



SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021



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CERTIFIED PUBLIC ACCOUNTANTS

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SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

DISTRICT OFFICIALS

June 30, 2021

BOARD OF DIRECTORS

Russell Sirotek, President
399 Carthage Avenue
Eugene, Oregon 97404

Rod Graves, Vice President
3150 Admiral Street
Eugene, Oregon 97404

Susan Smith, Secretary
3449 Tempa
Eugene, Oregon 97404

Don Phillips
415 Ferndale
Eugene, Oregon 97404

Frank Taubenkrau
2586 Stratford
Eugene, Oregon 97404

FIRE CHIEF AND REGISTERED AGENT

Dale Borland
88050 Territorial Hwy
Veneta, Oregon 97487

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Santa Clara Rural Fire Protection District
Veneta, Oregon 97487

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Santa Clara Rural Fire Protection District, Lane County, Oregon as of and for the year ended June 30, 2021, and the related notes to the modified cash basis 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 modified cash basis financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the modified cash basis financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the modified cash basis financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the modified cash basis 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 modified cash basis 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 modified cash basis financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 and each major fund of Santa Clara Rural Fire Protection District, Lane County, Oregon as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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.

Basis of Accounting

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

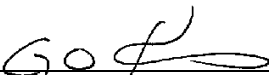
Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santa Clara Rural Fire Protection District's basic financial statements. The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic modified cash basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic modified cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the modified cash basis financial statements or to the modified cash basis 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 modified cash basis financial statements taken as a whole.

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 29, 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 an opinion on compliance.

Accuity, LLC

By: 
Glen O. Kearns, CPA

Albany, Oregon
November 29, 2021

BASIC FINANCIAL STATEMENTS

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,289,895
Capital assets being depreciated, net	<u>2,196,189</u>
Total assets	<u>5,486,084</u>
LIABILITIES	
Accounts payable	<u>186</u>
NET POSITION	
Net investment in capital assets	2,196,189
Unrestricted	<u>3,289,709</u>
Total net position	<u><u>\$ 5,485,898</u></u>

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2021

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Fire protection	\$ 1,208,194	\$ -	\$ -	\$ (1,208,194)
General revenues				
Property taxes levied for general purposes				1,122,947
Investment earnings				27,089
Miscellaneous				1,025
Total general revenues				1,151,061
Change in net position				(57,133)
Net position - beginning				5,543,031
Net position - ending				\$ 5,485,898

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2021

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 2,686,504	\$ 603,391	\$ 3,289,895
LIABILITIES			
Accounts payable	\$ 186	-	\$ 186
FUND BALANCES			
Committed	-	603,391	603,391
Unassigned	<u>2,686,318</u>	<u>-</u>	<u>2,686,318</u>
Total fund balances	<u>2,686,318</u>	<u>603,391</u>	<u>3,289,709</u>
Total liabilities and fund balances	<u>\$ 2,686,504</u>	<u>\$ 603,391</u>	<u>\$ 3,289,895</u>

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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

June 30, 2021

Total fund balances		\$ 3,289,709
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Cost	3,723,422	
Accumulated depreciation	<u>(1,527,233)</u>	<u>2,196,189</u>
Net position of governmental activities		<u><u>\$ 5,485,898</u></u>

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 1,122,947	\$ -	\$ 1,122,947
Investment earnings	21,942	5,147	27,089
Miscellaneous	<u>1,025</u>	<u>-</u>	<u>1,025</u>
Total revenues	<u>1,145,914</u>	<u>5,147</u>	<u>1,151,061</u>
EXPENDITURES			
Current			
Fire protection	261	-	261
Capital outlay	<u>-</u>	<u>135,990</u>	<u>135,990</u>
Total expenditures	<u>261</u>	<u>135,990</u>	<u>136,251</u>
Excess (deficiency) of revenues over (under) expenditures	1,145,653	(130,843)	1,014,810
OTHER FINANCING SOURCES (USES)			
Transfers in	-	100,000	100,000
Special payments	(1,035,438)	-	(1,035,438)
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(1,135,438)</u>	<u>100,000</u>	<u>(1,035,438)</u>
Net change in fund balances	10,215	(30,843)	(20,628)
Fund balances - beginning	<u>2,676,103</u>	<u>634,234</u>	<u>3,310,337</u>
Fund balances - ending	<u>\$ 2,686,318</u>	<u>\$ 603,391</u>	<u>\$ 3,289,709</u>

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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

For the Year Ended June 30, 2021

Net change in fund balances		\$ (20,628)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital asset additions	65,634	
Depreciation expense recorded in the current year	<u>(102,139)</u>	<u>(36,505)</u>
Change in net position		<u>\$ (57,133)</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Government-Wide Financial Statements

The government-wide modified cash basis 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 for the District.

