

***SCAPPOOSE RURAL FIRE
PROTECTION DISTRICT
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2022***

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
JUNE 30, 2022

BOARD OF DIRECTORS

TERM EXPIRES

David Sorenson
57149 Mollenhour Road
Scappoose, Oregon 97056

June 30, 2023

Susan Reeves
51773 SE 7th Street
Scappoose, Oregon 97056

June 30, 2023

David Graham
32431 E J Smith Road
Scappoose, Oregon 97056

June 30, 2025

Mark Gift
54191 Dahlgren Road
Scappoose, Oregon 97056

June 30, 2023

Andy Kriek
51530 Bankston Road
Scappoose, Oregon 97056

June 30, 2025

The above individuals can be reached at the address below.

FIRE CHIEF/REGISTERED AGENT

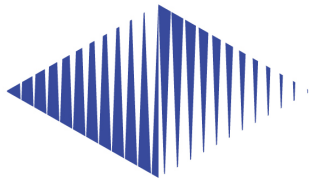
Jeff Pricher, Fire Chief

MAILING ADDRESS

Scappoose Rural Fire Protection District
P.O. Box 625
Scappoose, Oregon 97056
(503) 543-5026

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
<i>FINANCIAL SECTION</i>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position (Modified Cash Basis)	8
Statement of Activities (Modified Cash Basis)	9
Fund Financial Statements	
Balance Sheet (Modified Cash Basis) - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) - Governmental Funds	11
Notes to Basic Financial Statements	12-22
Supplemental Information	
Reconciliation of Budgetary Funds to Reporting Funds – General Fund	
Balance Sheet	23
Statement of Revenues, Expenditures, and Changes in Fund Balance	24
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) - Budget and Actual	
General Fund	25
Personnel Services Fund	26
Nonmajor Governmental Funds	
Combining Balance Sheet	27
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	28
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budgetary Basis) - Budget and Actual	
Grants Fund	29
Real & Personal Property Fund	30
<i>INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS</i>	31-32



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Scappoose Rural Fire Protection District
P.O. Box 625
Scappoose, Oregon 97056

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Scappoose Fire District (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 present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

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 for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to the notes to basic financial statements that describe the basis of accounting. The financial statements are prepared on a 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 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 as described in the notes to the financial statements. This includes 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 misstatement, 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 GAAS 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 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.

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. Management's discussion and analysis and the supplemental information, which are the responsibility of management, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplemental information as listed in the table of contents 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. 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

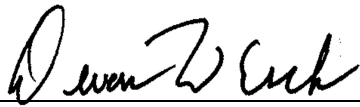
Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated April 17, 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.

*GROVE, MUELLER, & SWANK, PC
CERTIFIED PUBLIC ACCOUNTANTS*

By: 
Devan W. Esch, A Shareholder
April 17, 2023

**SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

As management of Scappoose Rural Fire Protection District, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

	June 30,		change
	2022	2021	
Net position	\$4,911,543	\$4,089,714	\$ 821,829
Change in net position	821,829	(293,856)	1,115,685

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District’s basic financial statements. The District’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business. These statements include:

The *Statement of Net Position (Modified Cash Basis)*. The Statement of Net Position (Modified Cash Basis) presents information on the assets and liabilities of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. 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 (Modified Cash Basis)*. The Statement of Activities (Modified Cash Basis) presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position.

The government-wide financial statements report governmental activities. The governmental activities include all the basic District functions together, such as fire protection, life safety, emergency medical services, fire prevention education, fire code enforcement and inspection activities and all other services delivered to the public. These activities are primarily financed through property taxes and other intergovernmental revenues.

Fund financial statements: The *fund financial statements* provide more detailed information about the District’s funds. The focus is on its most significant or “major” funds, not the District as a whole. A fund is a grouping 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.

Governmental funds: The *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 compliance with finance-related legal requirements, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District’s near-term financing requirements.

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *supplemental information*, including the budgetary comparison schedules, the combining nonmajor fund financial statements, and other schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position (Modified Cash Basis) The Statement of Net Position (Modified Cash Basis) is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of the District’s financial position. Assets exceeded liabilities by \$4,911,543 at June 30, 2022.

