



LEBANON FIRE DISTRICT
Lebanon, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



Accuity
Where accuracy meets integrity

CERTIFIED PUBLIC ACCOUNTANTS

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Robert Taylor, President
PO Box 2530
Lebanon, Oregon 97355

Michael Schrader, Vice President
2355 Mountain River Drive
Lebanon, Oregon 97355

Dale White, Secretary-Treasurer
PO Box 461
Lebanon, Oregon 97355

Wyatt King
224 2nd Street
Lebanon, Oregon 97355

Allen Forster
34391 Meridian Road
Lebanon, Oregon 97355

FIRE CHIEF

Joseph Rodondi
1050 W Oak Street
Lebanon, Oregon 97355

LEGAL COUNSEL

Local Government Law Group, P.C.
Speer Hoyt LLC
975 Oak Street, Suite 700
Eugene, Oregon 97401

LEBANON FIRE DISTRICT
Lebanon, Oregon

TABLE OF CONTENTS

June 30, 2021

Page
Number

INTRODUCTORY SECTION

- Title Page
- District Officials
- Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net position of Governmental Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net position - Proprietary Fund.....	17
Statement of Revenues, Expenses, and Changes in Fund Net position - Proprietary Fund	18
Statement of Cash Flows - Proprietary Fund	19
Notes to Basic Financial Statements.....	20-57
Required Supplementary Information	
Schedule of the District's Proportionate Share of the Net Pension Liability - PERS	58
Schedule of District Contributions.....	58
Schedule of the District's Proportionate Share of the Net OPEB RHIA	59
Schedule of District Contributions.....	59
Schedules of Changes in OPEB Liability and Related Ratios - OPEB Medical Benefit..	60
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	61

Page
Number

Other Supplementary Information – Individual Fund Schedules	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Debt Service Fund	62
Reserve Fund.....	63
Schedule of Revenues, Expenses, and Changes in Fund Net position – Budget and Actual – Ambulance Fund	64

OTHER FINANCIAL SCHEDULES

Continuing Disclosure Requirements	65-68
Schedule of Future Requirements for Retirement of Bonded Debt	69

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

Independent Auditor’s Report Required by Oregon State Regulations	70-71
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	72-73

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the remaining fund information of Lebanon Fire District, Lebanon, Oregon as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – OPEB medical benefit, and the budgetary comparison information on pages 4 through 10 and 58 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, and the schedules of changes in OPEB liability and related ratios – OPEB medical benefit in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We do not express an opinion or provide any assurance on the management's discussion and analysis, schedules of funding progress and employer contributions, and schedules of the District's proportionate share of the net pension liability and District contributions, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lebanon Fire District's basic financial statements.

The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lebanon Fire District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 10, 2021 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide and opinion on compliance.

Accuity, LLC



By: _____
Kori L. Sarrett, CPA

Albany, Oregon
November 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

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

FINANCIAL HIGHLIGHTS

- At June 30, 2021, total net position of Lebanon Fire District amounted to \$(44,739). Of this amount, \$5,112,931 was invested in capital assets, net of related debt. The remaining balance included \$15,191,518 restricted for bond projects and \$(20,349,188) of unrestricted net position.
- The District's total net position decreased by \$1,808,762 during the current fiscal year.
- Overall expenses were \$11,835,252, which exceeded total revenues of \$10,026,490 by \$1,808,762

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include fire suppression and administrative support.

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The business-type activities of the District include an ambulance transport service. The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. 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. All of the funds of Lebanon Fire District can be divided into two categories: governmental funds and proprietary funds.

□ **Governmental Funds**

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

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

The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Reserve, and Debt Service Funds, all of which are considered to be major governmental funds.

Lebanon Fire District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one enterprise fund.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for ambulance transportation services.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 57 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios - medical benefit, and budgetary comparison information for the General Fund. This required supplementary information can be found on page 58 through 61 of this report.

Individual fund schedules can be found immediately following the required supplementary information on pages 62 through 64 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's liabilities exceeded assets by \$44,739 at the close of the most recent fiscal year.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Net position

The District's net position decreased by \$1,808,762 due to increases in the cost of providing services.

Condensed statement of net position information is shown below.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 3,462,974	\$ 3,647,406	\$ 1,351,166	\$ 1,327,352	\$ 4,814,140	\$ 4,974,758
Restricted assets	15,191,519	15,866,536	-	-	15,191,519	15,866,536
Net capital assets	5,502,828	5,041,903	513,103	595,853	6,015,931	5,637,756
Total assets	24,157,321	24,555,845	1,864,269	1,923,205	26,021,590	26,479,050
Deferred outflows of resources	3,256,640	2,116,773	2,965,640	1,922,279	6,222,280	4,039,052
Liabilities						
Current liabilities	772,126	602,292	58,051	29,779	830,177	632,071
Noncurrent liabilities	23,816,297	22,518,020	6,413,900	5,037,272	30,230,197	27,555,292
Total liabilities	24,588,423	23,120,312	6,471,951	5,067,051	31,060,374	28,187,363
Deferred inflows of resources	640,159	297,003	588,076	269,713	1,228,235	566,716
Net position						
Net investment in capital assets	4,599,828	4,037,903	513,103	595,853	5,112,931	4,633,756
Restricted	15,191,519	15,866,536	-	-	15,191,519	15,866,536
Unrestricted	(17,605,968)	(16,649,136)	(2,743,221)	(2,087,133)	(20,349,189)	(18,736,269)
Total net position	\$ 2,185,379	\$ 3,255,303	\$ (2,230,118)	\$ (1,491,280)	\$ (44,739)	\$ 1,764,023

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

District's Changes in Net position

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

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Program revenues						
Fire suppression and prevention	\$ 1,207,765	\$ 904,504	\$ -	\$ -	\$ 1,207,765	\$ 904,504
Ambulance	-	-	3,136,214	2,726,292	3,136,214	2,726,292
Total program revenues	1,207,765	904,504	3,136,214	2,726,292	4,343,979	3,630,796
General revenues						
Property taxes - general	4,681,574	4,453,513	-	-	4,681,574	4,453,513
Property taxes - debt service	793,283	445,158	-	-	793,283	445,158
Investment earnings	156,467	110,893	-	-	156,467	110,893
Miscellaneous	50,795	144,618	392	215	51,187	144,833
Unrestricted grants and contributions	-	125	-	-	-	125
Total general revenues	5,682,119	5,154,307	392	215	5,682,511	5,154,522
Total revenues	6,889,884	6,058,811	3,136,606	2,726,507	10,026,490	8,785,318
Program expenses						
Fire suppression	4,848,478	3,764,327	-	-	4,848,478	3,764,327
Fire prevention	478,290	428,252	-	-	478,290	428,252
Administrative	1,758,955	1,829,575	-	-	1,758,955	1,829,575
Interest on long-term debt	634,085	285,558	-	-	634,085	285,558
Ambulance	-	-	4,115,444	3,891,264	4,115,444	3,891,264
Total program expenses	7,719,808	6,307,712	4,115,444	3,891,264	11,835,252	10,198,976
Transfers	(240,000)	(1,024,617)	240,000	1,024,617	-	-
Change in net position	(1,069,924)	(1,273,518)	(738,838)	(140,140)	(1,808,762)	(1,413,658)
Net position - beginning	3,255,303	4,528,821	(1,491,280)	(1,351,140)	1,764,023	3,177,681
Net position - end of year	\$ 2,185,379	\$ 3,255,303	\$ (2,230,118)	\$ (1,491,280)	\$ (44,739)	\$ 1,764,023

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$18,230,385, a decrease of \$929,970 from the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund amounted to \$145,474, a decrease of \$250,384 from the prior year.