B. Reporting Entity

Santa Clara Rural Fire Protection District, formed in 1943, is a municipal corporation governed under the authority of the Oregon Revised Statutes Chapter 478. The District has one station that provides fire and life safety, prevention, training, public educations, and recruiting of volunteers to the citizens residing within the boundaries of the District. The District is governed by a five-member board of directors elected from the District at large. The administration of the day-to-day affairs of the District is the responsibility of the Fire Chief.

C. Basis of Presentation - Government-Wide Financial Statements

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

D. Basis of Presentation - Fund Financial Statements

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

The government 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 fire suppression, emergency medical expenses, and administrative support.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Capital Projects Fund

Capital Reserve Fund - The Capital Reserve Fund accounts for resources accumulated for the purpose of emergency response equipment. Primary revenues are interest earnings and transfers from the general fund. Primary expenditures are for capital projects.

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

F. Budgetary Information

Annual budgets are adopted on the modified accrual basis of accounting for revenues and expenses. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, and capital projects funds. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors 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, material and services, debt service, capital outlay, operating contingencies, and interfund transfers 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. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors 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 were no supplemental budgets. The District does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

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.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

3. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide modified cash basis financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 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. 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. 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	5-25
Buildings and improvements	5-50
Training site	20-50

4. 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 fund modified cash basis 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.

5. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund modified cash basis 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.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

6. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). 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 the specific purposes but do not meet the criteria to be classified as committed. The board may 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. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned. The portion of available funds within the reserve can be used to offset emergency expenditures, a downturn in collection of significant revenues, or other unforeseen events.

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 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.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

- 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.

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

I. Use of Estimates

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The District expended funds in excess of amounts appropriated as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	Materials and services	\$ -	\$ 261	\$ 261

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Santa Clara Rural Fire Protection 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 modified cash basis financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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.

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:

	<u>Level 2</u>
Investments	
Local Government Investment Pool	<u>\$ 3,274,498</u>

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Credit Risk

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

Investments

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

	<u>Credit Quality</u> <u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Local Government Investment Pool	Unrated	-	\$ 3,274,498

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. 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.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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 accounts at Banner Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2021, the District had deposits of \$15,135 fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2021 are as follows:

Petty cash	\$ 300
Checking accounts	15,097
Total investments	<u>3,274,498</u>
Total deposits	<u><u>\$ 3,289,895</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 2,686,504
Capital Reserve Fund	<u>603,391</u>
Total governmental activities	<u><u>\$ 3,289,895</u></u>

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 being depreciated				
Buildings	\$ 2,353,888	\$ -	\$ -	\$ 2,353,888
Training Site	62,378	-	-	62,378
Equipment	<u>1,241,522</u>	<u>65,634</u>	<u>-</u>	<u>1,307,156</u>
Total capital assets being depreciated	<u>3,657,788</u>	<u>65,634</u>	<u>-</u>	<u>3,723,422</u>
Less accumulated depreciation for				
Buildings	(556,364)	(50,814)	-	(607,178)
Training Site	(57,627)	(391)	-	(58,018)
Equipment	<u>(811,103)</u>	<u>(50,934)</u>	<u>-</u>	<u>(862,037)</u>
Total accumulated depreciation	<u>(1,425,094)</u>	<u>(102,139)</u>	<u>-</u>	<u>(1,527,233)</u>
Total capital assets being depreciated, net	<u>2,232,694</u>	<u>(36,505)</u>	<u>-</u>	<u>2,196,189</u>
Governmental activities capital assets, net	<u><u>\$ 2,232,694</u></u>	<u><u>\$ (36,505)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,196,189</u></u>