Investment in capital assets - represents the District’s net book value (cost less accumulated depreciation) of its capital assets.

Net position – restricted represents sources that are subject to external restrictions on their use.

Net position - unrestricted are available for general operations of the District.

Statements of Net Position (Modified Cash Basis), June 30,

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,870,363	\$ 2,167,248
Nondepreciable capital assets	281,928	281,928
Depreciable capital assets, net	1,880,129	1,818,789
Total assets	5,032,420	4,267,965
Long-term liabilities		
Portion due within one year	59,393	57,374
Portion due in more than one year	61,484	120,877
Total liabilities	120,877	178,251
Net position:		
Investment in capital assets	2,041,180	1,922,466
Restricted	51,159	34,360
Unrestricted	2,819,204	2,132,888
Total Net Position	\$ 4,911,543	\$ 4,089,714

Statement of Activities. The District’s net position increased by \$821,829 during the current fiscal year. The key elements of the change in the District’s net position for the year ended June 30, 2022 are as follows:

- Taxes and assessments increased by \$1,171,954
- Fire protection services expenses decreased by \$262,066

**Statements of Activities (Modified Cash Basis)
For the year ended June 30,**

	2022	2021
Revenues		
Program Revenues		
Fines, fees, and charges for service	\$ 908,732	\$ 1,242,518
Operating grants and contributions	100,000	107,461
General Revenues		
Taxes and assessments	4,442,285	3,270,331
Miscellaneous	69,743	49,382
<i>Total Revenues</i>	<i>5,520,760</i>	<i>4,669,692</i>
Expenses		
Fire protection	4,692,652	4,954,718
Interest on long-term debt	6,279	8,830
<i>Total Expenses</i>	<i>4,698,931</i>	<i>4,963,548</i>
Change in Net Position	821,829	(293,856)
Net Position, beginning of year	4,089,714	4,561,821
Net Position, end of year	\$ 4,911,543	\$ 4,267,965

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$2,870,363 which is an increase of \$703,115 in comparison with prior year.

General Fund. The General Fund is the primary operating fund of the District. Fund balance was \$2,696,899 at June 30, 2022. The fund balance increased by \$725,217 during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. At June 30, 2022, fund balance represented 58% of total General Fund expenditures. This fund balance is the primary resource for District expenditures from July 1st until current year property taxes begin to arrive in late November.

CAPITAL ASSETS

The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2022, the District had invested just over \$2.1 million in capital assets, net of depreciation, as shown in the following table:

	<i>June 30,</i>	
	<i>2022</i>	<i>2021</i>
Land and improvements	\$ 281,928	\$ 281,928
Buildings and building improvements	1,454,175	1,454,175
Apparatus and equipment	3,527,163	3,277,117
Accumulated depreciation	(3,101,209)	(2,912,503)
<i>Total</i>	<i>\$ 2,162,057</i>	<i>\$ 2,100,717</i>

The District’s investment in capital assets increased by \$61,340 during fiscal year 2021-22. Major capital asset events for the year ended June 30, 2022 include the following:

- Purchases of apparatus, equipment and building improvements in the amount of \$250,046. These included \$11,088 for a drone and controller, \$146,756 for 44 portable radios and 18 mobile radios and \$92,202 for two MTS powerloader cots.
- Depreciation in the amount of \$188,706.

Additional information regarding the District’s capital assets can be found in the notes to basic financial statements.

DEBT ADMINISTRATION

The District had total debt outstanding of \$120,877 at the end of the current fiscal year.

During the current fiscal year, the District’s total debt decreased by \$57,374 (32%) due to regularly scheduled payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The District had no general obligation debt subject to the limitation at June 30, 2022.

Outstanding Debt

	<i>Governmental Activities</i>	
	<i>2022</i>	<i>2021</i>
Lease payables	\$ 120,877	\$ 178,251

Additional information on the City’s long-term debt can be found in the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The District’s Budget Committee considered all the following factors while preparing the District’s budget for the 2022-23 fiscal year.