Proprietary Funds

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary fund amounted to a deficit of \$2,230,118 at year-end. Of this amount, \$513,103 was invested in capital assets and the remaining balance was a deficit of \$2,743,221.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and one approved supplemental budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lebanon Fire District's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$5,502,828 and \$513,103 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, equipment, and vehicles. Total depreciation expense related to the District's investment in capital assets for its governmental and business-type activities amounted to \$395,664 and \$82,750 respectively.

Additional information on the District's capital assets can be found on pages 31 through 32 of this report.

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Long-Term Liabilities

At the end of the current fiscal year, the District had total debt outstanding of \$16,963,959. This amount comprises debt backed by general obligation bonds, full faith and credit bonds, and bond premiums. The District's total debt decreased by \$168,130 during the current year.

Additional information on the District's long-term debt can be found on pages 33 through 34 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- Overall expenses for this budget cycle continue to appear to have been increased from previous budget years. This budgetary increase is a direct correlation to the construction cost and apparatus purchases associated with the related \$16,000,000 bond revenue. Other expenses included an increase in personnel expenses of 10.28% (\$719,938). This is due to our personnel wage and benefit increases along with an alignment to our organizational structure. Materials and Services expenses were reduced from last year's budget by -13.05% (-\$274,307). This was necessary to offset other fixed cost increases and to increase our financial reserves and contingencies fund balances.
- The LFD will continue to work diligently to project future expenses of the district by identifying material needs, service needs and determining future staffing needs. Examples of future expenses include AED Heart Monitor Replacement (deferred until 2022/2023); Increased retirement (PERS) costs raising 5% on average in future years; Post-Retirement health care costs that continue to grow, peaking in two to nine years; fleet replacement; and regional communication infrastructure improvements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to Joseph Rodondi, Fire Chief, Lebanon Fire District, 1050 W. Oak Street, Lebanon, Oregon 97355.

BASIC FINANCIAL STATEMENTS

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF NET POSITION

June 30, 2021

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	\$ 3,031,806	\$ 898,050	\$ 3,929,856
Accounts receivable, net of allowance for uncollectibles	55,542	431,202	486,744
Property taxes receivable	195,787	-	195,787
Prepaid expenses	168,416	11,370	179,786
Total current assets	<u>3,451,551</u>	<u>1,340,622</u>	<u>4,792,173</u>
Restricted assets			
Cash restricted for bond projects and debt service	15,164,978	-	15,164,978
Property taxes receivable restricted for debt service	26,541	-	26,541
Total restricted assets	<u>15,191,519</u>	<u>-</u>	<u>15,191,519</u>
Net OPEB RHIA asset	11,423	10,544	21,967
Capital assets not being depreciated	273,212	9,538	282,750
Capital assets, net of accumulated depreciation	5,229,616	503,565	5,733,181
Total assets	<u>24,157,321</u>	<u>1,864,269</u>	<u>26,021,590</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,256,640</u>	<u>2,965,640</u>	<u>6,222,280</u>
LIABILITIES			
Current liabilities			
Accounts payable	47,214	2,724	49,938
Payroll liabilities	81,099	46,380	127,479
Accrued interest payable	56,250	-	56,250
Compensated absences payable	379,563	8,947	388,510
Long-term liabilities, current portion	208,000	-	208,000
Total current liabilities	<u>772,126</u>	<u>58,051</u>	<u>830,177</u>
Noncurrent liabilities			
Long-term liabilities, less current portion	16,755,959	-	16,755,959
Net pension liability - PERS	5,143,055	4,670,505	9,813,560
Net OPEB medical benefit liability	1,917,283	1,743,395	3,660,678
Total noncurrent liabilities	<u>23,816,297</u>	<u>6,413,900</u>	<u>30,230,197</u>
Total liabilities	<u>24,588,423</u>	<u>6,471,951</u>	<u>31,060,374</u>
DEFERRED INFLOWS OF RESOURCES	<u>640,159</u>	<u>588,076</u>	<u>1,228,235</u>
NET POSITION			
Net investment in capital assets	4,599,828	513,103	5,112,931
Restricted for bond projects and debt service	15,191,519	-	15,191,519
Unrestricted	(17,605,968)	(2,743,221)	(20,349,189)
Total net position	<u>\$ 2,185,379</u>	<u>\$ (2,230,118)</u>	<u>\$ (44,739)</u>

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities							
Fire suppression	\$ 4,848,478	\$ 501,395	\$ -	\$ -	\$ (4,347,083)	\$ -	\$ (4,347,083)
Fire prevention	478,290	-	-	299,230	(179,060)	-	(179,060)
Administrative	1,758,955	69,426	337,714	-	(1,351,815)	-	(1,351,815)
Interest on long-term debt	634,085	-	-	-	(634,085)	-	(634,085)
Total governmental activities	<u>\$ 7,719,808</u>	<u>\$ 570,821</u>	<u>\$ 337,714</u>	<u>\$ 299,230</u>	<u>(6,512,043)</u>	<u>-</u>	<u>(6,512,043)</u>
Business-type activities							
Ambulance	<u>\$ 4,115,444</u>	<u>\$ 3,136,214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(979,230)</u>	<u>(979,230)</u>
General revenues							
Property taxes levied for general purposes					4,681,574	-	4,681,574
Property taxes levied for debt service					793,283	-	793,283
Investment earnings					156,467	-	156,467
Miscellaneous					50,795	392	51,187
Total general revenues					<u>5,682,119</u>	<u>392</u>	<u>5,682,511</u>
Transfers					<u>(240,000)</u>	<u>240,000</u>	<u>-</u>
Change in net position					(1,069,924)	(738,838)	(1,808,762)
Net position - beginning					<u>3,255,303</u>	<u>(1,491,280)</u>	<u>1,764,023</u>
Net position - ending					<u>\$ 2,185,379</u>	<u>\$ (2,230,118)</u>	<u>\$ (44,739)</u>

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General Fund	Reserve Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 115,387	\$ 2,916,419	\$ 15,164,978	\$ 18,196,784
Accounts receivable	55,542	-	-	55,542
Property taxes receivable	195,787	-	26,541	222,328
Prepaid expenses	81,273	-	-	81,273
 Total assets	 \$ 447,989	 \$ 2,916,419	 \$ 15,191,519	 \$ 18,555,927
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 47,214	\$ -	\$ -	\$ 47,214
Payroll liabilities	81,099	-	-	81,099
 Total liabilities	 128,313	 -	 -	 128,313
 Deferred inflows of resources				
Unavailable revenue - property taxes	174,202	-	23,027	197,229
 Fund balances				
Nonspendable	81,273	-	-	81,273
Restricted	-	-	15,168,492	15,168,492
Committed	-	2,916,419	-	2,916,419
Unassigned	64,201	-	-	64,201
 Total fund balances	 145,474	 2,916,419	 15,168,492	 18,230,385
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 447,989	 \$ 2,916,419	 \$ 15,191,519	 \$ 18,555,927

