

**CORVALLIS RURAL FIRE
PROTECTION DISTRICT**
Corvallis, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2025



CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

DISTRICT OFFICIALS

June 30, 2025

BOARD OF DIRECTORS

Heidi Hagler, Chair
Corvallis, Oregon 97330

Robert Conder, Vice Chair
Corvallis, Oregon 97330

Alex Polikoff, Secretary
Corvallis, Oregon 97330

Anthony O'Donahue, Treasurer
Corvallis, Oregon 97330

John Taylor
Corvallis, Oregon 97330

REGISTERED AGENT

Heidi Hagler
Locke Fire Station
544 NW Lewisburg Avenue
Corvallis, Oregon 97330

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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FINANCIAL SECTION

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

INTRODUCTION

As management of Corvallis Rural Fire Protection District, Corvallis, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025, within the limitations of the District's modified cash basis. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2025, total net position of Corvallis Rural Fire Protection District amounted to \$7,129,247. Of this amount, \$1,939,217 was invested in capital assets and the remaining balance of \$5,190,030 was unrestricted.
- The District's total net position increased by \$384,211 during the current fiscal year.
- As recorded on the modified cash basis, overall revenues were \$2,915,062, which exceeded total expenses of \$2,530,851 by \$384,211.

OVERVIEW OF FINANCIAL STATEMENTS

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

Basis of Accounting

The District has elected to present its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities. Under the District's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

Government-Wide Financial Statements

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the cash flow related to the underlying event is received or expended.

The government-wide financial statements can be found on pages 10 through 11 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives.

All of the funds of Corvallis Rural Fire Protection District are governmental funds.

□ **Governmental Funds**

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

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

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

□ **Governmental Funds (Continued)**

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

The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This supplementary information can be found on page 29 through 31 of this report.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2025, the District's assets exceeded liabilities by \$7,129,247.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

District's Net Position - Modified Cash Basis

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position increased by \$384,211 during the current fiscal year.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

Condensed statement of net position information is shown below.

Condensed Statement of Net Position - Modified Cash Basis

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
Assets		
Current assets	\$ 5,190,030	\$ 5,511,020
Net capital assets	<u>1,939,217</u>	<u>1,250,276</u>
Total assets	<u>7,129,247</u>	<u>6,761,296</u>
Liabilities	<u>-</u>	<u>-</u>
Net position		
Invested in capital assets	1,939,217	1,250,276
Unrestricted	<u>5,190,030</u>	<u>5,511,020</u>
Total net position	<u>\$ 7,129,247</u>	<u>\$ 6,761,296</u>

District’s Changes in Net Position – Modified Cash Basis

The condensed statement of activities information shown below explains changes in net position resulting from modified cash basis transactions.

Condensed Statement of Activities - Modified Cash Basis

	Governmental Activities	
	<u>2025</u>	<u>2024</u>
General revenues		
Property taxes	\$ 2,624,452	\$ 2,580,578
Investment earnings	277,636	278,219
Gain on sale of capital assets	-	3,525
Miscellaneous	<u>12,974</u>	<u>1,125</u>
Total revenues	2,915,062	2,863,447
Program expenses		
Fire protection	<u>2,530,851</u>	<u>2,572,835</u>
Change in net position	384,211	290,612
Net position - beginning of year, as restated	<u>6,745,036</u>	<u>6,454,424</u>
Net position - end of year	<u>\$ 7,129,247</u>	<u>\$ 6,745,036</u>

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$5,190,030. This amount included \$2,096,557 committed to building projects, and \$2,085,587 committed to equipment purchases. The remaining \$1,007,886 constitutes unassigned fund balance available for spending at the District's discretion.

BUDGETARY HIGHLIGHTS: GENERAL FUND

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2025, include:

- Investment earnings were budgeted for \$50,000. Actual revenues were \$63,890 (27.8% over budget) due to interest rate fluctuations beyond those the District had projected.
- Miscellaneous revenues were budgeted for \$2,000. Actual revenues were \$12,974 (548.7% over budget) due to the unpredictability of if or how District vehicles were utilized in supporting state designated conflagrations from where this income derives.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$1,939,217, net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, apparatus and accessories, and furniture and equipment. The total depreciation expense related to the District's investment in capital assets for its governmental activities during the current fiscal year was \$131,778.

