

**DUNDEE RURAL FIRE PROTECTION DISTRICT
YAMHILL COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

2020-2021
FINANCIAL REPORT

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

BOARD OF DIRECTORS

TERM EXPIRES

Don Carpenter, President

June 30, 2025

Dan Bechtold, Treasurer

June 30, 2025

Michelle Bechtold

June 30, 2023

Chip Mayes

June 30, 2025

Jim Hoduffer

June 30, 2023

Registered Agent

Dan Bechtold, Treasurer
P.O. Box 491
759 Hwy 99W
Dundee, Oregon 97115

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

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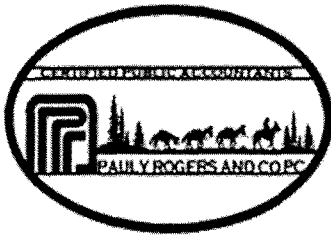
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November 1, 2021

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Dundee Rural Fire Protection District
Dundee, Oregon

We have reviewed the accompanying modified cash basis basic financial statements of the governmental activities, each major fund, and the remaining fund information of Dundee Rural Fire Protection District (the District) as of and for the year ended June 30, 2021, and the related notes to the modified cash basis basic financial statements which collectively comprise the District's basic financial statements, as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the basic financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the basic financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the basic financial statements for them to be in accordance with the basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the basic financial statements, which describes the basis of accounting. The basic financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary Information

The supplementary information and Management's Discussion and Analysis, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the representation of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Reports and Other Regulatory Requirements

Management Representations Required by Oregon State Regulations is presented for purpose of additional analysis and is not a required part of the basic financial statements. These representations have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but have been compiled from information that is the representation of management. We have not audited or reviewed this information and we do not express an opinion, a conclusion, nor provide any assurance on it.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

Dundee Rural Fire Protection District
P. O. Box 491
Dundee, Oregon 97115

Directors:

Don Carpenter	Chip Mayes
Michelle Bechtold	Dan Bechtold
	Jim Hoduffer

DUNDEE RURAL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

This section of the Dundee Rural Fire Protection District's annual Review Report presents our narrative overview and analysis of the financial performance of the District during the fiscal year ended June 30, 2021. Please read it in conjunction with the additional information furnished in the financial report that follows. It is our goal to assist users of these financial reports in interpreting significant data found in the pages that follow and to analyze the results of this fiscal year's activities.

Oregon Revised Statutes (ORS) provide that governmental entities within the state receive an annual financial audit if disbursements in the subject year exceed \$500,000. District disbursements in the fiscal year ending 6-30-2021 fell below that threshold. ORS require that when disbursements fall below the \$500,000 level the governmental entity is to obtain a "Review Report" from an approved audit firm in lieu of an audit.

BRIEF HISTORY

The Dundee Rural Fire Protection District (District) is a unit of local government managed by an elected Board of Directors consisting of five citizens within the District. It was formed to provide fire protection to a rural area surrounding the City of Dundee. The City's fire department provides fire prevention and protection services to the District on a contractual basis. Funding for this contract comes from property taxes levied by the District on taxable property within the District, as determined by the Yamhill County tax assessor.

The District has no employees and does not operate, or take part in the operation of, any firefighting apparatus. This results in minimal administrative and overhead costs. The District owns one piece of firefighting equipment (Brush Rig) used for suppressing wild fires in off-road and rough terrain areas as well as a varying number of hand-held radios and pagers for use by the volunteer firefighters. The Brush Rig is leased to the City for \$1 a year, and the City is responsible for all operating costs, insurance, maintenance and repair.

FINANCIAL HIGHLIGHTS

General Fund tax revenues were up 5.87% from the previous year and disbursements increased only 0.65%. End of year cash balance was \$210,599, which includes \$68,335 in the Debt Service Fund. Investment interest rates in the Oregon LGIP (Local Government Investment Pool)

continued to decline during the Covid pandemic yet continued to offer rates far better than local banks.

