

KLAMATH COUNTY FIRE DISTRICT NO. 1

Klamath County, Oregon

Annual Financial Report

Year Ended June 30, 2024



143 N. Broad Street
Klamath Falls, Oregon 97601
Phone: (541) 885-2056
www.kcfd1.com

Prepared by the Finance Division.

KLAMATH COUNTY FIRE DISTRICT NO. 1

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KLAMATH COUNTY FIRE DISTRICT NO. 1

Klamath Falls, Oregon

Annual Financial Report

BOARD OF DIRECTORS

<u>Name</u>	<u>Term Expires</u>
Gloria Storey, President Klamath Falls, Oregon	June 30, 2027
Mike Jones, Vice President Klamath Falls, Oregon	June 30, 2027
Dennis Thomas, Secretary/Treasurer Klamath Falls, Oregon	June 30, 2025
Ernie Palmer, Board Member Klamath Falls, Oregon	June 30, 2025
Gene Rogers, Board Member Klamath Falls, Oregon	June 30, 2027

Registered Agent

Greg Davis
Fire Chief

INDEPENDENT AUDITOR'S REPORT



Your peace of mind is our passion.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Klamath County Fire District No. 1
Klamath Falls, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Klamath County Fire District No. 1, Klamath Falls, Oregon (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the pension and other postemployment benefits schedules and notes in the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparison for the General Fund, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The

INDEPENDENT AUDITOR'S REPORT (Continued)

required budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the required budgetary comparison for the General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Other Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

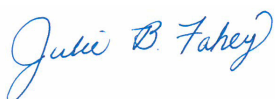
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory section, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 19, 2024, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
November 19, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

KLAMATH COUNTY FIRE DISTRICT NO. 1

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

As management of Klamath County Fire District No. 1 (KCFD 1 or the District), we offer readers of KCFD 1's financial statements this narrative overview and analysis of the financial activities of KCFD 1 for the fiscal year ended June 30, 2024.

Financial Highlights

- KCFD 1 prepares its District-wide financial statements on the full accrual basis of accounting, and its fund level financial statements using the *modified accrual basis* of accounting.
- The assets and deferred outflows of resources of KCFD 1 exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023-2024 by \$3,007,124.
- The KCFD 1's total net position decreased by \$2,064,361.
- As of the close of fiscal year 2023-2024, KCFD 1 reported total ending fund balance in the governmental funds of \$9,238,357, an increase of \$325,431 from the prior year.

Overview of the Financial Statements

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of KCFD 1's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of KCFD 1's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of KCFD 1 is improving or deteriorating.

	Governmental Activities	
	June 30, 2024	June 30, 2023
Assets:		
Current and other assets	\$ 11,605,838	\$ 12,113,550
Capital assets	13,408,910	13,529,967
Total assets	25,014,748	25,643,517
Deferred outflows of resources	12,208,377	8,525,850
Liabilities:		
Current liabilities	2,253,333	3,095,393
Non current liabilities	29,270,248	20,006,764
Total liabilities	31,523,581	23,102,157
Deferred inflows of resources	2,692,420	5,995,725
Net position:		
Net investment in capital assets	12,165,181	12,281,711
Restricted	143,199	118,107
Unrestricted	(9,301,256)	(7,328,333)
Total net position	\$ 3,007,124	\$ 5,071,485

KLAMATH COUNTY FIRE DISTRICT NO. 1
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2024

Government-wide Financial Statements (Continued)

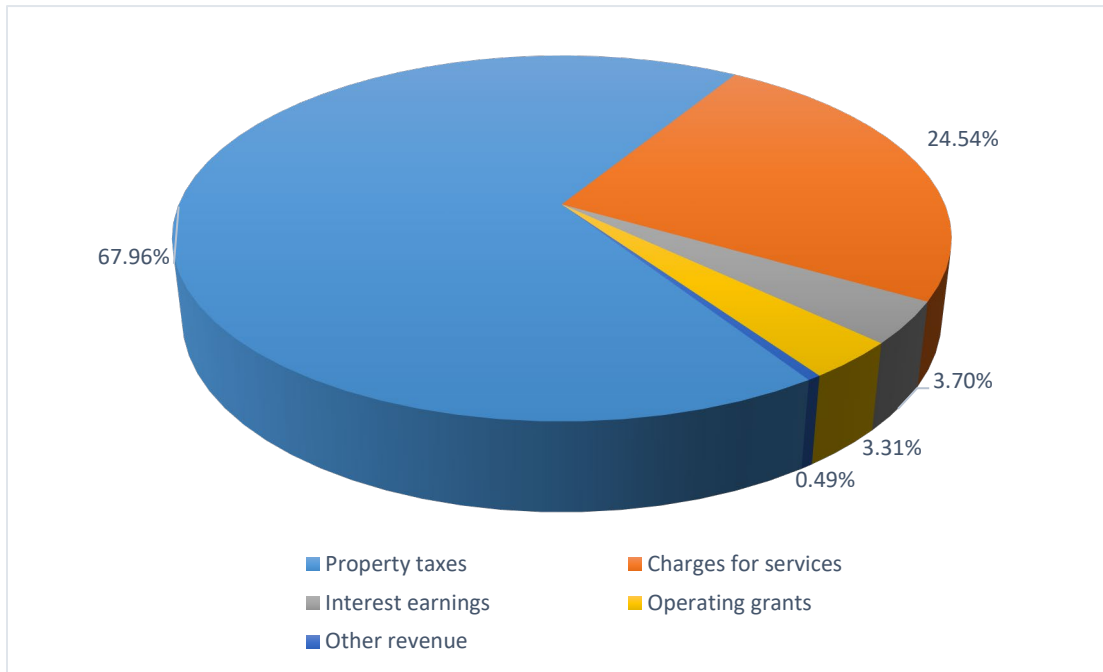
The *Statement of Activities* presents information showing how net position changed during fiscal year 2023-2024. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Change in Net Position

	Year Ended	
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Revenues		
Program revenues:		
Charges for services	\$ 3,887,346	\$ 4,686,289
Operating grants	524,708	190,000
Capital grants and contributions	-	1,303,434
Total program revenues	<u>4,412,054</u>	<u>6,179,723</u>
General revenues:		
Property taxes	10,766,283	9,544,796
Interest earnings	586,240	271,751
Other revenues	<u>77,993</u>	<u>185,234</u>
Total general revenues	<u>11,430,516</u>	<u>10,001,781</u>
Total revenues	<u>15,842,570</u>	<u>16,181,504</u>
Expenses		
Public safety and interest	<u>17,906,931</u>	<u>14,230,940</u>
Increase (decrease) in net position	<u>(2,064,361)</u>	<u>1,950,564</u>
Net position - beginning of year	<u>5,071,485</u>	<u>3,120,921</u>
Net position - ending of year	<u>\$ 3,007,124</u>	<u>\$ 5,071,485</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2024

2024 REVENUE SOURCES – GOVERNMENTAL ACTIVITIES



Governmental Fund Financial Statements

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating KCFD 1's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of KCFD 1's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to the budgetary comparison for the General Fund and KCFD 1's other postemployment benefits and pension schedules. This report also presents *other supplementary information* related to the budgetary comparison for the Debt Service Fund, Station #4 Capital Project Fund, Leave Reserve Fund, Apparatus Reserve Fund, and the combining schedule for the General Fund.

KLAMATH COUNTY FIRE DISTRICT NO. 1
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2024

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of KCFD 1, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,007,124 at the close of fiscal year 2023-2024. Of this amount, \$12,165,181 reflects its net investment in capital assets (e.g., equipment and facilities). KCFD 1 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. \$5,889 is restricted for debt service, and \$137,310 is restricted for net other postemployment benefits.

KCFD 1's net position consists of its net investment in capital assets, restricted for debt service and net other postemployment benefits, and *unrestricted net position*. Unrestricted net position (deficit) totaling (\$9,301,256) results primarily from liabilities of the District exceeding District assets.

KCFD 1's net position decreased by \$2,064,361 during fiscal year 2023-2024. Capital assets decreased by \$121,057, net of depreciation, additions, and disposals in the current period.