- Increased revenue from 5-year operational levy allows for increase in staffing levels and equipment replacement.
- Increased call volume post pandemic translates to increased revenue and expenses for 22-23 budget.
- Grant revenue from the City of Scappoose allows for the purchase of a new ambulance.
- Supply chain issues and rising inflation negatively affect the District’s purchasing power.
- Urban Renewal District tax limitation negatively affects the District’s revenue.

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: Scappoose Rural Fire Protection District, P.O. Box 625, Scappoose, Oregon 97056.

BASIC FINANCIAL STATEMENTS

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2022

ASSETS

Cash and cash equivalents	\$ 2,870,363
Nondepreciable capital assets	281,928
Depreciable capital assets, net	1,880,129
	<hr/>
<i>Total Assets</i>	5,032,420

LIABILITIES

Long-term liabilities	
Portion due within one year	59,393
Portion due in more than one year	61,484
	<hr/>
<i>Total Liabilities</i>	120,877

NET POSITION

Net investment in capital assets	2,041,180
Restricted	
Grants	51,159
Unrestricted	2,819,204
	<hr/>
<i>Total Net Position</i>	<u><u>\$ 4,911,543</u></u>

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

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Changes in Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
FUNCTIONS/PROGRAMS				
Governmental activities				
Fire protection	\$ 4,692,652	\$ 908,732	\$ 100,000	\$ (3,683,920)
Interest on long-term debt	6,279	-	-	(6,279)
Total Activities	<u>\$ 4,698,931</u>	<u>\$ 908,732</u>	<u>\$ 100,000</u>	(3,690,199)
General Revenues				
Property taxes				4,442,285
Miscellaneous				69,743
Total General Revenues				<u>4,512,028</u>
Change in net position				821,829
Net Position - beginning of year (restated)				<u>4,089,714</u>
Net Position - end of year				<u>\$ 4,911,543</u>

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

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 2,696,899	\$ 173,464	\$ 2,870,363
LIABILITIES AND FUND BALANCE			
Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Restricted			
Grants	-	51,159	51,159
Committed			
Capital outlay	-	122,305	122,305
Employee recognition	106,666	-	106,666
Unassigned	2,590,233	-	2,590,233
<i>Total Fund Balance</i>	<u>2,696,899</u>	<u>173,464</u>	<u>2,870,363</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 2,696,899</u>	<u>\$ 173,464</u>	<u>\$ 2,870,363</u>

**Reconciliation of the Balance Sheet (Modified Cash Basis)
to the Statement of Net Position (Modified Cash Basis)**

<i>Fund Balances</i>	\$ 2,870,363
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:	
Capital assets, cost	5,263,266
Accumulated depreciation	(3,101,209)
Long-term liabilities are reported in the Statement of Net Position. However, since they are not due and payable in the current period, they are not reported on the Balance Sheet.	(120,877)
<i>Net Position</i>	<u>\$ 4,911,543</u>

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

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
Taxes and assessments	\$ 4,442,285	\$ -	\$ 4,442,285
Charges for services	908,732	-	908,732
Intergovernmental	9,768	90,232	100,000
Miscellaneous	68,893	850	69,743
<i>Total Revenues</i>	5,429,678	91,082	5,520,760
EXPENDITURES			
Current			
Fire protection	4,418,465	73,433	4,491,898
Debt payments			
Principal and interest	63,653	-	63,653
Capital acquisitions	158,804	103,290	262,094
<i>Total Expenditures</i>	4,640,922	176,723	4,817,645
REVENUES OVER (UNDER) EXPENDITURES	788,756	(85,641)	703,115
OTHER FINANCING SOURCES (USES)			
Transfers in	-	63,539	63,539
Transfers out	(63,539)	-	(63,539)
<i>Total Other Financing Sources (Uses)</i>	(63,539)	63,539	-
NET CHANGE IN FUND BALANCE	725,217	(22,102)	703,115
FUND BALANCE, beginning of year	1,971,682	195,566	2,167,248
FUND BALANCE, end of year	<u>\$ 2,696,899</u>	<u>\$ 173,464</u>	<u>\$ 2,870,363</u>

Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balance (Modified Cash Basis) to the Statement of Activities (Modified Cash Basis)

<i>Net change in fund balance</i>	\$ 703,115
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over the estimated useful life as depreciation expense:	
Capital outlay	250,046
Depreciation	(188,706)
Debt principal paid is reported as an expenditure governmental funds	57,374
<i>Change in net position</i>	<u>\$ 821,829</u>

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

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District provides fire and medical emergency services to the property owners within the District boundaries.

