committed to:				
Capital acquisition	-	-	396,669	396,669
Unassigned	930,579	-	-	930,579
Total fund balances	<u>\$ 1,292,078</u>	<u>\$ 13,629</u>	<u>\$ 396,669</u>	<u>\$ 1,702,376</u>

CROOKED RIVER RANCH FIRE & RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures Over Appropriations

During the year, the District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Debt Service	Debt Service	\$ 181,532	\$ 181,562	\$ 30

IV. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2022, there were 939 participating employers.

Plan Membership

As of June 30, 2022, there were 11,413 active plan members, 129,376 retired plan members or their beneficiaries currently receiving benefits, 8,372 inactive plan members entitled to but not yet receiving benefits, for a total of 149,161 Tier One members.

For Tier Two members, as of June 30, 2022, there were 27,056 active plan members, 20,720 retired plan members or their beneficiaries currently receiving benefits, 13,335 inactive plan members entitled to but not yet receiving benefits, for a total of 61,111. As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 OPSRP Pension Program members.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Plan Benefits

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

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

Pension Benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

Death Benefits

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Disability Benefits

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

Benefit Changes after Retirement

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

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

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

Pension Benefits

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

Police and Fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement. General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

Death Benefits

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

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Disability Benefits

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

Benefit Changes After Retirement

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

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

Pension Benefits

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

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

Death Benefits

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

Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

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NOTES TO BASIC FINANCIAL STATEMENTS

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This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2020 actuarial valuation, which became effective July 20, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2023 were \$119,242.

Annual Comprehensive Financial Report (ACFR)

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective June 30, 2022 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

The methods and assumptions shown above are on the 2020 Experience Study, which reviewed experience for the four-year period ended December 31, 2020. There were no differences between the assumptions and plan provisions used for June 30, 2022 measurement date calculations compared to those shown above.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

Actuarial Methods and Assumptions

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

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

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

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

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

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2022 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2022

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation²</u>
Debt Securities	15.0%	25.0%	20.0%	19.8%
Public Equity	25.0%	35.0%	30.0%	21.2%
Real Estate	7.5%	17.5%	12.5%	13.6%
Private Equity	15.0%	27.5%	20.0%	28.0%
Risk Parity	0.0%	3.5%	2.5%	2.0%

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NOTES TO BASIC FINANCIAL STATEMENTS

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Real Assets	2.5%	10.0%	7.5%	7.9%
Diversifying Strategies	2.5%	10.0%	7.5%	4.9%
Opportunity Portfolio ¹	0.0%	5.0%	0.0%	2.6%
Total			100.0%	100.0%

¹Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

² Based on the actual investment value at 6/30/2022.

³ October 2021, the Alternative Portfolio was split into Real Assets and Diversifying Strategies.

C. Length of Service Award Plan (LOSAP)

The District provides a LOSAP plan to volunteers through a single-employer, defined contribution plan. The plan was formed under the guidelines of Internal Revenue Code Section 457. The plan is administered through the Oregon Fire District Directors Association. District contributions to the plan are fully vested after five non-consecutive years of service. Volunteers are not allowed to contribute to the plan. Contributions are discretionary. During the year, the District contributed \$10,000 and there were no forfeitures.

D. Concentrations

1. Collective Bargaining Agreement

At June 30, 2023, the District had eight total employees, three of which are covered under a collective bargaining agreement. The existing agreement expired on June 30, 2023.

E. New Pronouncements

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements - This Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements - This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

CROOKED RIVER RANCH FIRE & RESCUE
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, Compensated Absences. This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

GASB Statement No. 99, Omnibus 2022. This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to financial guarantees and classification of derivatives.