Financial Analysis of the Government's Funds

As noted earlier, KCFD 1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of KCFD 1's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing KCFD 1's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023-2024, KCFD 1's governmental funds reported ending fund balance of \$9,238,357, an increase of \$325,431 in comparison with the prior year. Of this balance, \$6,046,439 is unassigned, \$5,889 is restricted for debt service, \$37,452 is non-spendable as it relates to prepaid expenses, \$118,577 is assigned for capital projects, and \$3,030,000 is assigned for subsequent year's budget for appropriation of fund balance.

Budgetary Comment – General Fund

KCFD 1 adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

KCFD 1 developed the budget for fiscal year 2023-2024 based on a conservative projection. General Fund revenues were greater than final budget by 11%. Expenditures in the General Fund stayed under budget by 14%, primarily due to non-expenditure of contingency funds and control of costs in personal services and materials and services. There were no adjustments to the original budget within the year for the General Fund.

Capital Assets

KCFD 1's capital assets as of June 30, 2024 amount to \$13,408,910 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles. Additional information on KCFD 1's capital assets can be found in Note 2.C. of this report.

KLAMATH COUNTY FIRE DISTRICT NO. 1
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2024

Debt Administration

KCFD 1 had \$1,220,000 outstanding in long-term obligations at June 30, 2024. This amount decreased from the prior year related to principal payments during the year. Additional information on KCFD 1's long-term debt obligations can be found in Note 2.F. of this report.

Economic Factors and Next Year's Budgets

Moving forward into FY 2024-2025, KCFD 1 remains committed to building on the positive financial trends, practices and goals that have been implemented. Controlling costs, reducing debt and aggressively pursuing fee-based revenues and alternative funding opportunities continue to remain high priorities for the District.

Revenues

Tax revenue continues to remain the District's largest general fund resource, accounting for approximately 69% of the total revenue excluding grants for FY 2023-2024. For FY 2024-2025, increases to assessed values and property tax revenue are anticipated to remain relatively flat. New construction activity throughout KCFD 1's jurisdiction is increasing slightly, although most of the sizable new construction projects are being built by tax exempt entities or are occurring in areas that are designated as Enterprise Zones or Urban Renewal Districts. The City of Klamath Falls, the Klamath County Commissioners, the Klamath County Chamber of Commerce and associated local economic development agencies are making a coordinated effort to attract new businesses to the area.

Emergency Medical Service (EMS) fee-based revenues continue to be the District's second largest General Fund resource, accounting for approximately 26% of the total revenue excluding grants for FY 2023-2024. In 2016, the legislature passed HB 4030 which makes possible increased reimbursements for Ground Emergency Medical Transport (GEMT) to Medicaid patients. The District continues to submit required documents and has received Oregon Health Division approval for increased reimbursements through this program for services provided during the last seven (7) fiscal years. See www.oregongemt.com for further information on this program.

Expenditures

Personal services continue to represent the largest budgetary expenditure made annually by KCFD 1. For FY 2024-2025, the Suppression division includes 55 full time equivalent (FTE) budgeted positions; the EMS division includes 15 FTE; the Administration division includes 6 FTE; the Prevention division includes 2.5 FTE; the Training Division includes 1 FTE and the Apprenticeship Program includes 6 FTE.

KCFD 1 continued to prioritize capital purchases in FY 2023-2024 and made significant progress in lining out replacement plans for multiple ambulances in FY 2024-2025 as we continue to modernize our fleet.

Financial Goals

The District's financial position, and prioritization of resources, is again resulting in the ability to maintain a healthy Apparatus Reserve Fund of \$575,000 for FY 2023-2024. The Leave Reserve Fund, previously created to cover payouts caused by unforeseen retirements or separations, is again maintained at the goal amount of \$250,000. In FY 2024-2025, the District will continue to meet the financial policies set by the Board of Directors, to maintain sufficient funds to operate from July through November without utilizing interim financing/borrowing. The District is maintaining a budgeted \$4,970,000 "Reserved for Future Expenditure". In relation to the Board of Director's stated goal of having an operating contingency fund equal to 6% of the General Fund budget operating revenue (approximately \$932,519 for FY 2024-2025), the District has budgeted \$932,318. Continued diligence and prioritization to fund the operating contingency will be required in future years for the District to meet this goal.

KLAMATH COUNTY FIRE DISTRICT NO. 1
Management's Discussion and Analysis (Continued)
For the Fiscal Year Ended June 30, 2024

Economic Factors and Next Year's Budgets (Continued)

Overall, the District is successfully balancing limited resources to best meet the communities' needs for services, in a very challenging economic environment. In the upcoming year the District will again continue to conservatively estimate revenue and control expenditures. The prioritization of resources will be focused on maintaining and improving critical services to the community, and to meet the most critical capital expenditure needs of the District.

The Board of Directors' continued commitment to sound financial policies and teamwork throughout all levels of the organization has brought about financial stability for KCFD 1 and is providing a future that continues to look very promising. Cooperation with partner organizations throughout the state, while continuing to develop new relationships and seek out innovative opportunities will remain critical as KCFD 1 moves into the future. The rapport between IAFF Local 890 and the management team remains one of the most critical components to the continued financial well-being of the District.

Requests for Information

This financial report is designed to provide a general overview of KCFD 1's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Attn: Greg Davis, Fire Chief, 143 N. Broad Street, Klamath Falls, OR 97601.

BASIC FINANCIAL STATEMENTS

KLAMATH COUNTY FIRE DISTRICT NO. 1**STATEMENT OF NET POSITION****JUNE 30, 2024**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 9,746,717
Receivables, net:	
Property taxes receivable	648,015
Other receivables	1,036,344
Prepaid expenses	37,452
Total current assets	<u>11,468,528</u>
Noncurrent assets:	
Net other postemployment benefits (OPEB)	137,310
Capital assets:	
Nondepreciable	699,874
Depreciable, net	12,709,036
Total noncurrent assets	<u>13,546,220</u>
Total assets	<u>25,014,748</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferred outflows	11,838,569
OPEB related deferred outflows	369,808
Total deferred outflows of resources	<u>12,208,377</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	260,421
Accrued compensated absences	745,548
Unearned revenue	1,151,314
Current portion of long-term obligations	90,000
Current portion of lease payable	6,050
Total current liabilities	<u>2,253,333</u>
Noncurrent liabilities:	
Long-term obligations	1,130,000
Long-term lease payable	17,679
Net pension liability	26,445,170
Total other postemployment benefits	1,677,399
Total noncurrent liabilities	<u>29,270,248</u>
Total liabilities	<u>31,523,581</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related deferred inflows	2,461,896
OPEB related deferred inflows	230,524
Total deferred inflows of resources	<u>2,692,420</u>
NET POSITION	
Net investment in capital assets	12,165,181
Restricted:	
Debt service	5,889
Net other postemployment benefits	137,310
Unrestricted	(9,301,256)
Total net position	<u>\$ 3,007,124</u>

See notes to basic financial statements.

KLAMATH COUNTY FIRE DISTRICT NO. 1

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenue		Net (Expense)/ Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Public safety	\$ 17,880,993	\$ 3,887,346	\$ 524,708	\$ (13,468,939)
Interest	25,938	-	-	(25,938)
Total governmental activities	<u>\$ 17,906,931</u>	<u>\$ 3,887,346</u>	<u>\$ 524,708</u>	<u>(13,494,877)</u>
General revenues:				
Property taxes				10,766,283
Interest earnings				586,240
Other revenues				77,993
Total general revenues				<u>11,430,516</u>
Change in net position				(2,064,361)
Net position, June 30, 2023				<u>5,071,485</u>
Net position, June 30, 2024				<u>\$ 3,007,124</u>

See notes to basic financial statements.