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

June 30, 2021

Total fund balances		\$ 18,230,385
Capital assets are not financial resources and are therefore not reported in the governmental funds. These amounts consist of:		
Cost	10,426,220	
Accumulated depreciation	<u>(4,923,392)</u>	5,502,828
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		197,229
Prepaid insurance is recorded as an expense when paid in the governmental fund statements and amortized over the life of the policy in the government wide statements.		
		87,143
Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) and OPEB are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. Amounts consist of:		
Deferred outflows of resources relating to pension expense	3,256,640	
Deferred inflows of resources relating to the return on pension assets	(640,159)	
Net OPEB RHIA asset	11,423	
Net pension liability - PERS	(5,143,055)	
Net OPEB medical benefit liability	<u>(1,917,283)</u>	(4,432,434)
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:		
Accrued interest payable	(56,250)	
Compensated absences payable	(379,563)	
Bonds payable, including premiums	<u>(16,963,959)</u>	<u>(17,399,772)</u>
Net position of governmental activities		\$ <u>2,185,379</u>

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	General Fund	Reserve Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 4,725,840	\$ -	\$ 770,256	\$ 5,496,096
Grants and contributions	636,944	-	-	636,944
Charges for services	570,821	-	-	570,821
Investment earnings	26,269	-	125,066	151,335
Miscellaneous	55,927	-	-	55,927
Total revenues	6,015,801	-	895,322	6,911,123
EXPENDITURES				
Current				
Fire suppression	3,311,693	-	-	3,311,693
Fire prevention	446,446	-	-	446,446
Administrative	1,760,611	-	-	1,760,611
Debt service	-	-	802,215	802,215
Capital outlay	1,280,128	-	-	1,280,128
Total expenditures	6,798,878	-	802,215	7,601,093
Excess (deficiency) of revenues over (under) expenditures	(783,077)	-	93,107	(689,970)
OTHER FINANCING SOURCES (USES)				
Transfers in	772,693	-	-	772,693
Transfers out	(240,000)	-	(772,693)	(1,012,693)
Total other financing sources (uses)	532,693	-	(772,693)	(240,000)
Net change in fund balances	(250,384)	-	(679,586)	(929,970)
Fund balances - beginning	395,858	2,916,419	15,848,078	19,160,355
Fund balances - ending	\$ 145,474	\$ 2,916,419	\$ 15,168,492	\$ 18,230,385

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

LEBANON FIRE DISTRICT

Lebanon, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances		\$ (929,970)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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.</p>		
Expenditures for capital assets	856,589	
Depreciation expense recorded in current year	<u>(395,664)</u>	460,925
<p>Governmental funds report fuel costs as expenditures; however, in the statement of activities, only the fuel that has been dispensed is considered an expense, and any unused fuel is shown as inventory on the statement of net position.</p>		
		(29,445)
<p>Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Debt principal paid	161,000	
Amorization of bond premium	<u>7,130</u>	168,130
<p>Prepaid insurance is recorded as an expense when paid in the governmental fund statements and amortized over the life of the policy in the government wide statements</p>		
		54,130
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.</p>		
Compensated absences		
Compensated absences		(30,091)
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. On the statement of activities, property taxes are recognized as revenue when levied.</p>		
		(21,239)
<p>Pension and OPEB expenses or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.</p>		
		<u>(742,364)</u>
Change in net position		<u>\$ (1,069,924)</u>

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2021

	Business-Type Activities
	Enterprise Fund
	Ambulance
ASSETS	
Current assets	
Cash and cash equivalents	\$ 898,050
Accounts receivable, net of allowance for uncollectibles	431,202
Prepaid expenses	11,370
Total current assets	1,340,622
Net OPEB RHIA asset	10,544
Capital assets not being depreciated	9,538
Capital assets being depreciated, net	503,565
Total assets	1,864,269
DEFERRED OUTFLOWS OF RESOURCES	2,965,640
LIABILITIES	
Current liabilities	
Accounts payable	2,724
Payroll liabilities	46,380
Compensated absences	8,947
Total current liabilities	58,051
Net pension liability - PERS	4,670,505
Net pension liability - OPEB medical benefit	1,743,395
Total liabilities	6,471,951
DEFERRED INFLOWS OF RESOURCES	588,076
NET POSITION	
Investment in capital assets	513,103
Unrestricted	(2,743,221)
Total net position	\$ (2,230,118)

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2021

	Business-Type Activities
	Enterprise Fund
	Ambulance
Operating revenues	
Charges for services	\$ 3,136,214
Miscellaneous	392
Total operating revenues	3,136,606
Operating expenses	
Personnel services	3,698,771
Materials and services	327,447
Repairs and maintenance	6,476
Depreciation	82,750
Total operating expenses	4,115,444
Operating income (loss) before transfers	(978,838)
Transfers in	240,000
Change in net position	(738,838)
Net position - beginning	(1,491,280)
Net position - ending	\$ (2,230,118)

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

LEBANON FIRE DISTRICT
Lebanon, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021

	Business-Type Activities
	Enterprise Fund
	Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 3,118,356
Payments to employees	(2,996,993)
Payments to suppliers	(344,030)
Other receipts	392
	(222,275)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfer from other funds	240,000
	240,000
Net cash provided (used) by noncapital financing activities	240,000
Net increase (decrease) in cash and cash equivalents	17,725
Cash and cash equivalents - beginning	880,325
Cash and cash equivalents - ending	\$ 898,050
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (978,838)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	82,750
Changes in assets and liabilities	
(Increase) decrease in:	
Receivables	(184,858)
Bad debt provision	167,000
Prepaid assets	(11,370)
OPEB RHIA asset	23,139
Deferred outflows	(1,043,361)
Increase (decrease) in:	
Accounts payable	1,263
Payroll liabilities	27,009
Deferred inflows	318,363
Net pension liability/OPEB liability	1,376,628
	(222,275)
Net cash provided (used) by operating activities	\$ (222,275)

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

NOTES TO BASIC FINANCIAL STATEMENTS

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

Lebanon Fire District was formed in 1884 and covers 134 square miles, serving the communities of Lebanon, Waterloo, Sodaville, and Lacombe. Services provided include fire suppression, emergency medical services, and fire prevention education. The District's emergency medical services are provided to an area of 416 square miles that includes, in addition to the fire district, the cities of Brownsville, Crabtree, and Scio. The District is governed by a five-member board of directors, elected from the District at large. Each member is elected to a four-year term.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary 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. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes. Primary expenditures are for public safety.

Capital Projects Fund

Reserve Fund - The Reserve Fund is used to account for the revenues and expenditures associated with the purchase, construction, and major repair of governmental capital assets. The primary sources of revenue are donations and grants.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Debt Service Fund - The Debt Service Fund accounts for the servicing of general long-term debt. The primary sources of revenue are property taxes and investment earnings.

The District reports the following major proprietary fund:

Enterprise Fund

Ambulance Fund - The Ambulance Fund is used to account for the operations of the District's ambulance service, which is provided to the general public. The primary source of revenue is user charges.

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 the 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. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity 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 the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). All other revenue items are considered to be measureable and available only when cash is received by the government.

F. Budgetary Information

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

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, and capital outlay for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. 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 one approved supplemental budget.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

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

2. Investments

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

3. Accounts Receivable

Receivables of the enterprise fund are recorded as revenue when earned. Receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated by management based on prior collection experience.

4. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

<u>Assets</u>	<u>Years</u>
Equipment	3-20
Licensed vehicles	5-20
Buildings	10-50

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumption

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing 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 either remove or revise a commitment.

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

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- 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.

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 intentionally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Compensated Absences

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

4. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method, which does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

5. Other Post-Employment Benefits

The District provides post-employment healthcare benefits. Employees with 10 years of service at December 31, 1998 were eligible for the program. This was a one-time only offer for eligible employees as of December 31, 1998. The District also offered the benefit to union employees hired prior to July 1, 2002. The District provides healthcare insurance to these qualified retirees until the age of 65, or until eligible for Medicare, equal to the current program in effect for its current employees. Benefits terminate upon death. Post-employment benefits are reported as long-term liabilities on the statement of net position.

6. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary fund is ambulance charges for services provided. Operating expenses for the District's proprietary fund are the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

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

<u>Fund</u>	<u>Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General	Special payments	\$ 171,300	\$ 180,198	\$ 8,898

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

The District 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. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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 (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

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.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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, 2021. Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	Level 2
Investments:	
Oregon Local Government Investment Pool	\$ 18,495,308

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 a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 18,495,308

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 Oregon Local Government 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.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 an interest-bearing account at KeyBank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$250,000 insured by the FDIC and \$385,834 collateralized under the PFCP.

Deposits

The District’s deposits and investments at June 30, 2021 were as follows:

Petty cash	\$ 250
Checking account	599,276
Total investments	<u>18,495,308</u>
Total deposits and investments	<u>\$ 19,094,834</u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 115,387
Reserve Fund	<u>2,916,419</u>
Total governmental activities - unrestricted	<u>3,031,806</u>
Business-type activities - unrestricted	
Ambulance Fund	<u>898,050</u>
Subtotal unrestricted cash and investments	3,929,856
Governmental activities - restricted	
Debt Service Fund	<u>15,164,978</u>
Total cash and investments	<u>\$ 19,094,834</u>

Restricted cash is for future bond projects and debt service payments.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 273,212	\$ -	\$ -	\$ 273,212
Capital assets being depreciated				
Buildings	4,467,944	14,312	-	4,482,256
Equipment	806,542	69,584	-	876,126
Vehicles	4,021,933	772,693	-	4,794,626
Total capital assets being depreciated	9,296,419	856,589	-	10,153,008
Less accumulated depreciation for				
Buildings	(1,884,194)	(95,542)	-	(1,979,736)
Equipment	(277,112)	(77,401)	-	(354,513)
Vehicles	(2,366,422)	(222,721)	-	(2,589,143)
Total accumulated depreciation	(4,527,728)	(395,664)	-	(4,923,392)
Total capital assets being depreciated, net	4,768,691	460,925	-	5,229,616
Governmental activities capital assets, net	\$ 5,041,903	\$ 460,925	\$ -	\$ 5,502,828
Business-type activities				
Capital assets not being depreciated				
Land	\$ 9,538	\$ -	\$ -	\$ 9,538
Capital assets being depreciated				
Buildings	112,011	-	-	112,011
Equipment	176,571	-	-	176,571
Vehicles	1,090,480	-	-	1,090,480
Total capital assets being depreciated	1,379,062	-	-	1,379,062
Less accumulated depreciation for				
Buildings	(107,301)	(1,845)	-	(109,146)
Equipment	(52,688)	(18,846)	-	(71,534)
Vehicles	(632,758)	(62,059)	-	(694,817)
Total accumulated depreciation	(792,747)	(82,750)	-	(875,497)
Total capital assets being depreciated, net	586,315	(82,750)	-	503,565
Business-type activities capital assets, net	\$ 595,853	\$ (82,750)	\$ -	\$ 513,103

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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	\$ 273,212	\$ -	\$ 273,212
Buildings	4,482,256	(1,979,736)	2,502,520
Equipment	876,126	(354,513)	521,613
Vehicles	<u>4,794,626</u>	<u>(2,589,143)</u>	<u>2,205,483</u>
Total governmental capital assets	<u>\$ 10,426,220</u>	<u>\$ (4,923,392)</u>	<u>\$ 5,502,828</u>
Business-type activities			
Land	\$ 9,538	\$ -	\$ 9,538
Buildings	112,011	(109,146)	2,865
Equipment	176,571	(71,534)	105,037
Vehicles	<u>1,090,480</u>	<u>(694,817)</u>	<u>395,663</u>
Total business-type capital assets	<u>\$ 1,388,600</u>	<u>\$ (875,497)</u>	<u>\$ 513,103</u>

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

Governmental activities		
Fire suppression		\$ 23,083
Fire prevention		55,414
Administrative		<u>158,440</u>
Total governmental activities		<u>\$ 395,664</u>
Business-type activities		
Ambulance		<u>\$ 82,750</u>

C. Interfund Transfers

Interfund transfers during the year consisted of:

	<u>Transfer in:</u>		
	<u>General Fund</u>	<u>Ambulance Fund</u>	<u>Total</u>
Transfer out:			
General Fund	\$ -	\$ 240,000	\$ 240,000
Debt Service Fund	<u>772,693</u>	<u>-</u>	<u>772,693</u>
Total	<u>\$ 772,693</u>	<u>\$ 240,000</u>	<u>\$ 1,012,693</u>

The principal purposes of the transfers were to reserve cash for future equipment purchases.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

D. Deferred Inflows/Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net OPEB RHIA asset	\$ 29,593	\$ (4,501)
Net pension liability - PERS	3,975,061	(280,159)
Net OPEB medical benefit liability	2,217,626	(943,575)
Total	\$ 6,222,280	\$ (1,228,235)

E. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	\$ 349,472	\$ 30,091	\$ -	\$ 379,563
Business-type activities				
Compensated absences	\$ 8,947	\$ -	\$ -	\$ 8,947

F. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
GO bonds, series 2020	4-5%	\$ 14,415,000	\$ 14,415,000	\$ -	\$ 60,000	\$ 14,355,000	\$ 105,000
Full faith & credit, 2019	2.50%	1,100,000	1,004,000	-	101,000	903,000	103,000
Bond premiums, 2020	-	1,713,089	1,713,089	-	7,130	1,705,959	-
Total governmental activities		\$ 17,228,089	\$ 17,132,089	\$ -	\$ 168,130	\$ 16,963,959	\$ 208,000

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

2. General Obligation Bonds, Series 2020

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The Debt Service Fund has generally been used to liquidate the related debt. On June 4, 2020, the District issued general obligation bonds in the amount of \$14,415,000 to finance capital costs, including construction and improvements of the main fire station and acquisition of District assets. The bonds are payable on June 1 and December 1 of each year. Interest is due semiannually ranging from 4-5% based on the original debt agreement.

3. Full Faith and Credit Bonds

On May 15, 2019, the District issued full faith and credit bonds, which are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The proceeds were used for capital acquisitions. Interest is fixed at 2.50% and is due semiannually on December 15 and June 15. Principal is due annually on June 15. The Debt Service Fund has been used to liquidate the debt. If the District is unable to make payment, the bonds contain an event of default; upon default, the lender may exercise any remedy available at law or in equity except acceleration.