Control of the District is vested in its Board of Directors who are elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The Fire Chief serves as the administrative officer.

There are certain governmental agencies and various service districts which provide services within the District. These agencies have independently elected governing boards and the District is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents all the assets and liabilities of the District. Net position, representing assets less liabilities, is shown in three components: investment in capital assets, restricted for special purposes, amounts which must be spent in accordance with legal restrictions; and unrestricted, the amount available for ongoing District activities.

The Statement of Activities (Modified Cash Basis) 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. *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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the District has only governmental (general, special revenue, and capital projects funds). Generally accepted accounting standards set forth minimum criteria (percentage of the assets liabilities, revenues or expenditures of either fund category or the government and enterprise combined) for the determination of major

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

funds. Major funds are reported as separate columns in the fund financial statements. Non-major funds are combined into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenues sources” means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Special Revenue Funds whose primary source of funding is transfers from the General Fund are reported as part of the General Fund. Therefore, in the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances, the Personnel Liability Reserve Fund has been combined with the General Fund.

Capital Projects Funds are utilized to account for resources to be used for the acquisition or construction of capital equipment and facilities.

Basis of Presentation

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The District reports the following major governmental funds:

General Fund

This is the District’s primary operating fund. It accounts for all the financial operations of the District except those required to be accounted for in another fund. Principal sources of revenue are property taxes. Primary expenditures are for fire protection, including the Personnel Liability Reserve Fund transactions as described above.

Fund Balance – Governmental Funds

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance is reported as committed when the Board of Directors takes formal action that places specific constraints on how the resources may be used.

The Board of Directors can modify or rescind the commitment at any time through taking a similar formal action. Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Board of Directors approves which resources should be "reserved" during the adoption of the annual budget. The District uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), governmental activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.
4. Capital assets for which cash is expended for the asset and then depreciated over its useful life.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. Additionally, capital assets are reported only on the government-wide financial statements and in the notes to the financial statements.

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The District's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

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 reporting amounts of certain assets, liabilities, revenues and expenses as of and for the year ended June 30, 2022. Actual results may differ from such estimates.

Cash and Cash Equivalents

The District maintains cash and cash equivalents in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position/Balance Sheet as cash and cash equivalents. The District considers cash on hand, demand deposits and savings accounts, and short-term investments with an original maturity of three months or less from the date of acquisition to be cash and cash equivalents.

Oregon Revised Statutes authorize the District to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The District's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are reported in the government-wide financial statements and in the notes to the financial statements. In the fund statements, capital assets are charged as expenditures as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are not recorded. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	40 years
Equipment	5 - 15 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts.

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid vacation and sick pay is recorded as an expenditure when paid. Payment of vacation liabilities will be made primarily from the Personnel Liability Reserve Fund.

Budgets and Budgetary Accounting

The District adopts the budget on an object basis for all funds. Cash expenditures of a fund may not legally exceed that fund's appropriations for each object. The District Board may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The District does not use encumbrance accounting.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following at June 30, 2022:

Cash	
Petty cash	\$ 300
Deposits with financial institutions	199,734
Investments	
Local Government Investment Pool	2,670,329
	<hr/>
	\$ 2,870,363
	<hr/> <hr/>

Deposits

The book balance of the District's bank deposits (checking accounts) was \$199,734 and the bank balance was \$353,204 at year end. The difference is due to transactions in process. Deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

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 for up to \$250,000 for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. 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. As of June 30, 2022, \$103,204 of the District's bank balances were covered by the PFCP.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2022, the fair value of the position in the Oregon State Treasurer's Short Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

CASH AND CASH EQUIVALENTS (Continued)

Custodial Risk – Local Government Investment Pool

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CAPITAL ASSETS

Capital asset transactions for the year were as follows:

	<i>Balances July 1, 2021</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2022</i>
Nondepreciable capital assets				
Land	\$ 281,928	\$ -	\$ -	\$ 281,928
Depreciable capital assets				
Buildings and building improvements	1,454,175	-	-	1,454,175
Fire and rescue apparatus	2,418,063	11,088	-	2,429,151
Office equipment	99,012	146,756	-	245,768
Ambulance apparatus	760,042	92,202	-	852,244
	<u>4,731,292</u>	<u>250,046</u>	<u>-</u>	<u>4,981,338</u>
Accumulated depreciation				
Buildings and building improvements	(783,510)	(38,430)	-	(821,940)
Fire and rescue apparatus	(1,625,788)	(104,390)	-	(1,730,178)
Office equipment	(84,657)	(2,752)	-	(87,409)
Ambulance apparatus	(418,548)	(43,134)	-	(461,682)
	<u>(2,912,503)</u>	<u>(188,706)</u>	<u>-</u>	<u>(3,101,209)</u>
Depreciable capital assets, net	<u>1,818,789</u>	<u>61,340</u>	<u>-</u>	<u>1,880,129</u>
Capital assets, net of depreciation	<u>\$ 2,100,717</u>	<u>\$ 61,340</u>	<u>\$ -</u>	<u>\$ 2,162,057</u>

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2021</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2022</u>	<u>Due Within One Year</u>
<i>Governmental activities</i>					
Lease payable through Government Capital Corporation, annual payments of \$53,352, plus interest of 3.65%, matures December 6, 2023.	\$ 172,026	\$ -	\$ (55,299)	\$ 116,727	\$ 57,318
Lease payable through Stryker Sales Corp., annual principal and interest of \$2,679, matures December 1, 2023.	6,225	-	(2,075)	4,150	2,075
	<u>\$ 178,251</u>	<u>\$ -</u>	<u>\$ (57,374)</u>	<u>\$ 120,877</u>	<u>\$ 59,393</u>

On November 26, 2019, the District entered into a lease agreement for Lifepak 15 monitors/defibrillators in the amount of \$10,716. The lease calls for annual principal installments. Principal payments are \$2,679. The final maturity is November 2023.

On December 6, 2019, the District entered into a lease agreement for a fire engine in the amount of \$225,378. The lease calls for annual principal and interest installments. Principal payments range from \$53,352 to \$59,410 with interest at 3.65%. The final maturity is December 2023.

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Government Capital Corporation</i>		<i>Stryker Sales Corporation</i>		<i>Total</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2023	\$ 57,318	\$ 4,261	\$ 2,075	\$ 604	\$ 59,393	\$ 4,865
2024	59,410	2,168	2,075	604	61,485	2,772
	<u>\$ 116,727</u>	<u>\$ 6,429</u>	<u>\$ 4,150</u>	<u>\$ 1,208</u>	<u>\$ 120,877</u>	<u>\$ 7,637</u>

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

INTERFUND TRANSFERS

<u>Fund Name</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ -	\$ 63,539
Real & Personal Property	63,539	-
	<u>\$ 63,539</u>	<u>\$ 63,539</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (4) to close funds.

PENSION PLAN

Plan Description - District employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee’s hiring date and employment class (general service or police/fire). All District employees are eligible to participate after six months of covered employment. Details applicable to police/fire employees are noted in [square brackets] where different.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67% [2.00%]. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years and are eligible to retire at age 55 [50]. Tier One benefits are reduced if retirement occurs prior to age 58 [55] with less than 30 [25] years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58 [55].

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50% [1.80%]. Employees are fully vested after completing 600 hours of service in each of five calendar years and are eligible to retire at age 58 [53] with 30 [25] years of service, or at age 65 [60] otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the District is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2022 were 29.52% for Tier One/Tier Two employees, 20.37% for OPSRP general service employees, and 24.73% for OPSRP police/fire employees. The District's total contributions to PERS were \$596,178 for fiscal year ended June 30, 2022.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2022 were based on the December 31, 2019 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2022, the District reported a net pension liability of \$2,961,212 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on a December 31, 2019 actuarial valuation, rolled forward to the measurement date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The District's proportion was 0.0247% as of the June 30, 2021 measurement date, compared to 0.0245% as of June 30, 2020.