KLAMATH COUNTY FIRE DISTRICT NO. 1**BALANCE SHEET****GOVERNMENTAL FUNDS****JUNE 30, 2024**

	General Fund	Debt Service Fund	Station #4 Capital Project Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 9,622,251	\$ 5,889	\$ 118,577	\$ 9,746,717
Receivables, net:				
Property taxes receivable	648,015	-	-	648,015
Other receivables	1,036,344	-	-	1,036,344
Prepaid expenses	37,452	-	-	37,452
Total assets	<u>\$ 11,344,062</u>	<u>\$ 5,889</u>	<u>\$ 118,577</u>	<u>\$ 11,468,528</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 260,421	\$ -	\$ -	\$ 260,421
Unearned revenue - grants	1,151,314	-	-	1,151,314
Total liabilities	<u>1,411,735</u>	<u>-</u>	<u>-</u>	<u>1,411,735</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	529,453	-	-	529,453
Unavailable revenue - EMS	288,983	-	-	288,983
Total deferred inflows of resources	<u>818,436</u>	<u>-</u>	<u>-</u>	<u>818,436</u>
Fund Balances:				
Nonspendable - prepaids	37,452	-	-	37,452
Restricted for debt service	-	5,889	-	5,889
Assigned for capital projects	-	-	118,577	118,577
Assigned for subsequent year's budget appropriation of fund balance	3,030,000	-	-	3,030,000
Unassigned	6,046,439	-	-	6,046,439
Total fund balances	<u>9,113,891</u>	<u>5,889</u>	<u>118,577</u>	<u>9,238,357</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 11,344,062</u>	<u>\$ 5,889</u>	<u>\$ 118,577</u>	<u>\$ 11,468,528</u>

See notes to basic financial statements.

KLAMATH COUNTY FIRE DISTRICT NO. 1

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2024

TOTAL FUND BALANCES			\$ 9,238,357
A portion of receivables are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			818,436
Net other postemployment benefits (OPEB) are not financial resources and therefore are not reported in the governmental funds.			137,310
Capital and leased assets are not financial resources and therefore are not reported in the governmental funds:			
Capital assets	\$ 20,542,233		
Accumulated depreciation	<u>(7,133,323)</u>		\$ 13,408,910
Pension deferred outflows of resources are not recognized in the governmental funds:			
District contributions subsequent to measurement date	2,940,009		
Difference between expected and actual experience	1,293,250		
Changes in assumptions	2,349,233		
Net investment earnings differences	475,328		
Changes in District's proportionate share	<u>4,780,749</u>		11,838,569
OPEB deferred outflows of resources are not recognized in the governmental funds:			
Difference between expected and actual experience (single employer plan)	304,500		
Changes in assumptions (single employer plan)	59,906		
Net difference between projected and actual investment earnings (RHIA)	389		
District contributions subsequent to measurement date (RHIA)	29		
Changes in District's proportionate share (RHIA)	<u>4,984</u>		369,808
The amount of compensated absences liability that will not be paid from resources of the current year's operations is not reported as a liability of the governmental funds.			(745,548)
Long-term obligations of the District that will not be paid from resources of the current year's operations are not reported as a liability of the governmental funds.			
Bonds and notes payable	(1,220,000)		
Lease payable	<u>(23,729)</u>		(1,243,729)
Net pension liability is not recognized in the governmental funds.			(26,445,170)
Other postemployment benefits are not paid from current resources and as such are not reported as a liability in the fund statements.			(1,677,399)
Pension deferred inflows of resources are not recognized in the governmental funds:			
Differences between expected and actual experience	(104,857)		
Changes in assumptions	(17,516)		
Changes in District's proportionate share	(93,365)		
Differences between District contributions and proportionate share of system contributions	<u>(2,246,158)</u>		(2,461,896)
OPEB deferred inflows of resources are not recognized in the governmental funds:			
Difference between expected and actual experience (single employer plan)	(112,142)		
Changes in assumptions (single employer plan)	(95,251)		
Difference between expected and actual experience (RHIA)	(3,447)		
Changes in assumptions (RHIA)	(1,481)		
Changes in District's proportionate share (RHIA)	<u>(18,203)</u>		(230,524)
TOTAL NET POSITION			<u>\$ 3,007,124</u>

See notes to basic financial statements.

KLAMATH COUNTY FIRE DISTRICT NO. 1

**STATEMENT OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund	Station #4 Capital Project Fund	Total Governmental Funds
REVENUES				
Property taxes	\$ 10,775,997	\$ -	\$ -	\$ 10,775,997
Charges for services	4,172,633	-	-	4,172,633
Other revenues	77,742	-	-	77,742
Grants	524,708	-	-	524,708
Interest	586,240	-	-	586,240
Total revenues	<u>16,137,320</u>	<u>-</u>	<u>-</u>	<u>16,137,320</u>
EXPENDITURES				
Current:				
Public safety	14,956,511	-	-	14,956,511
Capital outlay	756,372	-	-	756,372
Debt service	-	115,938	-	115,938
Total expenditures	<u>15,712,883</u>	<u>115,938</u>	<u>-</u>	<u>15,828,821</u>
Excess/(deficiency) of revenues over expenditures	<u>424,437</u>	<u>(115,938)</u>	<u>-</u>	<u>308,499</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of surplus assets	251	-	-	251
Lease inception	16,681	-	-	16,681
Transfers in	-	100,000	-	100,000
Transfers out	(100,000)	-	-	(100,000)
Total other financing sources (uses)	<u>(83,068)</u>	<u>100,000</u>	<u>-</u>	<u>16,932</u>
Net change in fund balances	341,369	(15,938)	-	325,431
FUND BALANCES, beginning of year	<u>8,772,522</u>	<u>21,827</u>	<u>118,577</u>	<u>8,912,926</u>
FUND BALANCES, end of year	<u>\$ 9,113,891</u>	<u>\$ 5,889</u>	<u>\$ 118,577</u>	<u>\$ 9,238,357</u>

See notes to basic financial statements.

KLAMATH COUNTY FIRE DISTRICT NO. 1

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

FOR THE YEAR ENDED JUNE 30, 2024

NET CHANGE IN FUND BALANCES **\$ 325,431**

Amounts reported in the Statement of Activities are different because:

The Statement of Revenues, Expenditures, and Changes in Fund Balances reports capital assets as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation and amortization	(826,200)	
Net increase in capital assets	<u>688,459</u>	(137,741)

Payment of principal on long-term obligations is reported as an expenditure in the fund statements, and as a reduction in the liability on the Statement of Net Position.	134,856
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Payment of principal on lease payable is reported as an expenditure in the fund statements, and as a reduction in the liability on the Statement of Net Position.	4,929
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

Accrued compensated absences	221,175	
Other postemployment benefits and related deferrals	(97,440)	
Net pension liability and related deferrals	<u>(2,220,571)</u>	(2,096,836)

Some revenue reported in the Statement of Activities does not provide current financial resources in the governmental funds:

Property taxes	(9,713)	
Charges for services (EMS revenue)	<u>(285,287)</u>	(295,000)

CHANGE IN NET POSITION		<u><u>\$ (2,064,361)</u></u>
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See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Klamath County Fire District No. 1 (the District) is a municipal corporation chartered and operating under the laws of the State of Oregon. The governing body is a five-member Board of Directors elected by the legal voters of the District. The Board is charged with the responsibility for overseeing all operations and assuring that firefighting resources are maintained at a level that provides adequate fire protection to residents and commercial establishments within the District. The District provides fire protection and suppression services and emergency medical services (EMS). The Board is further charged with the appointment of a Fire Chief, with whom the administration of the District's operations is vested.

All significant activities and funds of the District have been included in the basic financial statements. The District's financial statements represent those of a stand-alone government with no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the District. All activities are governmental activities which are financed primarily through property taxes, grant revenues and charges for services. There are no internal activities and therefore no eliminations are necessary to present the government-wide financial statements.

The Statement of Net Position presents information on all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position.

The Statement of Activities presents the degree to which direct expenses of the District's public safety programs are offset by program revenues. Direct expenses are those that are clearly identifiable with the public safety function of the District. Program revenues include: (1) charges for services provided; and (2) capital grants and contributions. Property taxes, interest earnings and other items not properly included as program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting and financial statement presentation

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

The governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Significant revenues that are measurable and available under the modified accrual basis of accounting are EMS revenues, property tax revenues, intergovernmental revenue and interest, and therefore have been recognized in the current fiscal period.

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement focus, basis of accounting and financial statement presentation (Continued)

Under the modified accrual basis of accounting, expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and debt service expenditures are recorded only when payment is due.