4. Future Maturities of Long-term Obligations

Year Ending June 30	FF&C Bonds, Series 2019			GO Bonds, Series 2020		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 103,000	\$ 22,665	\$ 125,665	\$ 105,000	\$ 594,750	\$ 699,750
2023	106,000	20,080	126,080	130,000	589,500	719,500
2024	109,000	17,419	126,419	160,000	583,000	743,000
2025	111,000	14,684	125,684	190,000	575,000	765,000
2026	114,000	11,897	125,897	220,000	565,500	785,500
2027-2031	360,000	18,223	378,223	1,670,000	2,626,250	4,296,250
2032-2036	-	-	-	2,815,000	2,170,400	4,985,400
2037-2041	-	-	-	4,285,000	1,497,000	5,782,000
2042-2045	-	-	-	4,780,000	495,000	5,275,000
Total	<u>\$ 903,000</u>	<u>\$ 104,968</u>	<u>\$ 1,007,968</u>	<u>\$ 14,355,000</u>	<u>\$ 9,696,400</u>	<u>\$ 24,051,400</u>

5. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2021 was approximately \$50,050,447. The District's legal debt service limit is 1.25% of the real market value of property within the District.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

G. Ambulance Receivables

Ambulance receivables at June 30, 2021, including the applicable allowances for uncollectible accounts, were as follows:

	Ambulance Fund
Ambulance billings	\$ 1,002,202
Less allowance for uncollectibles	(571,000)
Net total receivables	\$ 431,202

Collections on accounts previously written off amounted to \$32,838.

H. Charges for Services - Ambulance

The District's ambulance billings in the Ambulance Fund are net of discounts for capitation and insurance adjustments. Charges for services at June 30, 2021 consisted of the following:

Ambulance fees	\$ 8,159,923
Ambulance discounts	(5,023,709)
Charges for services	\$ 3,136,214

I. Constraints on Fund Balances

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

	General Fund	Reserve Fund	Debt Service Fund	Total Governmental Funds
Fund balances				
Nonspendable	\$ 81,273	\$ -	\$ -	\$ 81,273
Restricted for:				
Bond projects	-	-	15,168,492	15,168,492
Committed to:				
Equipment purchases	-	2,916,419	-	2,916,419
Unassigned	64,201	-	-	64,201
Total fund balances	\$ 145,474	\$ 2,916,419	\$ 15,168,492	\$ 18,230,385

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

III. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

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

Plan Membership

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

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

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

Plan Benefits

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

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.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

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.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2018 actuarial valuation, which became effective July 1, 2019. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Employer contributions for the year ended June 30, 2021 were \$1,032,332.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

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

Actuarial Valuations

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

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

Actuarial Methods and Assumptions:

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Projected Salary Increases	3.50 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 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2020 measurement date calculations compared to those shown above.

Actuarial Methods and Assumptions

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Discount Rate

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

Depletion Date Projection

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

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

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Long-Term Expected Rate of Return

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

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

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

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

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

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

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

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

At June 30, 2021, the District reported a liability of \$9,813,560 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.04496798%. For the year ended June 30, 2021, the District recognized pension expense of \$2,346,596.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 431,915	\$ -
Changes of assumptions	526,663	(18,453)
Net difference between projected and actual earnings on investments	1,153,947	-
Changes in proportionate share	696,207	(148,614)
Differences between employer contributions and employer's proportionate share of system contributions	133,997	(113,092)
Total (prior to post-MD contributions)	2,942,729	(280,159)
Contributions subsequent to the MD	1,032,332	-
Totals	\$ 3,975,061	\$ (280,159)

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

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ 612,670
2nd Fiscal Year	773,766
3rd Fiscal Year	745,400
4th Fiscal Year	499,545
5th Fiscal Year	31,190

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ 14,572,326	\$ 9,813,560	\$ 5,823,114

Changes Subsequent to the Measurement Date

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

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

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

General Information about the OPEB Plan

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

Plan Benefits – PERS RHIA (Chapter 238)

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

OPEB Membership

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

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

Basis of Accounting

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Contributions

Employer contributions for the year ended June 30, 2021 were \$798.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

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

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

Proportionate Share Allocation Methodology

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

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

Actuarial Methods and Assumptions:

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 35%; disabled retirees: 20%
Mortality	<p>Health retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

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

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

Discount Rate

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Long-Term Expected Rate of Return

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

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

Depletion Date Projection

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

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

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed. Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

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

At June 30, 2021, the District reported an asset of \$21,967 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.01078101%. For the year ended June 30, 2021, the District recognized OPEB credit of \$9,071.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,246)
Changes of assumptions	-	(1,168)
Net differences between projected and actual earnings on investments	2,443	-
Changes in proportionate share	26,352	(1,087)
Total (prior to post-MD contributions)	28,795	(4,501)
Contributions subsequent to the MD	798	-
Total	\$ 29,593	\$ (4,501)

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2020 measurement period is 2.9 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2021.

Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years	Deferred Outflow/ (Inflow) of Resources (prior to post-measurement date contributions)
1st Fiscal Year	\$ 10,685
2nd Fiscal Year	11,936
3rd Fiscal Year	903
4th Fiscal Year	771
5th Fiscal Year	-

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

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

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

1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
\$ (17,735)	\$ (21,967)	\$ (25,586)

Changes Subsequent to the Measurement Date

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

1. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The District provides a post-employment health benefits program for employees who have retired early from the District. Covered employees under the plan are eligible to receive District-paid benefits until reaching the age of eligibility for Medicare benefits. Benefits accrue at 4% per year of service and terminate at death. The program was established by Resolution 10-98. Eligible employees had completed ten years of service to the District upon adoption of the resolution.

Description of Benefit Terms

Plan Benefits - Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243.

ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Medical Benefit Membership and Eligibility

All employee of the District retiring from active service with a pension benefit are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Medical Benefit Duration and Amount

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

Participant Statistics

As of July 1, 2020, there were 40 active participants and 16 inactive participants in the Medical Benefit plan. The average age of active and retired participants is 38.7 and 59.5, respectively. The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of July 1, 2020 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	July 1, 2020
Measurement Dates/Fiscal Year Ends	June 30, 2020 - June 30, 2022
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Salary Increases	3.50 percent per year
General Inflation Rate	2.50 percent per year
Discount Rate	2.21 percent for June 30, 2021 year end

Mortality rates were based on the RP=2000 Active/Healthy white collar male and female tables, as appropriate and were projected on a generational basis using Scale BB for males and females.

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Current medical and vision premiums were modeled using an average monthly premium of \$624 for retirees and \$703 for spouses. Dental premiums were modeled using average monthly premiums of \$52 for retirees and \$39 for spouses.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2020	\$	3,438,924
Changes for the year:		
Service cost		98,003
Interest		118,865
Economic/ demographic (gains) or losses		(994,962)
Change in assumptions		1,283,855
Benefit payments		<u>(284,007)</u>
Net changes		<u>221,754</u>
Total OPEB Liability at June 30, 2020	\$	<u>3,660,678</u>

Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates

The following presents the net OPEB liability, calculated using the discount rate of 2.21%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 3,881,731	\$ 3,660,678	\$ 3,453,402

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>June 30 Disclosure</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 3,407,126	\$ 3,660,678	\$ 3,944,411

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Expected and actual experience difference	\$ 14,375	\$ (891,320)
Changes in assumptions	1,928,253	(52,255)
Benefit payments	274,998	-
Total	<u>\$ 2,217,626</u>	<u>\$ (943,575)</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)</u>
1st Fiscal Year	\$ 128,501
2nd Fiscal Year	\$ 128,501
3rd Fiscal Year	\$ 128,501
4th Fiscal Year	\$ 131,254
5th Fiscal Year	\$ 142,253
Thereafter	\$ 340,043

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

E. New Pronouncements

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

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

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

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

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

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

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. Bargaining Unit

At June 30, 2021, the District had a total of 43 employees. Of this total, approximately 77% are represented by a union. The union agreement is active through June 30, 2023.