Additional information on the District's capital assets can be found in Note III-B on pages 24 through 25 of this report.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2025

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

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

- Economic factors, such as inflation and interest rates.
- Legislative changes that increase the District's responsibilities.
- Workforce changes may impact on how the District's services are provided.
- Environmental and community factors that may change the needs of the population the District serves.

These factors were considered in preparing the District's budget for fiscal year 2025-2026.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Corvallis Rural Fire Protection District, 544 NW Lewisburg Avenue, Corvallis, Oregon 97330.

BASIC FINANCIAL STATEMENTS

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 5,190,030
Total current assets	<u>5,190,030</u>
Capital assets	
Land	55,630
Construction in progress	5,051
Capital assets, net of accumulated depreciation	<u>1,878,536</u>
Total capital assets	<u>1,939,217</u>
Total assets	<u>7,129,247</u>
LIABILITIES	
Current liabilities	<u>-</u>
NET POSITION	
Invested in capital assets	1,939,217
Unrestricted	<u>5,190,030</u>
Total net position	<u>\$ 7,129,247</u>

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<u>Governmental Activities</u>				
Governmental activities				
Fire protection	\$ 2,530,851	\$ -	\$ -	\$ (2,530,851)
General revenues				
Property taxes				2,624,452
Investment earnings				277,636
Miscellaneous				12,974
Total general revenues				<u>2,915,062</u>
Change in net position				384,211
Net position - beginning, as restated				<u>6,745,036</u>
Net position - ending				<u>\$ 7,129,247</u>

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Projects Funds		Total Governmental Funds
		Capital Reserve	Equipment Reserve	
ASSETS				
Cash and cash equivalents	\$ 1,007,886	\$ 2,096,557	\$ 2,085,587	\$ 5,190,030
Total assets	<u>\$ 1,007,886</u>	<u>\$ 2,096,557</u>	<u>\$ 2,085,587</u>	<u>\$ 5,190,030</u>
FUND BALANCES				
Fund balances				
Committed	-	2,096,557	2,085,587	4,182,144
Unassigned	<u>1,007,886</u>	-	-	<u>1,007,886</u>
Total fund balances	<u>1,007,886</u>	<u>2,096,557</u>	<u>2,085,587</u>	<u>5,190,030</u>
Total liabilities and fund balances	<u>\$ 1,007,886</u>	<u>\$ 2,096,557</u>	<u>\$ 2,085,587</u>	<u>\$ 5,190,030</u>

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

June 30, 2025

Total fund balances		\$ 5,190,030
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	4,098,457	
Accumulated depreciation	<u>(2,159,240)</u>	<u>1,939,217</u>
Net position of governmental activities		<u>\$ 7,129,247</u>

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2025

	General Fund	Capital Projects Funds		Total Governmental Funds
		Capital Reserve	Equipment Reserve	
REVENUES				
Property taxes	\$ 2,624,452	\$ -	\$ -	\$ 2,624,452
Investment earnings	63,890	99,674	114,072	277,636
Miscellaneous	12,974	-	-	12,974
Total revenues	2,701,316	99,674	114,072	2,915,062
EXPENDITURES				
Current				
Fire protection	2,397,073	-	-	2,397,073
Capital outlay	-	58,867	763,852	822,719
Total expenditures	2,397,073	58,867	763,852	3,219,792
Excess (deficiency) of revenues over (under) expenditures	304,243	40,807	(649,780)	(304,730)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	120,000	120,000
Transfers out	(120,000)	-	-	(120,000)
Total other financing sources (uses)	(120,000)	-	120,000	-
Net change in fund balances	184,243	40,807	(529,780)	(304,730)
Fund balances - beginning, as restated	823,643	2,055,750	2,615,367	5,494,760
Fund balances - ending	\$ 1,007,886	\$ 2,096,557	\$ 2,085,587	\$ 5,190,030

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

For the Year Ended June 30, 2025

Net change in fund balances \$ (304,730)

Amounts reported for governmental activities on the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, on the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Expenditures for capital assets	820,719	
Current year depreciation	<u>(131,778)</u>	<u>688,941</u>

Change in net position \$ 384,211

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

NOTES TO BASIC FINANCIAL STATEMENTS

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Corvallis Rural Fire Protection District surrounds the greater Corvallis area providing fire suppression and fire prevention services through a contract with the City of Corvallis Fire Department (CFD). These services are delivered from the four city-owned fire stations and one District-owned facility, Locke Fire Station. The city-owned fire stations are professionally staffed, while Locke Fire Station is run by a CFD Lieutenant who oversees up to twelve resident volunteers and two non-resident volunteers.