Major individual governmental funds are reported as separate columns in the fund financial statements. The District reports the General Fund as a major governmental fund. The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. Certain funds budgeted as special revenue funds are reported as part of the General Fund because their primary source of funds consists of transfers from the General Fund and they do not have resources apart from the General Fund transfers.

The District reports the Debt Service Fund as a major fund. The Debt Service Fund is used to accumulate resources and pay principal and interest related to outstanding obligations of the District.

The District reports the Station #4 Capital Project Fund as a major fund. The Station #4 Capital Project Fund is used to account for the accumulation of State grant revenues and debt funding utilized for seismic and other related improvements at this facility.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the government-wide presentation. These reconciliations are presented as part of the basic financial statements.

D. Assets, liabilities, deferred outflows/inflows of resources, and fund balance

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Receivables and payables

Accounts receivable related to the District's EMS are shown net of allowances for uncollectible accounts. Allowances are estimated considering the District's expected net write-offs for the next year and based on past collections history.

Property taxes receivable which have been collected within 60 days following year end, are considered measurable and available and recognized as revenue, with the balance recognized as unavailable revenue on the fund basis. Property taxes are recognized as revenue on the accrual basis in the government-wide financial statements. Property taxes are levied and assessed and become a lien against the property as of July 1 each year. They are payable in three installments on November 15, February 15, and May 15. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 15 are considered delinquent. All property taxes receivable are due from property owners within the District. No allowance is deemed necessary related to property taxes receivable because the District considers all taxes to be eventually fully collectible.

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and fund balance (Continued)

2. Receivables and payables (Continued)

Activities between funds that are representative of lending/borrowing arrangements or other outstanding balances between funds as of the end of the fiscal year are referred to as "due to/from other funds".

3. Prepaid expenses

Certain payments of the District to vendors reflect costs attributable to future accounting periods and are recorded as prepaid items in both the fund and government-wide financial statements.

4. Capital assets

Capital assets are reported in the Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if actual cost is unknown. Donated capital assets are recorded at their estimated acquisition value at the time received. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more, and having useful lives extending beyond one year. Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated on the straight-line basis over the following estimated useful lives:

Buildings and improvements	15 – 50 years
Equipment	5 – 25 years
Ambulance equipment	5 – 12 years
Vehicles	6 – 12 years

Lease assets are reported in the Statement of Net Position as capital assets and are assets leased for a term of more than one year. The value of leases is determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized on a straight-line basis over their useful lives.

5. Short-term financing

In the governmental funds and in the government-wide financial statements, short-term note payables are reported as liabilities.

6. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense until then. The District has several types of deferred outflows of resources that qualify for reporting in this category. Deferred outflows of resources that are related to the District's pension plan consist of District contributions to OPERS after the measurement date, differences in expected and

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and fund balance (Continued)

6. Deferred outflows/inflows of resources (Continued)

actual experience, changes in assumptions, the net difference between projected and actual earnings on investments, and changes in District's proportionate share. Deferred outflows of resources that are related to the District's other postemployment benefit plans consist of differences in expected and actual experience, net difference between projected and actual investment earnings, changes in assumptions, changes in District's proportionate share, and contributions subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position and Governmental Funds Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until that time. The District has two types of deferred inflows. The governmental funds report unavailable revenues from uncollected property taxes and EMS billings that don't meet the 'available' criteria for revenue recognition. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available or satisfied. Unavailable revenue is reported only in the Governmental Funds Balance Sheet. In the Statement of Net Position, deferred inflows of resources related to the District's pension and other postemployment benefits plans are recognized. Deferred inflows of resources related to the District's pension plan consist of differences in expected and actual experience, changes in the District's proportionate share, changes in assumptions, and the differences between District contributions and the District's proportionate share of system contributions. Deferred inflows of resources related to the District's other postemployment benefit plans consist of differences in expected and actual experience, changes in assumptions, and changes in the District's proportionate share.

7. Accrued compensated absences

Under terms of the District's employee policies and labor contract, employees accumulate earned but unused vacation benefits and sick leave. Vested accumulated vacation and sick leave is accrued when incurred in the government-wide Statement of Net Position. A liability for these amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations, terminations or retirements. Liabilities related to accrued compensated absences are liquidated by the General Fund.

8. Net pension liability

Substantially all the District's employees are participants in the Oregon Public Employees Retirement System (OPERS), a statewide cost-sharing multiple-employer defined benefit pension plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a).

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the District's net pension liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and fund balance (Continued)

9. Other postemployment benefits

The District maintains a single employer defined benefit plan allowing eligible retirees to purchase health insurance benefits at rates set equal to rates paid by active employees, and another postemployment benefit with the Oregon PERS Retirement Health Insurance Account. The District's other postemployment benefit liability (asset) is recognized as a long-term liability (asset) in the government-wide financial statements. The amounts for both plans are actuarially determined.

10. Long-term obligations

In the government-wide financial statements, long-term obligations are reported as liabilities. Related premiums and discounts, if material, are amortized over the life of the obligations using the straight line method, which approximates the effective interest method. Long-term obligations are reported net of the applicable premiums or discounts, if material.

In the fund financial statements, the District recognizes premiums and discounts on long-term obligations, as well as issuance costs during the current period. The face amount of the obligations issued is reported as other financing sources. Premiums received on obligations issued are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from proceeds received, are reported as debt service expenditures.

11. Lease payable

In the government-wide financial statements, lease payable is reported as a liability in the Statement of Net Position. The lease payable is recognized as the net present value of the lease payments expected to be made during the lease term, which is the noncancellable period of the lease. The lease payable is reduced by principal payments made.

12. Fund balance

Fund balance in the fund statements is classified according to relative constraints placed on those balances, and reported as follows:

- Non-spendable – includes fund balance amounts that cannot be spent because they are not in spendable form and represent inventories and any prepaid items.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as grantors or creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are internally constrained for specific purposes through formal action of the Board of Directors by resolution. Commitments may be altered or rescinded by resolution of the Board.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes, but that are neither considered restricted nor committed.
- Unassigned – includes residual fund balance amounts within the General Fund not otherwise classified within the above-mentioned categories, and deficit fund balance amounts, if any, in other governmental funds.

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, liabilities, deferred outflows/inflows of resources, and fund balance (Continued)

13. District use of restricted resources

When restricted and unrestricted fund balances are available to be used (fund financial statements), it is the District's policy to spend restricted resources first, then unrestricted resources as available in the following order:

- Committed,
- Assigned,
- Unassigned.

14. Use of accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. NOTES ON SPECIFIC BALANCES AND AMOUNTS

A. Cash and cash equivalents

Cash and cash equivalents are comprised of the following at June 30, 2024:

Cash on hand	\$ 450
Cash with county assessor	114,596
Deposits with financial institutions	175,525
State of Oregon Local Government Investment Pool	<u>9,456,146</u>
Total cash and cash equivalents	<u>\$ 9,746,717</u>

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$497,144. Of these deposits, \$250,000 was covered by federal depository insurance at each of two financial institutions. As required by Oregon Revised Statutes, any deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District's remaining deposits in excess of FDIC limits are considered to be fully collateralized.

The Oregon State Treasury Finance Division administers the Local Government Investment Pool (LGIP). It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. NOTES ON SPECIFIC BALANCES AND AMOUNTS (CONTINUED)

A. Cash and cash equivalents (Continued)

Deposits (Continued)

of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. Cost approximates the District's fair value in the LGIP.

Custodial credit risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2024, the District does not have investments exposed to custodial credit risk.

Interest rate risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2024, the District had no investments other than the LGIP, and thus no exposure to interest rate risk.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board.

Credit risk

The District does not currently have an investment policy for concentration of credit risk. At June 30, 2024, the District had no investments other than the LGIP, and thus no exposure to concentration of credit risk.