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2022

PENSION PLAN (Continued)

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2019 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.40%, projected salary increases of 3.40%, investment rate of return of 6.90%, and mortality rates based on the Pub-2010 healthy retiree, sex-distinct, generational with unisex, social security data scale, with job category adjustments and setbacks. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2018.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned. The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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.

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 5.90%, 6.90%, and 7.90%.

	<u>1% Decrease</u> <u>(5.90%)</u>	<u>Discount Rate</u> <u>(6.90%)</u>	<u>1% Increase</u> <u>(7.90%)</u>
Proportionate share of the net pension liability	\$ 5,815,112	\$ 2,961,212	\$ 573,534

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the District has not opted to pick-up the contributions on behalf of employees. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP.

CONTINGENCIES

Portions of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment, however, such redemptions cannot be reasonably estimated.

The District purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage. From time to time, the District is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the District’s financial position.the financial statements.

SUPPLEMENTAL INFORMATION

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS – GENERAL FUND
BALANCE SHEET
JUNE 30, 2022

	<u>General</u>	<u>Personnel Liability Reserve</u>	<u>Total (reported as General Fund)</u>
ASSETS			
Cash and cash equivalents	\$ 2,590,233	\$ 106,666	\$ 2,696,899
LIABILITIES AND FUND BALANCE			
Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Committed			
Employee recognition	-	106,666	106,666
Unassigned	2,590,233	-	2,590,233
<i>Total Fund Balance</i>	<u>2,590,233</u>	<u>106,666</u>	<u>2,696,899</u>
Total Liabilities and Fund Balance	<u>\$ 2,590,233</u>	<u>\$ 106,666</u>	<u>\$ 2,696,899</u>

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF BUDGETARY FUNDS TO REPORTING FUNDS – GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Personnel Liability Reserve</u>	<u>Eliminations</u>	<u>Total (reported as General Fund)</u>
REVENUES				
Taxes and assessments	\$ 4,442,285	\$ -	\$ -	\$ 4,442,285
Fees for services	908,732	-	-	908,732
Intergovernmental	9,768	-	-	9,768
Miscellaneous	68,479	414	-	68,893
<i>Total Revenues</i>	5,429,264	414	-	5,429,678
EXPENDITURES				
Current				
Fire protection	4,386,508	31,957	-	4,418,465
Capital acquisitions	158,804	-	-	158,804
Debt Service				
Principal	63,653	-	-	63,653
<i>Total Expenditures</i>	4,608,965	31,957	-	4,640,922
REVENUES OVER (UNDER) EXPENDITURES	820,299	(31,543)	-	788,756
OTHER FINANCING SOURCES (USES)				
Transfers in	-	50,000	(50,000)	-
Transfers out	(113,539)	-	50,000	(63,539)
<i>Total Other Financing Sources (Uses)</i>	(113,539)	50,000	-	(63,539)
NET CHANGE IN FUND BALANCE	706,760	18,457	-	725,217
FUND BALANCE, beginning of year	1,883,473	88,209	-	1,971,682
FUND BALANCE, end of year	\$ 2,590,233	\$ 106,666	\$ -	\$ 2,696,899

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) -BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 4,427,647	\$ 4,427,647	\$ 4,442,285	\$ 14,638
Charges for services	638,963	638,963	908,732	269,769
Intergovernmental	1,000	1,000	9,768	8,768
Miscellaneous	40,000	40,000	68,479	28,479
<i>Total Revenues</i>	5,107,610	5,107,610	5,429,264	321,654
EXPENDITURES				
Personal services	4,073,524	4,073,524	3,691,225	382,299
Materials and services	880,650	880,650	695,283	185,367
Capital outlay	200,000	200,000	158,804	41,196
Debt service	65,000	65,000	63,653	1,347
Contingency	400,000	400,000	-	400,000
<i>Total Expenditures</i>	5,619,174	5,619,174	4,608,965	1,010,209
REVENUES OVER (UNDER)				
EXPENDITURES	(511,564)	(511,564)	820,299	1,331,863
OTHER FINANCING SOURCES (USES)				
Transfers out	(113,539)	(113,539)	(113,539)	-
NET CHANGE IN FUND BALANCE	(625,103)	(625,103)	706,760	1,331,863
FUND BALANCE, beginning of year	1,625,103	1,625,103	1,883,473	258,370
FUND BALANCE, end of year	\$ 1,000,000	\$ 1,000,000	\$ 2,590,233	\$ 1,590,233