G. Tax Abatement

Linn County has established enterprise zones under ORS 285C that abate property taxes on properties within the enterprise zones. As a result, the property taxes the District will receive for the 2020-2021 levy year have been reduced by \$20,833.

H. Subsequent Events

Management has evaluated subsequent events through November 10, 2021, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

OREGON PERS SYSTEM

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.04496798%	0.04130791%	0.03763975%	0.04023488%	0.04107343%	0.04615875%	0.04357164%
District's proportionate share of the net pension liability (asset)	\$ 9,813,560	\$ 7,145,279	\$ 5,701,926	\$ 5,423,677	\$ 13,230,517	\$ 10,513,429	\$ (987,645)
District's covered-employee payroll	\$ 3,885,479	\$ 3,208,009	\$ 3,061,357	\$ 3,053,215	\$ 2,841,686	\$ 2,841,686	\$ 2,694,019
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	253%	223%	186%	178%	466%	370%	-37%
Plan fiduciary net position as a percentage of the total pension liability	76%	80%	82%	83%	81%	92%	104%

Schedule of District Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,032,332	\$ 707,724	\$ 764,938	\$ 699,139	\$ 501,205	\$ 501,720	\$ 453,835
Contributions in relation to the contractually required contribution	<u>(1,032,332)</u>	<u>(707,724)</u>	<u>(764,938)</u>	<u>(699,139)</u>	<u>(501,205)</u>	<u>(501,720)</u>	<u>(453,835)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,410,518	\$ 3,399,251	\$ 4,005,116	\$ 3,477,184	\$ 3,144,157	\$ 3,074,396	\$ 2,782,121
Contributions as a percentage of covered-employee payroll	23%	21%	19%	20%	16%	16%	16%

LEBANON FIRE DISTRICT
Lebanon, Oregon

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
OPEB LIABILITY (ASSET) AND DISTRICT CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the District's Proportionate Share of the OPEB Liability (Asset)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability (asset)	0.01078101%	0.03662577%	0.03304562%	0.03016854%	0.03281352%
District's proportionate share of the OPEB liability (asset)	\$ (21,967)	\$ (70,774)	\$ (36,888)	\$ (12,591)	\$ 8,911
District's covered-employee payroll (from actuarial exhibits)	\$ 3,855,479	\$ 3,208,009	\$ 3,061,357	\$ 3,053,215	\$ 2,853,381
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-1%	-2%	-1%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	150%	144%	124%	109%	94%

Schedule of District Contributions

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 798	\$ 770	\$ 20,056	\$ 16,001	\$ 15,325
Contributions in relation to the contractually required contribution	(798)	(770)	(20,056)	(16,001)	(15,325)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,399,251	\$ 3,399,251	\$ 4,005,116	\$ 3,477,184	\$ 3,144,157
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.50%	0.46%	0.49%

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total Medical Benefit Pension Liability - beginning	\$ 3,438,924	\$ 3,400,672	\$ 2,350,573	\$ 2,456,540
Changes for the year:				
Service Cost	\$ 98,003	\$ 86,725	\$ 88,391	\$ 95,362
Interest	118,865	130,123	84,293	70,402
Effect of economic/demographic gains/losses	(994,962)	-	20,534	-
Change in assumptions	1,283,855	73,876	1,027,190	(107,263)
Benefit Payments	<u>(284,007)</u>	<u>(252,472)</u>	<u>(170,309)</u>	<u>(164,468)</u>
Net changes for the year	<u>221,754</u>	<u>38,252</u>	<u>1,050,099</u>	<u>(105,967)</u>
Total Medical Benefit Pension Liability - ending	<u>\$ 3,660,678</u>	<u>\$ 3,438,924</u>	<u>\$ 3,400,672</u>	<u>\$ 2,350,573</u>
District's covered-employee payroll	\$ 3,399,251	\$ 3,399,251	\$ 4,005,116	\$ 3,477,184
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	107.69%	101.17%	84.91%	67.60%

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		
				Budget Basis	Adjustments	GAAP Basis
REVENUES						
Property taxes	\$ 4,620,943	\$ 4,620,943	\$ 97,094	\$ 4,718,037	\$ 7,803	\$ 4,725,840
Grants and contributions	276,378	451,378	185,566	636,944	-	636,944
Charges for services	307,000	307,000	263,821	570,821	-	570,821
Investment earnings	75,000	75,000	(48,731)	26,269	-	26,269
Miscellaneous	45,000	45,000	10,927	55,927	-	55,927
Total revenues	<u>5,324,321</u>	<u>5,499,321</u>	<u>508,677</u>	<u>6,007,998</u>	<u>7,803</u>	<u>6,015,801</u>
EXPENDITURES						
Current						
Personnel services	3,790,021	3,965,021	(53,001)	3,912,020	-	3,912,020
Materials and services	1,791,932	1,791,932	(365,400)	1,426,532	-	1,426,532
Capital outlay	9,823,775	9,823,775	(8,543,647)	1,280,128	-	1,280,128
Contingency	<u>205,488</u>	<u>205,488</u>	<u>(205,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>15,611,216</u>	<u>15,786,216</u>	<u>(9,167,536)</u>	<u>6,618,680</u>	<u>-</u>	<u>6,618,680</u>
Excess (deficiency) of revenues over (under) expenditures	(10,286,895)	(10,286,895)	9,676,213	(610,682)	7,803	(602,879)
OTHER FINANCING SOURCES (USES)						
Transfers in	9,755,000	9,755,000	(8,982,307)	772,693	-	772,693
Special payments	(171,300)	(171,300)	8,898	(180,198)	-	(180,198)
Transfers out	<u>(849,666)</u>	<u>(849,666)</u>	<u>(609,666)</u>	<u>(240,000)</u>	<u>-</u>	<u>(240,000)</u>
Total other financing sources (uses)	<u>8,734,034</u>	<u>8,734,034</u>	<u>(9,583,075)</u>	<u>352,495</u>	<u>-</u>	<u>352,495</u>
Net change in fund balance	(1,552,861)	(1,552,861)	1,294,674	(258,187)	7,803	(250,384)
Fund balance - beginning	<u>1,552,861</u>	<u>1,552,861</u>	<u>(1,170,785)</u>	<u>382,076</u>	<u>13,782</u>	<u>395,858</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,889</u>	<u>\$ 123,889</u>	<u>\$ 21,585</u>	<u>\$ 145,474</u>