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP funds are approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

B. Receivables

Receivables as of June 30, 2024, including the applicable allowances for uncollectible accounts were as follows:

Property taxes	\$ 648,015
EMS receivables	1,401,771
Other receivables	<u>247,143</u>
	2,296,929
Allowance for uncollectible accounts - EMS receivables	<u>(612,570)</u>
	<u><u>\$ 1,684,359</u></u>

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. NOTES ON SPECIFIC BALANCES AND AMOUNTS (CONTINUED)

C. Capital assets

Changes in the District's capital assets are as follows:

	Balance June 30, 2023	Increases	Decreases	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 535,796	\$ -	\$ -	\$ -	\$ 535,796
Work in progress	-	164,078	-	-	164,078
Total capital assets not being depreciated	535,796	164,078	-	-	699,874
Capital assets being depreciated:					
Buildings and improvements	13,175,239	69,312	-	-	13,244,551
Equipment and vehicles	6,230,137	518,906	(182,743)	-	6,566,300
Lease equipment	14,827	16,681	-	-	31,508
Total capital assets being depreciated	19,420,203	604,899	(182,743)	-	19,842,359
Less accumulated depreciation for:					
Buildings and improvements	(2,439,654)	(281,430)	-	-	(2,721,084)
Equipment and vehicles	(3,983,414)	(539,686)	118,909	-	(4,404,191)
Lease equipment	(2,964)	(5,084)	-	-	(8,048)
Total accumulated depreciation	(6,426,032)	(826,200)	118,909	-	(7,133,323)
Total capital assets being depreciated, net	12,994,171	(221,301)	(63,834)	-	12,709,036
Total capital assets, net	\$ 13,529,967	\$ (57,223)	\$ (63,834)	\$ -	\$ 13,408,910

All depreciation and amortization are charged to Public Safety in the Statement of Activities.

D. Interfund transfers

Interfund transfers are recorded to reflect resources moved from the fund accumulating the resources to the fund authorized to expend those resources for the intended purpose. Interfund transfers for the year ended June 30, 2024 are as follows:

	Transfer In	Transfer Out
General Fund	\$ -	\$ (100,000)
Debt Service Fund	100,000	-
	<u>\$ 100,000</u>	<u>\$ (100,000)</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. NOTES ON SPECIFIC BALANCES AND AMOUNTS (CONTINUED)

E. Compensated absences

Changes in the District's liability for compensated absences are as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>
Compensated absences	<u>\$ 966,723</u>	<u>\$ 798,717</u>	<u>\$ (1,019,892)</u>	<u>\$ 745,548</u>

F. Long-term obligations

Note Payable

The District purchased eight LifePak units and accessories in September 2019 on a five-year, 0.0% interest long-term note payable. Equal payments are due every June, with the first payment recorded in June 2020.

Full Faith and Credit Obligations

On March 1, 2022, the District issued \$1,390,000 in full faith and credit obligations for partial financing of construction costs of the Station #4 improvements. The obligations carry an interest rate of 1.98% over the term of the obligations, with final maturity in June 2036. Principal is paid annually, with interest semi-annually, beginning in December 2022.

Changes in the District's long-term obligations are as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>
Note payable	\$ 44,856	\$ -	\$ (44,856)	\$ -
Full faith and credit obligations 2022	<u>1,310,000</u>	<u>-</u>	<u>(90,000)</u>	<u>1,220,000</u>
Total long-term obligations	<u>\$ 1,354,856</u>	<u>\$ -</u>	<u>\$ (134,856)</u>	1,220,000
Current portion				<u>(90,000)</u>
Long-term portion				<u>\$ 1,130,000</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. NOTES ON SPECIFIC BALANCES AND AMOUNTS (CONTINUED)

F. Long-term obligations (Continued)

Debt service requirements as of June 30, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	
Fiscal Year ending June 30	2022 FF&C	2022 FF&C	Total
2025	\$ 90,000	\$ 24,156	\$ 114,156
2026	95,000	22,374	117,374
2027	95,000	20,493	115,493
2028	95,000	18,612	113,612
2029	100,000	16,731	116,731
2030-2034	520,000	53,658	573,658
2035-2036	225,000	6,732	231,732
TOTAL	<u>\$ 1,220,000</u>	<u>\$ 162,756</u>	<u>\$1,382,756</u>

G. Lease payable

Changes in the District's lease payable are as follows:

	<u>Original Amount</u>	<u>Balance June 30, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2024</u>
Equipment Lease:					
Pitney Bowes Postage Meter; interest at 1.98%, quarterly payments of principal and interest of \$780.48 through May 2027.	\$ 14,827	\$ 11,977	\$ -	\$ (2,906)	\$ 9,071
Kelly Connect Copier; interest at 1.98%, monthly payments of principal and interest of \$278.99 through January 2029.	16,681	-	16,681	(2,023)	14,658
Total lease obligation	<u>\$ 31,508</u>	<u>\$ 11,977</u>	<u>\$ 16,681</u>	<u>\$ (4,929)</u>	23,729
Current portion					(6,050)
Long-term portion					<u>\$ 17,679</u>

Lease requirements as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 6,050	\$ 420
2026	6,170	546
2027	6,295	175
2028	3,274	74
2029	1,940	12
	<u>\$ 23,729</u>	<u>\$ 1,227</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN

A. Pension Plan

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan that provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges and school districts. The District has joined this pool. The system provides retirement and disability benefits, post-employment healthcare benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Plan Description – Employees of the District are provided with pensions through OPERS. All benefits of OPERS are established by the legislature pursuant to ORS Chapters 238 and 238A. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. OPERS produces an independently audited ACFR that can be obtained at: www.oregon.gov/pers.

B. Description of Benefit Terms

Benefits provided under Chapter 238-Tier One/Tier Two. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits – The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General Service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

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

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

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

B. Description of Benefit Terms (Continued)

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

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes will vary based on the amount of the annual benefit and years in which the benefit was earned.

Benefits provided under Chapter 238A – OPSRP. OPSRP pension program provides benefits to members hired on or after August 29, 2003. This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

General Service - 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

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

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

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

Benefit Changes After Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes will vary based on the amount of the annual benefit.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

C. Actuarial Valuations

The employer contribution rates effective July 1, 2023 through June 30, 2025, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of Living Adjustment	Blend of 2.00 percent COLA and graded COLA (1.25/.15 percent) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

C. Actuarial Valuations (Continued)

Depletion Date Projection - GASB Statement No. 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Assumed Asset Allocation:

<u>Asset Class/ Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target Allocation^</u>
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5	32.5	27.5
Private Equity	17.5	27.5	20.0
Real Estate	9.0	16.5	12.5
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio*	0.0	5.0	0.0
Total			<u>100.0%</u>

*Opportunity Portfolio is an investment strategy. Up to 5% of total Fund assets may be invested in it.

^The target allocation of Debt Securities is increased by 5% and Public Equity is reduced by 2.5% from FY2022, and the allocation to Risk Parity is eliminated.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

C. Actuarial Valuations (Continued)

Long-Term Expected Rate of Return - To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. Information on the plan's assumed asset class allocation and geometric means are summarized below:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>20-Year Annualized Geometric Mean</u>
Global Equity	27.50 %	7.07 %
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds - Multistrategy	1.25	6.27
Hedge Fund Equity – Hedge	0.63	6.48
Hedge Fund Macro	5.62	4.83
Assumed Inflation – Mean		2.35

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

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

D. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The District's contributions for the year ended June 30, 2024 were \$2,940,009. The rates in effect for the fiscal year ended June 30, 2024 were: (1) Tier1/Tier 2 – 45.51%, (2) OPSRP general service – 36.76%, and (3) 41.55% for fire personnel.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

E. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension

At June 30, 2024, the District reported a liability of \$26,445,170 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The District's proportionate share was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2024 and 2023, the District's proportion was 0.14118634 percent and 0.11291890 percent, respectively.

For the year ended June 30, 2024, the District recognized pension expense of \$5,187,240 for the defined benefit portion of the pension plan. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,293,250	\$ 104,857
Changes in assumptions	2,349,233	17,516
Net difference between projected and actual earnings on pension plan investments	475,328	-
Changes in District's proportionate share	4,780,749	93,365
Differences between District contributions and proportionate share of system contributions	-	2,246,158
Subtotal	8,898,560	2,461,896
District contributions subsequent to the measurement date	2,940,009	-
Total	<u>\$ 11,838,569</u>	<u>\$ 2,461,896</u>

Deferred outflows of resources related to pensions of \$2,940,009 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense / (income) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 1,202,570
2026	73,163
2027	3,325,761
2028	1,503,734
2029	331,436
	<u>\$ 6,436,664</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

3. OREGON PUBLIC EMPLOYEES RETIREMENT PENSION PLAN (CONTINUED)

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

The following represents the District's proportionate share of the pension liability calculated using the discount rate of 6.90 percent, as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of net pension (asset)/liability	\$43,682,442	\$ 26,445,170	\$ 12,019,401

G. Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. This report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS website at www.oregon.gov/pers.