Corvallis Rural Fire Protection District is managed by a five-member board of directors. Each director is elected to a position for a four-year term. The positions are filled on an at-large basis by staggered elections every two years.

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 of the activities of the District.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges for goods and services provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

1. Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting described below.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

1. Measurement Focus (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period.

2. Basis of Accounting

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

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

If the district utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide fund financial statements would be presented on the accrual basis of accounting.

3. Financial statements Presentation

The District reports on the following major governmental funds:

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes. Expenditures are primarily for fire protection and administrative support.

Capital Projects Funds

Capital Reserve Fund – The Capital Reserve Fund accounts for funds set aside for capital improvements. The primary sources of revenue are investment earnings and transfers from the General Fund.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

3. Financial statements Presentation (Continued)

Equipment Reserve Fund – The Equipment Reserve Fund accounts for the setting aside of funds for the purchase of firefighting apparatus and equipment. The primary sources of revenue are investment earnings and transfers from the General Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

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

1. Deposits and Investments

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

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

2. Property Taxes

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

3. Capital Assets

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

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and equipment	4-12
Land improvements	10-20
Apparatus	10-20
Buildings and additions	40

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, Net Position, and Fund Balance (Continued)

4. Fund Balance

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

- Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Commitment or assignment of fund balance is accomplished through adoption of a resolution or ordinance by the board of directors. Further, commitments and assignments of fund balance may be modified or rescinded only through approval of the board of directors via resolution or ordinance. Authority to assign fund balance has been granted to the budget officer.

The District's minimum fund balance policy specifies that a reserve of 3% of budgeted General Fund expenditures and other financing uses be maintained to safeguard the District's financial stability.

E. Use of Estimates

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line-item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapses at year end.

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Corvallis Rural Fire Protection District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

The Oregon State Treasury administers the LGIP. The LGIP is an open-ended, no-load, diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares.

Credit Risk

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

Investments

As of June 30, 2025, the District had the following investments:

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	\$ 5,135,610

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Concentration of Credit Risk

The District's board of directors will not invest District funds in any financial institution outside of federally insured banks, savings and loan associations, or the Oregon State Treasury's Pool account. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds an account at US Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts. At June 30, 2025, the District's total deposits of \$62,810 were fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2025, are as follows:

Checking account	\$ 54,420
Total investments	<u>5,135,610</u>
Total deposits and investments	<u>\$ 5,190,030</u>

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. Deposits and Investments (Continued)

Deposits (Continued)

Cash and investments by fund:

Governmental activities	
General Fund	\$ 1,007,886
Capital Reserve Fund	2,096,557
Equipment Reserve Fund	<u>2,085,587</u>
Total cash and investments	<u>\$ 5,190,030</u>

B. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 55,630	\$ -	\$ -	\$ 55,630
Construction in progress	-	5,051	-	5,051
Total capital assets not being depreciated	<u>55,630</u>	<u>5,051</u>	<u>-</u>	<u>60,681</u>
Capital assets being depreciated				
Buildings	1,660,938	-	-	1,660,938
Land improvements	295,464	26,645	3,698	318,411
Apparatus and accessories	1,094,743	763,852	-	1,858,595
Furniture and equipment	<u>174,661</u>	<u>25,171</u>	<u>-</u>	<u>199,832</u>
Total capital assets being depreciated	<u>3,225,806</u>	<u>815,668</u>	<u>3,698</u>	<u>4,037,776</u>
Less accumulated depreciation for				
Buildings	(824,691)	(43,794)	-	(868,485)
Land improvements	(124,903)	(11,627)	3,698	(132,832)
Apparatus and accessories	(1,042,172)	(62,769)	-	(1,104,941)
Furniture and equipment	<u>(39,394)</u>	<u>(13,588)</u>	<u>-</u>	<u>(52,982)</u>
Total accumulated depreciation	<u>(2,031,160)</u>	<u>(131,778)</u>	<u>3,698</u>	<u>(2,159,240)</u>
Total capital assets being depreciated, net	<u>1,194,646</u>	<u>683,890</u>	<u>7,396</u>	<u>1,878,536</u>
Governmental activities capital assets, net	<u>\$ 1,250,276</u>	<u>\$ 688,941</u>	<u>\$ 7,396</u>	<u>\$ 1,939,217</u>