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES					
Property taxes	\$ 802,215	\$ (34,163)	\$ 768,052	\$ 2,204	\$ 770,256
Investment earnings	1,500	123,566	125,066	-	125,066
Total revenues	<u>803,715</u>	<u>89,403</u>	<u>893,118</u>	<u>2,204</u>	<u>895,322</u>
EXPENDITURES					
Current					
Materials and services	600	(600)	-	-	-
Debt service	<u>802,215</u>	<u>-</u>	<u>802,215</u>	<u>-</u>	<u>802,215</u>
Total revenues	<u>802,815</u>	<u>(600)</u>	<u>802,215</u>	<u>-</u>	<u>802,215</u>
Excess (deficiency) of revenues over (under) expenditures	900	90,003	90,903	2,204	93,107
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(9,755,000)</u>	<u>(8,982,307)</u>	<u>(772,693)</u>	<u>-</u>	<u>(772,693)</u>
Net change in fund balance	(9,754,100)	9,072,310	(681,790)	2,204	(679,586)
Fund balance - beginning	<u>16,001,263</u>	<u>(154,495)</u>	<u>15,846,768</u>	<u>1,310</u>	<u>15,848,078</u>
Fund balance - ending	<u>\$ 6,247,163</u>	<u>\$ 8,917,815</u>	<u>\$ 15,164,978</u>	<u>\$ 3,514</u>	<u>\$ 15,168,492</u>

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Current					
Retiree expense	900,000	(900,000)	-	-	-
Capital outlay	<u>763,430</u>	<u>(763,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,663,430</u>	<u>(1,663,430)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(1,663,430)	1,663,430	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(1,489,669)</u>	<u>(1,489,669)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(3,153,099)	3,153,099	-	-	-
Fund balance - beginning	<u>3,153,099</u>	<u>(236,680)</u>	<u>2,916,419</u>	<u>-</u>	<u>2,916,419</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,916,419</u>	<u>\$ 2,916,419</u>	<u>\$ -</u>	<u>\$ 2,916,419</u>

LEBANON FIRE DISTRICT
Lebanon, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

AMBULANCE FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
				Budget Basis	Adjustments	
REVENUES						
Charges for services, net	\$ 2,592,500	\$ 2,675,925	\$ 442,431	\$ 3,118,356	\$ 17,858	\$ 3,136,214
Grants	86,500	86,500	(86,500)	-	-	-
Miscellaneous	500	500	(108)	392	-	392
Total revenues	<u>2,679,500</u>	<u>2,762,925</u>	<u>355,823</u>	<u>3,118,748</u>	<u>17,858</u>	<u>3,136,606</u>
EXPENSES						
Current						
Personnel services	3,212,591	3,212,591	(154,810)	3,057,781	640,990	3,698,771
Materials and services	310,025	393,450	(66,003)	327,447	-	327,447
Capital outlay	6,550	6,550	(74)	6,476	-	6,476
Depreciation	-	-	-	-	82,750	82,750
Total expenses	<u>3,529,166</u>	<u>3,612,591</u>	<u>(220,887)</u>	<u>3,391,704</u>	<u>723,740</u>	<u>4,115,444</u>
Excess (deficiency) of revenues over (under) expenses	(849,666)	(849,666)	576,710	(272,956)	(705,882)	(978,838)
OTHER FINANCING SOURCES (USES)						
Transfers in	<u>849,666</u>	<u>849,666</u>	<u>(609,666)</u>	<u>240,000</u>	<u>-</u>	<u>240,000</u>
Change in net position	-	-	(32,956)	(32,956)	(705,882)	(738,838)
Net position - beginning	<u>-</u>	<u>-</u>	<u>859,493</u>	<u>859,493</u>	<u>(2,350,773)</u>	<u>(1,491,280)</u>
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,537</u>	<u>\$ 826,537</u>	<u>\$ (3,056,655)</u>	<u>\$ (2,230,118)</u>

OTHER FINANCIAL SCHEDULES
CONTINUING DISCLOSURE REQUIREMENTS

**LEBANON FIRE DISTRICT
TAX RATE HISTORY AND TAX COLLECTION RECORDS**

For the Year Ended June 30, 2021

Fiscal Year	Real Market Value (1)	Taxable Assessed Value (2)	Net Tax Imposed	Billing Rate Per \$1,000 of Taxable Assessed Value (3)	Local Option Levy Per \$1,000 of Taxable Assessed Value (3)	Bond Rate Per \$1,000 of Taxable Assessed Value	Percent Collected as of	
							Year of Levy (4)	6/30/2021 (4)
2020-21	\$ 4,004,035,756	\$ 2,205,681,148	\$ 5,660,882	\$ 2.2600	\$ -	\$ 0.2905	97.90%	
2019-20	\$ 3,744,651,997	\$ 2,237,326,905	\$ 5,057,514	\$ 2.2600	\$ -	\$ 0.1935	97.52%	98.94%
2018-19	3,451,845,767	2,156,995,844	4,876,739	2.2600	-	\$ 0.1956	97.45%	99.40%
2017-18	3,015,091,619	2,049,596,495	4,626,755	2.2600	-	\$ 0.2001	97.45%	99.72%
2016-17	2,744,697,298	1,975,004,992	4,311,922	2.2600	-	\$ 0.2036	96.68%	99.92%
2015-16	2,499,115,526	1,893,397,011	4,147,632	2.2600	-	\$ 0.2068	96.32%	99.97%
2014-15	2,327,977,097	1,813,070,143	3,976,548	2.2600	-	\$ 0.2093	96.24%	99.98%
2013-14	2,190,921,237	1,739,004,900	3,824,166	2.2600	-	\$ 0.2153	95.81%	99.89%
2012-13	2,134,211,336	1,680,897,673	3,850,212	2.2600	-	\$ 0.2164	96.30%	99.96%
2011-12	2,200,455,253	1,648,045,455	3,477,490	2.2600	-	\$ 0.6135	95.76%	99.58%

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specifically assessed properties such as farm and forestland. This value is commonly referred to as the Measure 5 Real Market Value.

(2) Assessed Value of property in the District on which the permanent rate is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets.

(3) District's permanent tax rate of \$2.2600.

(4) In process of collection; shown as of June 30, 2021.

Source: Linn County, Offices of Assessment and Taxation, November 2021.

**LEBANON FIRE DISTRICT
FISCAL YEAR 2021 REPRESENTATIVE LEVY RATE**

For the Year Ended June 30, 2021

(per \$1,000 of Assessed Value)

General Government	Operating Tax Rate (\$/1,000)(1)	Local Option Levy (\$/1,000)(1)	Bonded Debt Tax Rate (\$/1,000)(2)	Total Tax Rate (\$/1,000)
Linn County	\$ 1.2169	\$ 2.9967	\$ -	\$ 4.2136
Linn County 4H Extension Service	0.0598	-	-	0.0598
Lebanon Aquatic Center	0.2048	-	-	0.2048
City of Lebanon	4.3901	-	2.1848	6.5749
Lebanon Urban Renewal	2.4395	-	-	2.4395
Lebanon Fire District	<u>1.9236</u>	<u>-</u>	<u>0.2905</u>	<u>2.2141</u>
Total General Government	\$ 10.2347	\$ 2.9967	\$ 2.4753	\$ 15.7067
Schools				
LBL ESD	0.2601	-	-	0.2601
Lebanon Community School District	3.9939	-	2.7210	6.7149
Linn-Benton Community College	<u>0.4249</u>	<u>-</u>	<u>0.2461</u>	<u>0.6710</u>
Total Schools	<u>4.6789</u>	<u>-</u>	<u>2.9671</u>	7.6460
Total Tax Rate	<u>\$ 14.9136</u>	<u>\$ 2.9967</u>	<u>\$ 5.4424</u>	<u>\$ 23.3527</u>

(1) County assessors report levy rates by tax code. Levy rates apply to taxable "assessed" property value. Tax rate limitations are based upon "real market" value and are reported in total dollar amount of compression, if any, for each taxing jurisdiction.