H. OPSRP Individual Account Program (IAP)

Pension Benefits – Participants in OPERS defined benefit pension plans also participated in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of the five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Contributions – The District does not pay the employees' contributions to the plan. Six percent of covered payroll for general service employees is paid by the employees.

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Health Benefit Retirement Program

Plan description. The District does not have a formal, stand-alone postemployment benefit plan for its employees; however, the District is required by ORS 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. The District maintains a single employer defined benefit plan allowing eligible retirees to purchase health insurance benefits at premium rates set equal to the rates paid by active employees.

Funding policy. The District collects insurance premiums from all retirees each month and then pays health insurance premiums for all retirees at tiered rates to the insurance company. The required

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Health Benefit Retirement Program (Continued)

contributions to the plan include the District's pay-as-you-go amount and amount paid by retirees. For the fiscal year ended June 30, 2024, the District's retirees paid 100% of their insurance premium costs.

The program values the implicit retiree health insurance subsidy as the difference between the health insurance premiums and the expected age-adjusted claim costs for early retirees. Contribution amounts shown are the estimated implicit employer contributions.

Benefits provided. The program is a defined benefit plan that provides post-employment health insurance to eligible District retirees. The program allows eligible retirees and their dependents to purchase the District's health insurance benefits at premium rates set equal to the rates paid by active employees. As of the valuation date of June 30, 2024, the latest available valuation, the following employees were covered by the benefit terms:

Active Employees	83
Retirees	6
	<u>89</u>

Total OPEB liability, OPEB expense, and deferred outflows/inflows of resources related to OPEB. The District's total OPEB liability of \$1,677,399 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024.

For the fiscal year ended June 30, 2024, the District recognized OPEB expense from this plan of \$177,590. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 304,500	\$ 112,142
Changes in assumptions	59,906	95,251
	<u>\$ 364,406</u>	<u>\$ 207,393</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources Recognized in OPEB Expense</u>
2025	\$ 12,810
2026	12,810
2027	12,810
2028	12,810
2029	12,810
Thereafter	92,963
	<u>\$ 157,013</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Health Benefit Retirement Program (Continued)

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2024 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
General inflation	2.5 percent
Salary increases	3.0 percent
Retirement rates	Based on retirement rate assumptions used in the December 31, 2022 OPERS actuarial valuation for General Service and Public Safety employees.
Discount rate	3.93 percent
Annual healthcare cost trend rate	Medical 5.0 percent Dental equal to premiums paid Vision equal to premiums paid

The discount rate was based on Bond Buyer 20-Year General Obligation Municipal Bond Index. Mortality rates were based on the rates used in the December 31, 2022 Oregon PERS actuarial valuation.

Change in the total OPEB liability.

	Change in Total OPEB Liability
Total OPEB liability, June 30, 2023	\$ 1,487,544
Benefit payments	(57,311)
Service cost	113,135
Interest on total OPEB liability	51,645
Change in assumptions	(41,806)
Experience (gain)/loss	124,192
Total OPEB liability, June 30, 2024	<u>\$ 1,677,399</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the District's total OPEB liability calculated using the discount rate of 3.93 percent, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 1,851,048	\$ 1,677,399	\$ 1,521,745

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Health Benefit Retirement Program (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the District's total OPEB liability, as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,476,290	\$ 1,677,399	\$ 1,918,572

OPERS Retirement Health Insurance Account (RHIA)

Plan description. As a member of OPERS, the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Plan benefits. RHIA provides up to \$60 toward the monthly cost of health insurance for eligible OPERS members. To be eligible to receive this monthly payment toward the premium costs the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a OPERS-sponsored health plan.

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions. The District's employer contribution rates effective July 1, 2023 through June 30, 2025 are 0.00% of covered payroll for Tier 1/Tier 2 members and 0.00% of covered payroll for OPSRP members. For the year ended June 30, 2024, the District's contributions were \$29.

Net OPEB asset, OPEB benefit, and deferred outflows/inflows of resources related to OPEB. At June 30, 2024, the District reported an asset of \$137,310 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. The District's proportion of the net OPEB asset was determined by comparing the District's actual, legally required contributions made during the measurement year with the total contributions made by all employers during the measurement year. At the June 30, 2024 and 2023, the District's proportion was 0.03749946 percent and 0.02709552 percent, respectively.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPERS Retirement Health Insurance Account (RHIA) (Continued)

For the year ended June 30, 2024, the District recognized an OPEB benefit of \$22,748 for the OPERS RHIA. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,447
Changes in assumptions	-	1,481
Net difference between projected and actual earnings on investments	389	-
Changes in District's proportionate share	4,984	18,203
Total prior to post-measurement date contributions)	5,373	23,131
Contributions subsequent to the measurement date	29	-
Total deferred outflows / inflows of resources	\$ 5,402	\$ 23,131

Deferred outflows of resources related to OPEB of \$29 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources Recognized in OPEB Expense (Benefit)
2025	\$ (15,287)
2026	(9,365)
2027	5,074
2028	1,820
	<u>\$ (17,758)</u>

Actuarial methods and assumptions. Other than the methods and assumption discussed below, the actuarial methods and assumptions are consistent with those disclosed for the OPERS Defined Benefit Pension Plan. See Note 3 for additional information on Actuarial Methods and Assumptions, including the Depletion Date Projection, Assumed Asset Allocation, Long-Term Expected Rate of Return, and Discount Rate.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

4. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPERS Retirement Health Insurance Account (RHIA) (Continued)

Sensitivity of the District's proportionate share of the net OPEB asset to changes in the discount rate. The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Net OPEB Asset	\$ (124,815)	\$ (137,310)	\$ (148,031)

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report. This report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS website at www.oregon.gov/pers.

Aggregate OPEB Expense

The following table presents the aggregate balance of the District's OPEB expense as of June 30, 2024:

OPEB Plan	OPEB (Benefit)/Expense
Health Benefit Retiree Program	\$ 177,590
OPERS Retirement Health Insurance Account (RHIA)	(22,748)
	<u>\$ 154,842</u>

5. TAX ABATEMENTS GRANTED BY OTHER GOVERNMENTS

GASB Statement No. 77, *Tax Abatement Disclosures*, establishes financial reporting standards for tax abatement agreements entered into by state and local governments. Historically, the District's property tax revenues were impacted by three tax abatement programs managed by Klamath County.

Low Income Housing

The tax abatement is intended to benefit low-income property owners and is available for qualifying property located in Klamath County. The District's reduction in property tax revenues is estimated at \$17,500 for fiscal year 2024.

Enterprise Zone

Enterprise zones can be adopted by cities and counties to encourage business development and primarily function to exempt businesses from local property taxes on new investments for a specified amount of time, which varies among the different zone programs. The District's reduction in property tax revenues from enterprise zones adopted by Klamath County is estimated at \$9,900 for fiscal year 2024.

Vertical Housing

A county may apply to the Oregon Housing and Community Services Department for designation of an unincorporated area within the county as a vertical housing zone. The District's reduction in property tax revenues from vertical housing zones is estimated at \$80 for fiscal year 2024.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2024

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases commercial insurance to minimize its exposure to these risks. There has been no reduction in commercial insurance coverage from fiscal year 2023 to 2024. Settled claims have not exceeded this commercial coverage for any of the past three years.

6. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grants are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various claims and litigation proceedings. These claims are either covered by insurance or are the types which are normal in view of the District's operations. Management believes the total amount of liability, if any, which may arise from such claims and litigation beyond what is covered by insurance would not have a material effect on the District's financial condition or its ability to carry on its activities substantially as now conducted.