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL – PERSONNEL LIABILITY RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 414	\$ 414
EXPENDITURES				
Fire and emergency medical services	108,128	108,128	31,957	76,171
REVENUES OVER (UNDER)				
EXPENDITURES	(108,128)	(108,128)	(31,543)	76,585
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	-
NET CHANGE IN FUND BALANCE				
	(58,128)	(58,128)	18,457	76,585
FUND BALANCE, beginning of year				
	58,128	58,128	88,209	30,081
FUND BALANCE, end of year				
	\$ -	\$ -	\$ 106,666	\$ 106,666

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET (BUDGETARY BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	
		<u>Real & Personal Property</u>	<u>Total</u>
	<u>Grants Fund</u>		
ASSETS			
Cash and cash equivalents	\$ 51,159	\$ 122,305	\$ 173,464
LIABILITIES AND FUND BALANCE			
Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Restricted			
Grants	51,159	-	51,159
Committed			
Capital outlay	-	122,305	122,305
	<u>51,159</u>	<u>122,305</u>	<u>173,464</u>
<i>Total Fund Balance</i>	<u>51,159</u>	<u>122,305</u>	<u>173,464</u>
 <i>Total Liabilities and Fund Balance</i>	 <u>\$ 51,159</u>	 <u>\$ 122,305</u>	 <u>\$ 173,464</u>

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(BUDGETARY BASIS) - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>Grants Fund</u>	<u>Real & Personal Property</u>	<u>Total</u>
REVENUES			
Intergovernmental	\$ 90,232	\$ -	\$ 90,232
Miscellaneous	-	850	850
<i>Total Revenues</i>	90,232	850	91,082
EXPENDITURES			
Materials and services	73,433	-	73,433
Capital acquisitions	-	103,290	103,290
<i>Total Expenditures</i>	73,433	103,290	176,723
REVENUES OVER (UNDER) EXPENDITURES	16,799	(102,440)	(85,641)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	63,539	63,539
NET CHANGE IN FUND BALANCE	16,799	(38,901)	(22,102)
FUND BALANCE, beginning of year	34,360	161,206	195,566
FUND BALANCE, end of year	\$ 51,159	\$ 122,305	\$ 173,464

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL – GRANTS FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 90,232	\$ (9,768)
EXPENDITURES				
Fire and emergency medical services	100,000	100,000	73,433	26,567
NET CHANGE IN FUND BALANCE	-	-	16,799	16,799
FUND BALANCE, beginning of year	-	-	34,360	34,360
FUND BALANCE, end of year	\$ -	\$ -	\$ 51,159	\$ 51,159

SCAPPOOSE RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS) - BUDGET AND ACTUAL – REAL & PERSONAL PROPERTY RESERVE FUND
YEAR ENDED JUNE 30, 2022

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 850	\$ 850
EXPENDITURES				
Fire and emergency medical services	218,207	218,207	103,290	114,917
REVENUES OVER (UNDER)				
EXPENDITURES	(218,207)	(218,207)	(102,440)	115,767
OTHER FINANCING SOURCES (USES)				
Transfers in	63,539	63,539	63,539	-
NET CHANGE IN FUND BALANCE	(154,668)	(154,668)	(38,901)	115,767
FUND BALANCE, beginning of year	154,668	154,668	161,206	6,538
FUND BALANCE, end of year	\$ -	\$ -	\$ 122,305	\$ 122,305



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Scappoose Rural Fire Protection District
P.O. Box 625
Scappoose, Oregon 97056

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Scappoose Rural Fire Protection District as of and for the year ended June 30, 2022, and have issued our report thereon dated April 17, 2023

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scappoose Rural Fire Protection District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **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, 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.

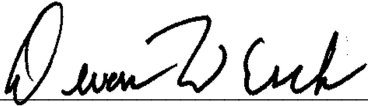
Internal Control Over Financial Reporting

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 opinion 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.

Restriction on Use

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

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Devan W. Esch, A Shareholder
April 17, 2023