(2) Levies to pay local government general obligation bonds, such as the Bonds, may be imposed without limitation by Article XI, Section 11 or 11b.

Note: There are 43 tax code areas within the District.

Source: Linn County Department of Assessment and Taxation.

**LEBANON FIRE DISTRICT
MAJOR DISTRICT TAXPAYERS**

For the Year Ended June 30, 2021

(Owner of Record) Taxpayer	Total Assessed Value (1)	% of Total Assessed Value*	Taxes Imposed (2)
Lowes HIW Inc.	\$ 78,281,810	0.77%	\$ 1,426,082
ENTEK International	68,720,360	0.68%	1,246,791
Lumen Technologies Inc	47,849,000	0.47%	795,999
Weyerhaeuser Company	37,869,943	0.37%	524,176
Samaritan Health Services Inc.	21,335,070	0.21%	404,574
Cascade Ridge LLC	16,092,860	0.16%	336,708
WalMart Real Estate Business	15,870,820	0.16%	332,913
Northwest Natural Gas Company	18,318,600	0.18%	297,890
ENTEK Membranes LLC	12,662,320	0.12%	229,816
Lodges at Lebanon LLC	10,075,560	0.10%	214,345
Top Ten Taxpayers in the District	327,076,343	3.22%	
Remaining District Taxpayers	9,844,480,035	96.78%	
Total District Taxpayers	10,171,556,378	100.00%	

* Please note that totals may not equal due to rounding

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

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

Source: Linn County Department of Assessment and Taxation

**LEBANON FIRE DISTRICT
MAJOR TAXPAYERS IN LINN COUNTY**

For the Year Ended June 30, 2021

(Owner of Record) Taxpayer	Total Assessed Value (1)	% of Total Assessed Value*	Taxes Imposed (2)
PacificCorp (PP&L)	\$ 165,953,000	1.63%	\$ 2,373,847
Lowes HIW Inc.	88,922,870	0.87%	1,621,096
Lumen Technologies Inc	100,159,000	0.98%	1,591,427
Teledyne Wah Chang Albany Corporation	106,658,340	1.05%	1,589,118
Fort James Operating Company	144,034,943	1.42%	1,487,745
Weyerhaeuser Company	108,374,150	1.07%	1,435,719
Target Corporation	77,694,640	0.76%	1,359,132
Northwest Natural Gas Company	83,023,580	0.82%	1,311,572
Entek International LLC	68,720,360	0.68%	1,246,791
Freres Lumber Co Inc	84,842,539	0.83%	1,131,447
Top Ten Taxpayers in the County	1,028,383,422	10.11%	
Remaining County Taxpayers	9,143,172,956	89.89%	
Total County Taxpayers	10,171,556,378	100.00%	

* Please note that totals may not equal due to rounding

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

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

Source: Linn County Department of Assessment and Taxation

LEBANON FIRE DISTRICT
Lebanon, Oregon

SCHEDULE OF FUTURE REQUIREMENTS OF BONDED DEBT

For the Year Ended June 30, 2021

Fiscal Year	FULL FAITH AND CREDIT BONDS			GENERAL OBLIGATION BONDS			TOTAL ALL REQUIREMENTS		
	Series 2019			Series, 2020					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 103,000	\$ 22,665	\$ 125,665	\$ 105,000	\$ 594,750	\$ 699,750	\$ 208,000	\$ 617,415	\$ 825,415
2023	106,000	20,080	126,080	130,000	589,500	719,500	236,000	609,580	845,580
2024	109,000	17,419	126,419	160,000	583,000	743,000	269,000	600,419	869,419
2025	111,000	14,684	125,684	190,000	575,000	765,000	301,000	589,684	890,684
2026	474,000	30,120	504,120	220,000	565,500	785,500	694,000	595,620	1,289,620
2027	-	-	-	255,000	554,500	809,500	255,000	554,500	809,500
2028	-	-	-	290,000	541,748	831,748	290,000	541,748	831,748
2029	-	-	-	330,000	527,250	857,250	330,000	527,250	857,250
2030	-	-	-	375,000	510,750	885,750	375,000	510,750	885,750
2031	-	-	-	420,000	492,000	912,000	420,000	492,000	912,000
2032	-	-	-	465,000	475,200	940,200	465,000	475,200	940,200
2033	-	-	-	510,000	456,600	966,600	510,000	456,600	966,600
2034	-	-	-	560,000	436,200	996,200	560,000	436,200	996,200
2035	-	-	-	610,000	413,800	1,023,800	610,000	413,800	1,023,800
2036	-	-	-	670,000	389,400	1,059,400	670,000	389,400	1,059,400
2037	-	-	-	725,000	362,600	1,087,600	725,000	362,600	1,087,600
2038	-	-	-	790,000	333,600	1,123,600	790,000	333,600	1,123,600
2039	-	-	-	855,000	302,000	1,157,000	855,000	302,000	1,157,000
2040	-	-	-	920,000	267,800	1,187,800	920,000	267,800	1,187,800
2041	-	-	-	995,000	231,000	1,226,000	995,000	231,000	1,226,000
2042	-	-	-	1,070,000	191,200	1,261,200	1,070,000	191,200	1,261,200
2043	-	-	-	1,150,000	148,400	1,298,400	1,150,000	148,400	1,298,400
2044	-	-	-	1,235,000	102,400	1,337,400	1,235,000	102,400	1,337,400
2045	-	-	-	1,325,000	52,202	1,377,202	1,325,000	52,202	1,377,202
Total	<u>\$ 903,000</u>	<u>\$ 104,968</u>	<u>\$ 1,007,968</u>	<u>\$ 14,355,000</u>	<u>\$ 9,696,400</u>	<u>\$ 24,051,400</u>	<u>\$ 15,258,000</u>	<u>\$ 9,801,368</u>	<u>\$ 25,059,368</u>

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



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

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

We have audited the basic financial statements of Lebanon Fire District as of and for the year ended June 30, 2021 and have issued our report thereon dated November 10, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

<u>Fund</u>	<u>Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General	Special payments	\$ 171,300	\$ 180,198	\$ 8,898

OAR 162-010-0230 Internal Control

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Accuity, LLC
November 10, 2021



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lebanon Fire District as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Lebanon Fire District's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lebanon Fire District, Lebanon, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lebanon Fire District, Lebanon, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of Lebanon Fire District, Lebanon, Oregon's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lebanon Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

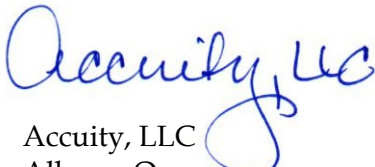
A. Excess of Expenditures over Appropriations

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

<u>Fund</u>	<u>Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Excess</u>
General	Special payments	\$ 171,300	\$ 180,198	\$ 8,898

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Accuity, LLC
Albany, Oregon
November 10, 2021