REQUIRED SUPPLEMENTARY INFORMATION

KLAMATH COUNTY FIRE DISTRICT NO. 1**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2024**

	Original/Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 10,438,739	\$ 10,775,997	\$ 337,258
Fire revenue	150,000	22,006	(127,994)
Hazmat reimbursement	15,000	-	(15,000)
Administrative fee	500	710	210
Grants	-	524,708	524,708
EMS	3,506,500	4,024,430	517,930
Transport/Standby/Hwy Assistance	112,500	85,295	(27,205)
FireMed subscription	45,000	40,192	(4,808)
Donations	500	248	(252)
Interest	160,000	586,240	426,240
Leases	60,000	46,000	(14,000)
Miscellaneous	19,500	31,494	11,994
TOTAL REVENUES	14,508,239	16,137,320	1,629,081
EXPENDITURES			
Personal services	14,374,107	13,065,811	1,308,296
Materials and services	2,248,600	1,890,700	357,900
Capital outlay	825,000	756,372	68,628
Contingency	882,432	-	882,432
TOTAL EXPENDITURES	18,330,139	15,712,883	2,617,256
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,821,900)	424,437	4,246,337
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of surplus assets	-	251	251
Lease inception	-	16,681	16,681
Transfers out	(350,000)	(250,000)	100,000
TOTAL OTHER FINANCING SOURCES (USES)	(350,000)	(233,068)	116,932
NET CHANGE IN FUND BALANCE	(4,171,900)	191,369	4,363,269
FUND BALANCE, beginning of year	8,171,900	8,097,522	(74,378)
FUND BALANCE, end of year	\$ 4,000,000	\$ 8,288,891	\$ 4,288,891

KLAMATH COUNTY FIRE DISTRICT NO. 1

**SCHEDULE OF THE DISTRICT'S TOTAL OPEB LIABILITY
AND SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**
LAST TEN FISCAL YEARS

HEALTH BENEFIT RETIREE PROGRAM ³

SCHEDULE OF TOTAL OPEB LIABILITY (TOL) ²

Fiscal year ended June 30,		Total OPEB liability	Covered employee payroll	TOL as a percentage of covered payroll
2015	¹	\$ -	\$ -	\$ -
2016	¹	-	-	-
2017		1,230,742	4,914,378	25.04%
2018		1,250,258	5,012,666	24.94%
2019		1,270,370	5,112,919	24.85%
2020		1,206,435	5,248,671	22.99%
2021		1,220,444	5,406,131	22.58%
2022		1,431,386	5,924,035	24.16%
2023		1,487,544	6,101,756	24.38%
2024		1,677,399	7,156,575	23.44%

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (TOL) ²

Fiscal year ended June 30,		TOL beginning balance	Service cost	Interest on the TOL	Benefit payments	Changes of assumptions	Experience (gain)/loss	TOL ending balance
2015	¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	¹	-	-	-	-	-	-	-
2017	¹	-	-	-	-	-	-	-
2018		1,230,742	56,929	46,107	(78,716)	(93,526)	88,722	1,250,258
2019		1,250,258	58,068	46,746	(84,702)	-	-	1,270,370
2020		1,270,370	80,825	27,128	(85,737)	98,811	(184,962)	1,206,435
2021		1,206,435	83,250	25,614	(94,855)	-	-	1,220,444
2022		1,220,444	82,708	41,613	(89,877)	(21,169)	197,667	1,431,386
2023		1,431,386	85,189	49,285	(78,316)	-	-	1,487,544
2024		1,487,544	113,135	51,645	(57,311)	(41,806)	124,192	1,677,399

¹ Actuarial information for these earlier fiscal years is not available.

² Actuarial information for these fiscal years was provided by the actuary.

³ There are no assets accumulated in a trust to pay related benefits for this plan.

KLAMATH COUNTY FIRE DISTRICT NO. 1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET)/LIABILITY
AND SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS**
LAST TEN FISCAL YEARS

OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS - RHIA)

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET)/LIABILITY

Fiscal year ended June 30,		District's proportion of the net OPEB (asset)/liability ²	District's proportionate share of the net OPEB (asset)/liability ²	District's covered payroll	District's proportionate share of the net OPEB (asset)/liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2015	¹	-	\$ -	\$ -	-	-
2016	¹	-	-	-	-	-
2017		0.05295873%	14,382	5,226,882	0.28%	94.20%
2018		0.04674984%	(19,511)	4,929,619	(0.40%)	108.90%
2019		0.04679413%	(52,235)	5,290,797	(0.99%)	124.00%
2020		0.04976313%	(96,160)	5,763,537	(1.67%)	144.36%
2021		0.03132504%	(63,828)	5,857,821	(1.09%)	150.07%
2022		0.03690984%	(126,749)	6,545,584	(1.94%)	183.90%
2023		0.02709552%	(96,280)	6,507,749	(1.48%)	194.60%
2024		0.03749946%	(137,310)	6,877,436	(2.00%)	201.60%

SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS

Fiscal year ended June 30,		Contractually required contributions ²	Contributions in relation to the contractually required contributions	Contribution deficiency/ (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2015	¹ \$	-	\$ -	\$ -	\$ -	-
2016	¹	-	-	-	-	-
2017		23,275	23,275	-	4,929,619	0.47%
2018		22,658	22,658	-	5,290,797	0.43%
2019		24,664	24,664	-	5,763,537	0.43%
2020		2,237	2,237	-	5,857,821	0.04%
2021		988	988	-	6,545,584	0.02%
2022		668	668	-	6,507,749	0.01%
2023		739	739	-	6,877,436	0.01%
2024		29	29	-	7,561,434	0.00%

¹ Actuarial information for these earlier fiscal years is not available.

² Actuarial information for these fiscal years was provided by the actuary for OPERS.

KLAMATH COUNTY FIRE DISTRICT NO. 1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
LAST TEN FISCAL YEARS

OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS)

Fiscal year ended June 30,	District's proportion of the net pension (asset)/liability ¹	District's proportionate share of the net pension (asset)/liability ¹	District's covered payroll	District's proportionate share of the net pension (asset)/ liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.12202628%	\$ (2,765,988)	\$ 4,868,405	(56.82%)	103.60%
2016	0.10882026%	6,247,873	5,036,777	124.05%	91.88%
2017	0.09937868%	14,919,047	5,226,882	285.43%	80.50%
2018	0.09603517%	12,945,577	4,929,619	262.61%	83.10%
2019	0.09214701%	13,959,058	5,290,797	263.84%	82.07%
2020	0.09948634%	17,208,754	5,763,537	298.58%	80.23%
2021	0.09685896%	21,137,957	5,857,821	360.85%	75.80%
2022	0.11085525%	13,265,471	6,545,584	202.66%	87.60%
2023	0.11291890%	17,290,149	6,507,749	265.69%	84.50%
2024	0.14118634%	26,445,170	6,877,436	384.52%	81.68%

¹ Actuarial information for these fiscal years was provided by the actuary for OPERS.

KLAMATH COUNTY FIRE DISTRICT NO. 1

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS

LAST TEN FISCAL YEARS

OREGON PUBLIC EMPLOYEE RETIREMENT PENSION PLAN (OPERS)

Fiscal year ended June 30,	Contractually required contributions ¹	Contributions in relation to the contractually required contributions	Contribution deficiency / (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 828,676	\$ 828,676	\$ -	\$ 5,036,777	16.45%
2016	1,207,582	1,207,582	-	5,226,882	23.10%
2017	884,638	884,638	-	4,929,619	17.95%
2018	1,124,230	1,124,230	-	5,290,797	21.25%
2019	1,226,605	1,226,605	-	5,763,537	21.28%
2020	1,633,007	1,633,007	-	5,857,821	27.88%
2021	1,849,522	1,849,522	-	6,545,584	28.26%
2022	2,521,086	2,521,086	-	6,507,749	38.74%
2023	2,682,163	2,682,163	-	6,877,436	39.00%
2024	2,940,009	2,940,009	-	7,561,434	38.88%

¹ Actuarial information for these fiscal years was provided by the actuary for OPERS.