The Board of Directors has determined that the modified cash basis of accounting is appropriate for the District due to the lack of complexity in terms of operations and administration in managing the affairs of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: *management's discussion and analysis* (this section) and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide information about the overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting operations in more detail than the government-wide statements. *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The District only provides "governmental activities" as defined in GASB 34, and has no substantial business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant *funds* - not the District as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

All of the basic services are included in the governmental fund, which focuses on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE
GOVERNMENT-WIDE MODIFIED CASH BASIS NET POSITION

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>% Change</u>
Assets			
Cash and Investments	\$ 210,599	\$ 198,250	6.2%
Capital Assets	\$ 23,905	\$ 28,865	-17.2%
Total Assets	<u>\$ 234,504</u>	<u>\$ 227,115</u>	<u>3.3%</u>
Liabilities and Net Position			
Current Portion of the General Obligation Bond	\$ 40,000	\$ 40,000	0.0%
Noncurrent Portion of the General Obligation Bond	\$ 945,000	\$ 985,000	-4.1%
Total Liabilities	<u>\$ 985,000</u>	<u>\$ 1,025,000</u>	<u>-3.9%</u>
Net Position			
Net Investment in Capital Assets	\$ 23,905	\$ 28,865	-17.2%
Restricted for Debt Service	\$ 68,335	\$ 67,736	0.9%
Unrestricted	<u>\$ (842,736)</u>	<u>\$ (894,486)</u>	<u>-5.8%</u>
Total Net Position	<u>\$ (750,496)</u>	<u>\$ (797,885)</u>	<u>-5.9%</u>

CHANGES IN MODIFIED CASH BASIS NET POSITION

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Receipts	\$ 208,042	\$ 206,709	0.6%
Disbursements	\$ (160,653)	\$ (150,763)	6.6%
Excess of revenue over expenditures	<u>\$ 47,389</u>	<u>\$ 55,946</u>	<u>-15.3%</u>
Beginning Net Position	<u>\$ (797,885)</u>	<u>\$ (857,831)</u>	<u>-7.0%</u>
Ending Net Position	<u>\$ (750,496)</u>	<u>\$ (797,885)</u>	<u>-5.9%</u>

REQUESTS FOR INFORMATION

This Review Report is intended to provide a general overview of the Dundee Rural Fire Protection District's financial condition. Questions concerning information provided in this report or requests for additional information should be addressed to the Dundee RFPD, P. O. Box 491, Dundee, OR 97115.

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

BASIC FINANCIAL STATEMENTS

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
At June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 210,599
Capital Assets	<u>23,905</u>
TOTAL ASSETS	<u>234,504</u>
LIABILITIES AND NET POSITION	
Liabilities	
Current Portion of General Obligation Bond	40,000
Noncurrent Portion of General Obligation Bond	<u>945,000</u>
TOTAL LIABILITIES	<u>985,000</u>
Net Position	
Net Investment in Capital Assets	23,905
Restricted for Debt Service	68,335
Unrestricted	<u>(842,736)</u>
TOTAL NET POSITION	<u>\$ (750,496)</u>

See independent accountants' review report and accompanying notes to the financial statements

**DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended June 30, 2021**

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS		NET RECEIPTS (DISBURSEMENTS) AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Fire Services	\$ 160,653	\$ -	\$ -	\$ (160,653)
Total Governmental Activities	\$ 160,653	\$ -	\$ -	(160,653)
General Receipts				
Property Taxes				205,870
Interest Income				1,548
Miscellaneous				624
Total General Receipts				208,042
Changes in Net Position				47,389
Net Position - Modified Cash Basis - Beginning				(797,885)
Net Position - Modified Cash Basis - Ending				\$ (750,496)

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

BALANCE SHEET - MODIFIED CASH BASIS

At June 30, 2021

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 142,264	\$ 68,335	\$ 210,599
FUND BALANCE			
Restricted	\$ -	\$ 68,335	\$ 68,335
Unassigned	142,264	-	142,264
Total	<u>\$ 142,264</u>	<u>\$ 68,335</u>	<u>\$ 210,599</u>

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
At June 30, 2021

Total Fund Balance - Governmental Funds \$ 210,599

The cost of capital assets (equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the District as a whole. 23,905

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

Notes Payable (985,000)

Net Position \$ (750,496)

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For the Year Ended June 30, 2021

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
RECEIPTS			
Property Taxes	\$ 125,534	\$ 80,336	\$ 205,870
Earnings on Investments	1,145	403	1,548
Miscellaneous	624	-	624
Total Receipts	127,303	80,739	208,042
DISBURSEMENTS			
Materials and Services	115,553	-	115,553
Debt Service	-	80,140	80,140
Total Disbursements	115,553	80,140	195,693
OTHER FINANCING SOURCES (USES)			
Transfer Out	(8,000)	-	(8,000)
Transfer In	8,000	-	8,000
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	11,750	599	12,349
Beginning Fund Balance - Modified Cash Basis	130,514	67,736	198,250
Ending Fund Balance - Modified Cash Basis	\$ 142,264	\$ 68,335	\$ 210,599