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Buildings	\$ 2,353,888	\$ (607,178)	\$ 1,746,710
Training Site	62,378	(58,018)	4,360
Equipment	1,307,156	(862,037)	445,119
Total capital assets	\$ 3,723,422	\$ (1,527,233)	\$ 2,196,189

Depreciation expense is recorded on the statement of activities as follows:

Governmental activities	
Fire protection	\$ 102,139

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There 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. Restatement

The District's previously issued financial statements were restated as follows:

	General Fund
Fund balance - beginning, as originally reported	\$ 2,664,215
To restate to cash basis	11,888
Fund balance - beginning, as restated	\$ 2,676,103

C. 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.

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

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*).

D. Subsequent Events

Management has evaluated subsequent events through November 29, 2021, which was the date that the modified cash basis financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Modified Cash	
REVENUES					
Property taxes	\$ 1,056,128	\$ 66,819	\$ 1,122,947	\$ -	\$ 1,122,947
Investment earnings	35,000	(13,058)	21,942	-	21,942
Miscellaneous	-	1,025	1,025	-	1,025
Total revenues	<u>1,091,128</u>	<u>54,786</u>	<u>1,145,914</u>	<u>-</u>	<u>1,145,914</u>
EXPENDITURES					
Materials and services	-	261	261	-	261
Contingency	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>100,000</u>	<u>(99,739)</u>	<u>261</u>	<u>-</u>	<u>261</u>
Excess (deficiency) of revenues over (under) expenditures	991,128	154,525	1,145,653	-	1,145,653
OTHER FINANCING					
SOURCES (USES)					
Special payments	(1,035,438)	-	(1,035,438)	-	(1,035,438)
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(1,135,438)</u>	<u>-</u>	<u>(1,135,438)</u>	<u>-</u>	<u>(1,135,438)</u>
Net change in fund balance	(144,310)	154,525	10,215	-	10,215
Fund balance - beginning, as restated	<u>2,542,234</u>	<u>133,869</u>	<u>2,676,103</u>	<u>-</u>	<u>2,676,103</u>
Fund balance - ending	<u>\$ 2,397,924</u>	<u>\$ 288,394</u>	<u>\$ 2,686,318</u>	<u>\$ -</u>	<u>\$ 2,686,318</u>

SANTA CLARA RURAL FIRE PROTECTION DISTRICT
Lane County, Oregon

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

CAPITAL RESERVE FUND

For the Year Ended June 30, 2021

	Original and Final Budget	Variance with Final Budget Over (Under)	Budget Basis	Actual Adjustments	Modified Cash
REVENUES					
Investment earnings	\$ 5,000	\$ 147	\$ 5,147	\$ -	\$ 5,147
EXPENDITURES					
Capital outlay	450,000	(314,010)	135,990	-	135,990
Excess (deficiency) of revenues over (under) expenditures	(445,000)	314,157	(130,843)	-	(130,843)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	-	100,000	-	100,000
Net change in fund balance	(345,000)	314,157	(30,843)	-	(30,843)
Fund balance - beginning	623,281	10,953	634,234	-	634,234
Fund balance - ending	<u>\$ 278,281</u>	<u>\$ 325,110</u>	<u>\$ 603,391</u>	<u>\$ -</u>	<u>\$ 603,391</u>

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



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Santa Clara Rural Fire Protection District
Veneta, Oregon 97487

We have audited the basic modified cash basis financial statements of Santa Clara Rural Fire Protection District as of and for the year ended June 30, 2021 and have issued our report thereon dated November 29, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Santa Clara Rural Fire Protection District's modified cash basis 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)

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:

1. Excess of Expenditures Over Appropriations

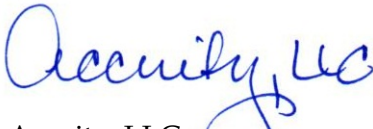
The District expended funds in excess of amounts appropriated as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	Materials and services	\$ -	\$ 261	\$ 261

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered Santa Clara Rural Fire Protection District’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the modified cash basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Clara Rural Fire Protection District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Santa Clara Rural Fire Protection District’s internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 29, 2021.

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


Accuity, LLC
November 29, 2021