KLAMATH COUNTY FIRE DISTRICT NO. 1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024

BUDGET

The District is required by state law to budget all funds. Budgets for all funds are prepared on the modified accrual basis of accounting. On or before June 30 of each year, the District enacts a resolution approving the budget, appropriating the expenditures, and levying the property taxes. Prior to enacting this resolution, the proposed budget is presented to a budget committee consisting of members of the Board of Directors and a like number of interested citizens. The budget committee presents the budget to the Board of Directors for budget hearings prior to enactment of the resolution.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Expenditure categories of personal services, materials and services, capital outlay, transfers, and contingency are the legal level of control for all funds. The detailed budget document contains more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. Supplemental budgets less than 10% of the fund's original budget may be adopted by the Board of Directors at a regular meeting and require publication providing notice of the meeting. A supplemental budget greater than 10% of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Directors. Management may modify original and supplemental budgets by the use of appropriation transfers between the legal levels of control within a fund. Such transfers require approval by the Board of Directors.

OREGON PUBLIC EMPLOYEE RETIREMENT PENSION AND OPEB PLAN

Changes in Assumptions

A summary of key changes implemented with the December 31, 2021 actuarial valuation which was used in the pension and OPEB calculations and amounts reported for fiscal year ended June 30, 2024, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2020 actuarial valuation can be found at: www.oregon.gov/pers.

HEALTH BENEFIT RETIREE PROGRAM – SINGLE EMPLOYER PLAN

There are no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits:

- Valuation date: June 30, 2024
- Measurement date: June 30, 2024
- Actuarial method: Entry age normal, level percent of pay
- Inflation rate: 2.5%
- Discount rate: 3.93%
- Health care cost trend rate: 5% annual increases for all future years
- Retirement rates: Oregon PERS actuarial valuation for General Service and Public Safety employees dated December 31, 2022.

OTHER SUPPLEMENTARY INFORMATION

KLAMATH COUNTY FIRE DISTRICT NO. 1

DEBT SERVICE FUND

**SCHEDULE OF EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2024

	Original/Final Budget	Actual	Variance
EXPENDITURES			
Debt service principal	\$ 90,000	\$ 90,000	\$ -
Debt service interest	33,353	25,938	7,415
TOTAL EXPENDITURES	<u>123,353</u>	<u>115,938</u>	<u>7,415</u>
OTHER FINANCING SOURCE			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,353)	(15,938)	7,415
FUND BALANCE , beginning of year	<u>23,353</u>	<u>21,827</u>	<u>(1,526)</u>
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 5,889</u>	<u>\$ 5,889</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1

STATION #4 CAPITAL PROJECT FUND

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

FOR THE YEAR ENDED JUNE 30, 2024

	Original/Final Budget	Actual	Variance
OTHER FINANCING SOURCES AND (USES)			
Transfer in	\$ 100,000	\$ -	\$ (100,000)
NET CHANGE IN FUND BALANCE	100,000	-	(100,000)
FUND BALANCE , beginning of year	(100,000)	118,577	218,577
FUND BALANCE , end of year	\$ -	\$ 118,577	\$ 118,577

KLAMATH COUNTY FIRE DISTRICT NO. 1**GENERAL FUND****COMBINING BALANCE SHEET****JUNE 30, 2024**

	General Fund	Leave Reserve Fund	Apparatus Reserve Fund	Total Funds
ASSETS				
Cash and cash equivalents	\$ 8,797,251	\$ 250,000	\$ 575,000	\$ 9,622,251
Receivables, net:				
Property taxes receivable	648,015	-	-	648,015
Other receivables	1,036,344	-	-	1,036,344
Prepaid expenses	37,452	-	-	37,452
Total assets	<u>\$10,519,062</u>	<u>\$ 250,000</u>	<u>\$ 575,000</u>	<u>\$ 11,344,062</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 260,421	\$ -	\$ -	\$ 260,421
Unearned revenue - grants	1,151,314	-	-	1,151,314
Total liabilities	<u>1,411,735</u>	<u>-</u>	<u>-</u>	<u>1,411,735</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	529,453	-	-	529,453
Unavailable revenue - EMS	288,983	-	-	288,983
Total deferred inflows of resources	<u>818,436</u>	<u>-</u>	<u>-</u>	<u>818,436</u>
Fund Balances:				
Nonspendable - prepaids	37,452	-	-	37,452
Assigned for subsequent year's budget appropriation of fund balance	3,030,000	-	-	3,030,000
Unassigned	5,221,439	250,000	575,000	6,046,439
Total fund balances	<u>8,288,891</u>	<u>250,000</u>	<u>575,000</u>	<u>9,113,891</u>
Total liabilities, deferred inflows, and fund balances	<u>\$10,519,062</u>	<u>\$ 250,000</u>	<u>\$ 575,000</u>	<u>\$ 11,344,062</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1**GENERAL FUND****COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
OTHER FINANCING SOURCES (USES) AND CHANGE IN FUND BALANCE****FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Leave Reserve Fund	Apparatus Reserve Fund	Eliminations	Total Funds
REVENUES					
Property taxes	\$ 10,775,997	\$ -	\$ -	\$ -	\$ 10,775,997
Fire revenue	22,006	-	-	-	22,006
Administrative fee	710	-	-	-	710
Grants	524,708	-	-	-	524,708
EMS	4,024,430	-	-	-	4,024,430
Transport/Standby/Hwy Assistance	85,295	-	-	-	85,295
FireMed subscription	40,192	-	-	-	40,192
Donations	248	-	-	-	248
Interest	586,240	-	-	-	586,240
Lease revenue	46,000	-	-	-	46,000
Miscellaneous	31,494	-	-	-	31,494
TOTAL REVENUES	16,137,320	-	-	-	16,137,320
EXPENDITURES					
Current:					
Public safety	14,956,511	-	-	-	14,956,511
Capital outlay	756,372	-	-	-	756,372
TOTAL EXPENDITURES	15,712,883	-	-	-	15,712,883
EXCESS OF REVENUES OVER EXPENDITURES	424,437	-	-	-	424,437
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of surplus assets	251	-	-	-	251
Lease inception	16,681	-	-	-	16,681
Transfers in	-	-	150,000	(150,000)	-
Transfers out	(250,000)	-	-	150,000	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	(233,068)	-	150,000	-	(83,068)
NET CHANGE IN FUND BALANCE	191,369	-	150,000	-	341,369
FUND BALANCE, beginning of year	8,097,522	250,000	425,000	-	8,772,522
FUND BALANCE, end of year	\$ 8,288,891	\$ 250,000	\$ 575,000	\$ -	\$ 9,113,891

KLAMATH COUNTY FIRE DISTRICT NO. 1

LEAVE RESERVE FUND

**SCHEDULE OF EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2024

	Original/Final Budget	Actual	Variance
EXPENDITURES			
Leave reserve expenditures	\$ 150,000	\$ -	\$ 150,000
Reserve for future expenditure	100,000	-	100,000
NET CHANGE IN FUND BALANCE	(250,000)	-	250,000
FUND BALANCE , beginning of year	250,000	250,000	-
FUND BALANCE , end of year	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>

KLAMATH COUNTY FIRE DISTRICT NO. 1

APPARATUS RESERVE FUND

**SCHEDULE OF EXPENDITURES, OTHER FINANCING SOURCE
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2024

	Original/Final Budget	Actual	Variance
EXPENDITURES			
Apparatus capital outlay	\$ 250,000	\$ -	\$ 250,000
Reserve for future expenditure	325,000	-	325,000
TOTAL EXPENDITURES	575,000	-	575,000
OTHER FINANCING SOURCE			
Transfers in	150,000	150,000	-
TOTAL OTHER FINANCING SOURCE	150,000	150,000	-
NET CHANGE IN FUND BALANCE	(425,000)	150,000	575,000
FUND BALANCE , beginning of year	425,000	425,000	-
FUND BALANCE , end of year	\$ -	\$ 575,000	\$ 575,000

COMPLIANCE SECTION



Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Board of Directors
Klamath County Fire District No. 1
Klamath Falls, Oregon

We have audited the financial statements of the governmental activities and each major fund of Klamath County Fire District No. 1, Klamath Falls, Oregon (the District), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2024. 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control and have communicated them in a separate letter to management dated November 19, 2024 that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We identified a certain deficiency in internal control as communicated in a separate letter to management dated November 19, 2024 that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control as communicated in a separate letter to management dated November 19, 2024 that we consider to be a significant deficiency.

Purpose of This Report

This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kosvold & Warwick, LLP

Portland, Oregon
November 19, 2024