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

**RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS**

For the Year Ended June 30, 2021

Net Change in Fund Balances - Governmental Funds	\$ 12,349
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Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Depreciation Expense	(4,960)
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Repayment of long-term debt principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position

	<u>40,000</u>
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Principal Payment on Long-Term Debt	
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	<u>\$ 47,389</u>
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Change in Net Position	
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See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Dundee Rural Fire Protection District (District) have been prepared in conformity with the modified cash basis of accounting as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The District is a municipal corporation, exempt from federal and state income taxes, which is governed by an elected board. It was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. Accounting principles generally accepted in the United States of America require that these financial statements present the primary government and all component units, if any. Component units, as established by GASB Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. The District has no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

Financial operations are accounted for in the following funds:

General Fund

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

Equipment Reserve Fund

This fund is used to accumulate resources for the maintenance of district equipment. This fund's activities have been combined with the General Fund Activities in accordance with GASB #54 due to its financial resources being derived primarily from General Fund transfers.

Debt Service Fund

This fund is used to account for financial resources to be used for the repayment of general obligation and other long term debt.

C. BASIS OF ACCOUNTING

The basic financial statements report information on the modified cash basis of accounting. Under the modified cash basis of accounting, receipts are recognized when collected rather than when measurable and available and disbursements are recognized when paid rather than when incurred. The principal modifications from the cash basis are the recording of capital assets, depreciation and long-term debt in the government-wide statements.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING (CONTINUED)

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. Accounting principles generally accepted in the United States of America would require that all funds considered to be governmental funds be accounted for on the modified accrual basis of accounting whereby revenues are recorded when measurable and available, and expenditures are recorded when incurred, with certain modifications. For the government-wide statements, generally accepted accounting principles requires that the accrual basis of accounting be applied. Under the accrual basis of accounting, the cost of capital assets is capitalized and depreciated over their estimated useful lives, inventory is expensed when used instead of when purchased, debt is recorded as incurred, receipts are recorded when earned irrespective of the collection of cash and expenses, including depreciation, are recorded when incurred. Management believes the modified cash basis of accounting is preferable due to the District's size and the necessity of assessing available cash resources. The modified cash basis of accounting is allowed under Oregon Local Budget Law. The cash basis is used with its only modifications being that capital assets and debt are recorded on the Statement of Net Position.

D. CASH AND CASH EQUIVALENTS

The 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.

E. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

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

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

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

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

See independent accountants' review report

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

F. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The principles of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) have been adopted, as applicable to the modified cash basis financial statements. The Statement requires presentation of both government-wide and fund financial statements, and reconciliation of the two types of statements, if necessary.

The government-wide financial statements report information about the entire District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

G. BUDGET

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

Disbursements budgets are appropriated at the following levels for each fund:

Level of Control

Materials and Supplies
Capital Outlay
Debt Service
Contingency
Transfers

Disbursements cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. For the year ended June 30, 2021, expenditures of the various funds were within authorized appropriations.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

I. CAPITAL ASSETS

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. The capital assets are depreciated using the straight-line method over useful life estimates between 10 to 20 years. The District has no ownership interest in any buildings.

J. USE OF ESTIMATES

The preparation of the modified cash basis basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

K. NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating receipts, disbursements and contributions of capital. Net position is classified in the following three categories:

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

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

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

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. FUND BALANCE

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

- Nonspendable represents amounts that are not in a spendable form.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the Board for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board or by an official to whom that authority has been given by the Board.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, committed or assigned fund balances at year end.

The Board has not adopted a policy that dictates the order of spending regarding fund balance categories; therefore, the default approach assumes that restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for disbursements. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2021 was \$744 all of which was covered by federal depository (FDIC) insurance.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The balance of cash and investments at June 30, 2021 were comprised of the following:

Bank Demand Deposits	\$	744
LGIP		<u>209,855</u>
Total Cash and Investments	\$	<u><u>210,599</u></u>

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Funds can be found **here**:

[http://www.oregon.gov/treasury/Division/Investment/Pages/Oregon-Short-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Division/Investment/Pages/Oregon-Short-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Investment Type	Fair Value	Investment Maturities (months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 209,855	\$ 209,855	\$ -	\$ -
Total	<u>209,855</u>	<u>209,855</u>	<u>-</u>	<u>-</u>

See independent accountants' review report

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no policy for custodial credit risk. As of June 30, 2021, none of the bank balance was exposed to custodial credit risk.