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Capital Assets (Continued)

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 55,630	\$ -	\$ 55,630
Construction In Progress	5,051	-	5,051
Buildings	1,660,938	(868,485)	792,453
Land improvements	318,411	(132,832)	185,579
Apparatus and accessories	1,858,595	(1,104,941)	753,654
Furniture and equipment	199,832	(52,982)	146,850
Total capital assets	\$ 4,098,457	\$ (2,159,240)	\$ 1,939,217

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

Governmental activities	
Fire protection	\$ 131,778

C. Interfund Transfers

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

	Capital Reserve Fund	Transfers in: Equipment Reserve Fund	Total
Transfers out:			
General Fund	\$ -	\$ 120,000	\$ 120,000

The primary purpose of the interfund transfers in was to provide funds for future capital improvements and purchases of equipment.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

D. Constraints on Fund Balances

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

	General Fund	Capital Reserve Fund	Equipment Reserve Fund	Total Governmental Funds
Fund balances:				
Committed to:				
Building projects	-	2,096,557	-	2,096,557
Equipment purchases	-	-	2,085,587	2,085,587
Unassigned	1,007,886	-	-	1,007,886
Total fund balances	\$ 1,007,886	\$ 2,096,557	\$ 2,085,587	\$ 5,190,030

IV. OTHER INFORMATION

A. Risk Management

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

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

B. Restatement disclosure

The District has restated beginning net position and fund balance to adjust to the modified cash basis of accounting. Beginning balances were restated as follows:

Government-Wide Statements	
	Governmental Activites
Net position - beginning, as originally reported July 1, 2024	\$ 6,801,381
To remove accrued balances because of change in accounting method	<u>(56,345)</u>
Net position - beginning, as restated July 1, 2024	<u>\$ 6,745,036</u>
GAAP Basis Statements	
	General Fund
Fund balance - beginning, as originally reported July 1, 2024	\$ 818,516
To remove accrued balances because of change in accounting method	<u>5,127</u>
Fund balance - beginning, as restated	<u>\$ 823,643</u>
Budget Basis Statements	
	General Fund
Fund balance - beginning, as originally reported July 1, 2024	807,383
To remove accrued balances because of change in accounting method	<u>16,260</u>
Fund balance - beginning, as restated	<u>\$ 823,643</u>

C. Tax Abatements

The District did not have tax abatements for the year ended June 30, 2025.

D. Commitment

Corvallis Rural Fire Protection District has committed to purchasing a tender costing approximately \$500,000. The Tender is expected to arrive in 2026.

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

E. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements that have future effective dates that will impact future financial presentations. Management has not currently determined what impact implementation of the following statements will have on future financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its fiscal year ending June 30, 2026. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

D. Subsequent Events

Management has evaluated subsequent events through **Date Rep Letter**, which was the date that the financial statements were available to be issued.

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SUPPLEMENTARY INFORMATION

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash	
REVENUES					
Property taxes	\$ 2,800,000	\$ (175,548)	\$ 2,624,452	\$ -	\$ 2,624,452
Investment earnings	50,000	13,890	63,890	-	63,890
Miscellaneous	2,000	10,974	12,974	-	12,974
Total revenues	<u>2,852,000</u>	<u>(150,684)</u>	<u>2,701,316</u>	<u>-</u>	<u>2,701,316</u>
EXPENDITURES					
Current					
Fire protection	2,970,950	(573,877)	2,397,073	-	2,397,073
Capital outlay	10,000	(10,000)	-	-	-
Contingency	100,000	(100,000)	-	-	-
Total expenditures	<u>3,080,950</u>	<u>(683,877)</u>	<u>2,397,073</u>	<u>-</u>	<u>2,397,073</u>
Excess (deficiency) of revenues over (under) expenditures	(228,950)	533,193	304,243	-	304,243
OTHER FINANCING SOURCES (USES)					
Transfers out	(120,000)	-	(120,000)	-	(120,000)
Net change in fund balance	(348,950)	533,193	184,243	-	184,243
Fund balance - beginning, as restated	<u>746,500</u>	<u>77,143</u>	<u>823,643</u>	<u>-</u>	<u>823,643</u>
Fund balance - ending	<u>\$ 397,550</u>	<u>\$ 610,336</u>	<u>\$ 1,007,886</u>	<u>\$ -</u>	<u>\$ 1,007,886</u>