GASB Statement No. 100, Accounting Changes and Error Corrections. This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

F. Subsequent Events

Management has evaluated subsequent events through August 7, 2023, which was the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Modified Cash Basis
REVENUES				
Property taxes	\$ 1,052,982	\$ 1,052,982	\$ 42,173	\$ 1,095,155
Service revenue	264,300	264,300	82,854	347,154
Investment earnings	5,000	5,000	11,858	16,858
Grant revenue	113,350	169,606	317,455	487,061
Conflagration	-	-	22,279	22,279
Miscellaneous	6,000	6,000	6,252	12,252
Total revenues	<u>1,441,632</u>	<u>1,497,888</u>	<u>482,871</u>	<u>1,980,759</u>
EXPENDITURES				
Public safety				
Current				
Personnel services	1,010,019	1,066,275	(261,007)	805,268
Materials and services	522,363	522,363	(74,298)	448,065
Debt Services	27,046	27,046	(1)	27,045
Contingency	37,204	37,204	(37,204)	-
Total expenditures	<u>1,596,632</u>	<u>1,652,888</u>	<u>(372,510)</u>	<u>1,280,378</u>
Excess (deficiency) of revenues over (under) expenditures	(155,000)	(155,000)	855,381	700,381
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	-	<u>(75,000)</u>
Net change in fund balance	(230,000)	(230,000)	855,381	625,381
Fund balance - beginning	<u>510,000</u>	<u>510,000</u>	<u>156,697</u>	<u>666,697</u>
Fund balance - ending	<u>\$ 280,000</u>	<u>\$ 280,000</u>	<u>\$ 1,012,078</u>	<u>\$ 1,292,078</u>

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
REVENUES			
Property taxes	\$ 187,703	\$ (9,159)	\$ 178,544
Investment earnings	<u>300</u>	<u>428</u>	<u>728</u>
Total revenues	<u>188,003</u>	<u>(8,731)</u>	<u>179,272</u>
EXPENDITURES			
Debt service	<u>181,532</u>	<u>30</u>	<u>181,562</u>
Excess (deficiency) of revenues over (under) expenditures	6,471	(8,761)	(2,290)
Fund balance - beginning	<u>12,223</u>	<u>3,696</u>	<u>15,919</u>
Fund balance - ending	<u><u>\$ 18,694</u></u>	<u><u>\$ (5,065)</u></u>	<u><u>\$ 13,629</u></u>

CROOKED RIVER RANCH FIRE & RESCUE
Jefferson County, Oregon

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

CAPITAL RESERVE FUND

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
REVENUES				
Investment earnings	\$ 2,750	\$ 2,750	\$ 3,996	\$ 6,746
Grants and donations	<u>-</u>	<u>110,739</u>	<u>(3,118)</u>	<u>107,621</u>
Total revenues	<u>2,750</u>	<u>113,489</u>	<u>878</u>	<u>114,367</u>
EXPENDITURES				
Capital outlay - Building	45,000	155,739	(45,200)	110,539
Capital outlay - Apparatus	<u>60,000</u>	<u>60,000</u>	<u>(678)</u>	<u>59,322</u>
Total expenditures	<u>105,000</u>	<u>215,739</u>	<u>(45,878)</u>	<u>169,861</u>
Excess (deficiency) of revenues over (under) expenditures	(102,250)	(102,250)	46,756	(55,494)
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	(27,250)	(27,250)	46,756	19,506
Fund balance - beginning	<u>376,918</u>	<u>376,918</u>	<u>245</u>	<u>377,163</u>
Fund balance - ending	<u>\$ 349,668</u>	<u>\$ 349,668</u>	<u>\$ 47,001</u>	<u>\$ 396,669</u>

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Crooked River Ranch Fire & Rescue
Terrebonne, Oregon 97131

We have audited the basic financial statements of Crooked River Ranch Fire & Rescue as of and for the year ended June 30, 2023 and have issued our report thereon August 7, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

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

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

A. Excess of Expenditures Over Appropriations

During the year, the District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Category</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Debt Service	Debt Service	\$ 181,532	\$ 181,562	\$ 30

OAR 162-010-0230 Internal Control

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

Accordingly, we do not express an opinion on the effectiveness of Crooked River Ranch Fire & Rescue’s internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated August 7, 2023.

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



Accuity, LLC
August 7, 2023