Credit Risk - Investments

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

Concentration of Credit Risk

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in these types of investments.

3. CAPITAL ASSETS

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

	Balance July 1, 2020	Additions	Deletions	Balance At June 30, 2021
Depreciable Assets				
Equipment	\$ 80,760	\$ -	\$ -	\$ 80,760
Subtotal	80,760	-	-	80,760
Accumulated Depreciation				
Equipment	51,895	4,960	-	\$ 56,855
Subtotal	51,895	4,960	-	56,855
Capital Assets, Net	\$ 28,865			\$ 23,905

All depreciation is allocated to Fire Services.

The District uses space in the City's Fire Department building, and therefore does not own land or buildings of its own, see Note 6 for further information.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. RISK MANAGEMENT

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three fiscal years.

5. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon passed a constitutional limit on property taxes for governmental operations. Under the limitation, tax receipts are separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10 per \$1,000 of real market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. Local government taxes in the District do not exceed the \$10 rate limit; however, this limitation may affect the availability of future tax receipts for the District.

In May 1997 state voters approved Measure 50, which rolled back assessed values to 90% of the assessed value of 1995-96 and limited future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided that a majority approves at either (1) a general election in an even number year, or (2) any other election in which at least 50% of registered voters cast a ballot.

6. GENERAL OBLIGATION BOND

On June 20, 2012 the District entered into a construction agreement with the City of Dundee, Oregon after voters approved Measure 36-151 on May 15, 2012, which allowed the District to issue up to \$1,290,000 in general obligation bonds to finance a one-third share of the capital improvement and construction costs for a new fire station in the City that will serve District residents, and to pay bond issuance costs. The District has no ownership interest in the new fire station and therefore capital assets associated with these bonds are not recorded in the basic financial statements.

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

	<u>Outstanding</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>At June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
2012 GO Bond Series	<u>\$ 1,025,000</u>	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ 985,000</u>	<u>\$ 40,000</u>

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. GENERAL OBLIGATION BOND (CONTINUED)

Future debt service requirements for the bond payable are as follows:

	2012 GO Bond		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2022	40,000	38,940	78,940
2022-2023	45,000	37,665	82,665
2023-2024	45,000	36,090	81,090
2024-2025	45,000	34,290	79,290
2025-2026	50,000	32,390	82,390
2026-2031	270,000	130,575	400,575
2031-2036	335,000	68,372	403,372
2036-2038	155,000	6,536	161,536
	<u>\$ 985,000</u>	<u>\$ 384,858</u>	<u>\$ 1,369,858</u>

7. INTERGOVERNMENTAL AGREEMENT

There is a contract for fire and rescue services with the City of Dundee. The terms of this agreement call for the City to provide fire protection services to the District throughout the time period the District GO Bonds are outstanding, but no longer than 25 years from the issuance date of the District GO Bonds, in exchange for 85% of the permanent rate tax levy revenues collected by Yamhill County and paid to the District during each contract year of the agreement. Payments to the City are made by the 15th of the month equal to 85% of the permanent rate tax levy revenues received by the District from Yamhill County in the preceding month.

8. PENSION PLAN OBLIGATION

The District has no employees and is managed by its uncompensated elected Board of Directors. Therefore, there is no pension liability to record.

9. DEFICIT NET POSITION

The Statement of Net Position has a deficit net position of \$750,496 as of June 30, 2021. This amount represents the balance of General Obligation bonded debt for construction of a new Fire Station owned by the City of Dundee. Over time this balance will be eliminated through Debt Service payments on bonds outstanding.

10. TAX ABATEMENTS

As of June 30, 2021, the District potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from Yamhill County as of the date of issuance of these basic financial statements, there were no abatements for the year ended June 30, 2021 for any programs reported under GASB 77.