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

CAPITAL RESERVE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash	
REVENUES					
Investment earnings	\$ 50,000	\$ 49,674	\$ 99,674	\$ -	\$ 99,674
EXPENDITURES					
Capital outlay	<u>2,150,000</u>	<u>(2,091,133)</u>	<u>58,867</u>	<u>-</u>	<u>58,867</u>
Excess (deficiency) of revenues over (under) expenditures	(2,100,000)	2,140,807	40,807	-	40,807
OTHER FINANCING SOURCES (USES)					
Net change in fund balance	<u>(2,100,000)</u>	<u>2,140,807</u>	<u>40,807</u>	<u>-</u>	<u>40,807</u>
Fund balance - beginning	<u>2,100,000</u>	<u>(44,250)</u>	<u>2,055,750</u>	<u>-</u>	<u>2,055,750</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,096,557</u>	<u>\$ 2,096,557</u>	<u>\$ -</u>	<u>\$ 2,096,557</u>

CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

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

EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2025

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjusted Cash	
REVENUES					
Investment earnings	\$ 50,000	\$ 64,072	\$ 114,072	\$ -	\$ 114,072
EXPENDITURES					
Capital outlay	<u>2,710,000</u>	<u>(1,946,148)</u>	<u>763,852</u>	<u>-</u>	<u>763,852</u>
Excess (deficiency) of revenues over (under) expenditures	(2,660,000)	2,010,220	(649,780)	-	(649,780)
OTHER FINANCING SOURCES (USES)					
Transfers in	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Net change in fund balance	(2,540,000)	2,010,220	(529,780)	-	(529,780)
Fund balance - beginning	<u>2,540,000</u>	<u>75,367</u>	<u>2,615,367</u>	<u>-</u>	<u>2,615,367</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,085,587</u>	<u>\$ 2,085,587</u>	<u>\$ -</u>	<u>\$ 2,085,587</u>

OTHER FINANCIAL SCHEDULES

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

SCHEDULE OF CASH RECEIPTS AND TURNOVERS - ELECTED OFFICIALS

BOARD MEMBER - TREASURER

For the Year Ended June 30, 2025

	<u>Treasurer</u>
Cash, June 30, 2024	\$ -
Receipts	
Miscellaneous	12,974
Turnovers	
District	<u>12,974</u>
Cash, June 30, 2025	<u><u>\$ -</u></u>

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CORVALLIS RURAL FIRE PROTECTION DISTRICT
Corvallis, Oregon

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2025

Tax Year	Taxes Receivable July 1, 2024	2024-2025 Levy	Adjustments	Collections	Taxes Receivable June 30, 2025
Benton County					
2024-2025	\$ -	\$ 2,321,480	\$ (68,396)	\$ 2,222,520	\$ 30,564
2023-2024	28,592	-	(496)	18,327	9,769
2022-2023	8,963	-	(207)	3,642	5,114
2021-2022	4,268	-	(60)	1,842	2,366
2020-2021	2,319	-	(136)	1,491	692
2019-2020	794	-	(55)	192	547
2018-2019	374	-	(8)	87	279
Prior	604	-	474	96	982
Subtotal - Prior	45,914	-	(488)	25,677	19,749
Total Benton County	45,914	2,321,480	(68,884)	2,248,197	50,313
Linn County					
2024-2025	-	401,444	(10,932)	382,257	8,255
2023-2024	7,952	-	(203)	3,882	3,867
2022-2023	3,806	-	(85)	1,357	2,364
2021-2022	2,058	-	(57)	1,126	875
2020-2021	892	-	(47)	593	252
2019-2020	250	-	(48)	43	159
2018-2019	113	-	(3)	40	70
Prior	433	-	-	53	380
Subtotal - Prior	15,504	-	(443)	7,094	7,967
Total Linn County	15,504	401,444	(11,375)	389,351	16,222
Total	<u>\$ 61,418</u>	<u>\$ 2,722,924</u>	<u>\$ (80,259)</u>	2,637,548	<u>\$ 66,535</u>
Add:					
Other taxes and interest				(13,096)	
Undistributed taxes with counties, July 1, 2024				<u>-</u>	
Total available				2,624,452	
Less: Turnovers to District				<u>(2,624,452)</u>	
Undistributed taxes with counties, June 30, 2025				<u>\$ -</u>	