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SUPPLEMENTARY INFORMATION

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended June 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS				
Property Taxes	\$ 122,276	\$ 122,276	\$ 125,534	\$ 3,258
Operating Grants	20,000	20,000	-	(20,000)
Earnings on Investments	226	226	172	(54)
Miscellaneous	601	601	624	23
Total Receipts	143,103	143,103	126,330	(16,773)
DISBURSEMENTS				
Materials and Services	116,769	116,769 (1)	115,553	1,216
Capital Outlay	20,500	20,500 (1)	-	20,500
Contingency	2,500	2,500 (1)	-	2,500
Total Disbursements	139,769	139,769	115,553	24,216
Excess of Receipts, Over (Under) Disbursements	3,334	3,334	10,777	7,443
OTHER FINANCING SOURCES (USES)				
Transfer Out	(8,000)	(8,000) (2)	(8,000)	-
Total Other Financing Sources (Uses)	(8,000)	(8,000)	(8,000)	-
Net Change in Fund Balance	(4,666)	(4,666)	2,777	7,443
Beginning Fund Balance	7,903	7,903	8,005	102
Ending Fund Balance	<u>\$ 3,237</u>	<u>\$ 3,237</u>	10,782	<u>\$ 7,545</u>
Equipment Reserve Fund - combined in accordance with GASB #54			131,482	
			<u>\$ 142,264</u>	

(1) Appropriation Level

(2) Transfer to Equipment Reserve Fund, which is combined with General Fund in accordance with GASB#54.

See independent accountants' review report

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - EQUIPMENT RESERVE FUND**
For the Year Ended June 30, 2021

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
RECEIPTS				
Interest	\$ 1,538	\$ 1,538	\$ 973	\$ (565)
Total Receipts	<u>1,538</u>	<u>1,538</u>	<u>973</u>	<u>(565)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Net Change in Fund Balance	9,538	9,538	8,973	(565)
Beginning Fund Balance	<u>122,645</u>	<u>122,645</u>	<u>122,509</u>	<u>(136)</u>
Ending Fund Balance	<u>\$ 132,183</u>	<u>\$ 132,183</u>	<u>\$ 131,482</u>	<u>\$ (701)</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB #54 due to its financial resources being derived primarily from General Fund transfers.

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - DEBT SERVICE FUND**

For the Year Ended June 30, 2021

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
RECEIPTS				
Taxes	\$ 78,148	\$ 78,148	\$ 80,336	\$ 2,188
Interest	678	678	403	(275)
Total Receipts	<u>78,826</u>	<u>78,826</u>	<u>80,739</u>	<u>1,913</u>
DISBURSEMENTS				
Principal	40,000	40,000	40,000	-
Interest	40,140	40,140	40,140	-
Total Disbursements	<u>80,140</u>	<u>80,140</u> (1)	<u>80,140</u>	<u>-</u>
Net Change in Fund Balance	(1,314)	(1,314)	599	1,913
Beginning Fund Balance	<u>67,022</u>	<u>67,022</u>	<u>67,736</u>	<u>714</u>
Ending Fund Balance	<u>\$ 65,708</u>	<u>\$ 65,708</u>	<u>\$ 68,335</u>	<u>\$ 2,627</u>

(1) Appropriation Level

See independent accountants' review report

**DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended June 30, 2021**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2020	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2021
Current 2020-2021	\$ 211,700	\$ 5,574	\$ (826)	\$ 117	\$ 201,151	\$ 4,266
Prior Years						
2019-2020	4,569	(1)	(262)	175	2,721	1,762
2018-2019	1,639	-	(169)	125	681	914
2017-2018	1,187	-	(234)	185	632	506
2016-2017	518	-	(120)	96	273	221
Prior	940	-	(109)	63	83	811
Total Prior	8,853	(1)	(894)	644	4,390	4,214
Total	<u>\$ 220,553</u>	<u>\$ 5,573</u>	<u>\$ (1,720)</u>	<u>\$ 761</u>	205,541	<u>\$ 8,480</u>

Reconciliation to Revenue:

Taxes in Lieu	329
Total	<u>\$ 205,870</u>

Reconciliation to Funds:

General Fund	\$ 125,534
Debt Service Fund	80,336
Total	<u>\$ 205,870</u>

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REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

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DUNDEE RDPF

P.O. BOX 491

DUNDEE, OR 97115

Management Representation of Fiscal Affairs Required by Oregon Regulation

The Dundee Rural fire Protection District is subject to, and responsible for, compliance with various laws, rules, and regulations related to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in the Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, division 40) including, but not limited to:

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

The management of Dundee Rural Fire Protection District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respect, with such requirements. Further, we are not aware of any violation or possible violation of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.



Signature

Dan Bechtold Treasurer

Printed Name

Title

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