



**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2022



436 1<sup>st</sup> Avenue W • P.O. Box 1072  
Albany, Oregon 97321 • (541) 223-5555

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**DISTRICT OFFICIALS**

June 30, 2022

**BOARD OF DIRECTORS**

Nathan Starr, President

David Pike, Vice President

John Brooks, Secretary-Treasurer

Carolyn Chase, Director

Mark Laucks, Director

*\*All board members receive mail at the District's address listed below.*

**ADMINISTRATION**

Chad LaVallee, Fire Chief

Bob Kathman, Registered Agent

**DISTRICT ADDRESS**

25889 Alfalfa Market Road  
Bend, Oregon 97701

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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**FINANCIAL SECTION**



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors  
Alfalfa Fire District  
Bend, Oregon 97701

We have reviewed the accompanying modified cash basis financial statements of the governmental activities and each major fund of Alfalfa Fire District, Deschutes County, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of Alfalfa Fire District, Deschutes County, Oregon. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

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

### **Accountant's Responsibility**

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

We are required to be independent of Alfalfa Fire District, Deschutes County, Oregon, and to meet our ethical responsibilities in accordance with the relevant ethical requirements related to our review.

### **Accountant's Conclusion**

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

### **Emphasis of Matter – Basis of Accounting**

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

### **Emphasis of Matter – Change in Accounting Principle**

As described in the notes to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance: Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. Our opinions are not modified with respect to this matter.

### **Supplementary Information**

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting. The budgetary comparison information and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the review procedures applied in the review of the basic financial statements. We are not aware of any material modifications that should be made to the information in order for it to be in accordance with the modified cash basis of accounting. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
November 18, 2025

## **BASIC FINANCIAL STATEMENTS**

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2022

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	<u>\$      72,339</u>
Noncurrent assets	
Capital assets not being depreciated	559,526
Capital assets being depreciated, net	<u>135,354</u>
Total noncurrent assets	<u>694,880</u>
Total assets	<u>767,219</u>
<b>LIABILITIES</b>	
Current liabilities	
Long-term liabilities, current portion	32,000
Long-term liabilities, less current portion	<u>213,000</u>
Total liabilities	<u>245,000</u>
<b>NET POSITION</b>	
Net investment in capital assets	449,880
Unrestricted	<u>72,339</u>
Total net position	<u><u>\$      522,219</u></u>

See accompanying notes and independent accountant's review report.



**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expenses) Revenues and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities					
Public safety	<u>\$ 216,332</u>	<u>\$ 16,615</u>	<u>\$ -</u>	<u>\$ 33,182</u>	<u>\$ (166,535)</u>
General revenues					
Property taxes levied for general purposes					163,393
Investment earnings					9
Gain on sale of assets					9,999
Miscellaneous					<u>26,250</u>
Total general revenues					<u>199,651</u>
Change in net position					33,116
Net position - beginning, as restated					<u>489,103</u>
Net position - ending					<u>\$ 522,219</u>

See accompanying notes and independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2022

		Capital Projects Funds		
	General	Building	Equipment	Total
	Fund	Reserve	Reserve	Governmental
	Fund	Fund	Fund	Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 55,340	\$ 2,000	\$ 14,999	\$ 72,339
<b>FUND BALANCES</b>				
Committed	\$ -	\$ 2,000	\$ 14,999	\$ 16,999
Unassigned	55,340	-	-	55,340
Total fund balances	\$ 55,340	\$ 2,000	\$ 14,999	\$ 72,339

See accompanying notes and independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

June 30, 2022

<b>Total fund balances</b>		\$ 72,339
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	773,521	
Accumulated depreciation	<u>(78,641)</u>	694,880
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Note payable		<u>(245,000)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 522,219</u></u>

See accompanying notes and independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	General Fund	Capital Projects Funds		Total Governmental Funds
		Building Reserve Fund	Equipment Reserve Fund	
<b>REVENUES</b>				
Property taxes	\$ 163,393	\$ -	\$ -	\$ 163,393
Investment earnings	9	-	-	9
Charges for services	16,615	-	-	16,615
Grants and contributions	33,182	-	-	33,182
Miscellaneous	750	-	-	750
Total revenues	213,949	-	-	213,949
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	55,007	-	-	55,007
Materials and services	109,985	-	-	109,985
Debt service	38,950	-	-	38,950
Capital outlay	45,949	-	-	45,949
Total expenditures	249,891	-	-	249,891
Excess (deficiency) of revenues over (under) expenditures	(35,942)	-	-	(35,942)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	25,500	-	9,999	35,499
Net change in fund balances	(10,442)	-	9,999	(443)
Fund balances - beginning	65,782	2,000	5,000	72,782
Fund balances - ending	\$ 55,340	\$ 2,000	\$ 14,999	\$ 72,339

See accompanying notes and independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

For the Year Ended June 30, 2022

<b>Net change in fund balances</b>	\$ (443)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital asset purchases	32,088	
Disposals, net	(9,085)	
Depreciation expense recorded in the current year	<u>(20,444)</u>	2,559

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceeded proceeds.

Debt principal paid		<u>31,000</u>
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<b>Change in net position</b>		<u><u>\$ 33,116</u></u>
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See accompanying notes and independent accountant's review report.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported by the District.

**B. Reporting Entity**

Alfalfa Fire District was formed under the authority of Oregon Revised Statutes (ORS) Chapter 478. The District enhances community safety through fire response, emergency medical services (EMS), community education, and fire prevention within the boundaries of the District. The administration of the day-to-day affairs of the District is the responsibility of the Fire Chief. The District is governed by a five-member board of directors elected from the District at large.

**C. Basis of Presentation - Government-Wide Financial Statements**

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

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes and grants.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

Capital Projects Funds

*Building Reserve Fund* – The Building Reserve Fund accounts for money set aside for improvements, major repairs, and replacement of the District’s fire station.

*Equipment Reserve Fund* – The Equipment Reserve Fund accounts for money set aside for the acquisition and replacement of the District’s vehicles, equipment, and fire apparatus.

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

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

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



**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

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

**F. Budgetary Information**

Annual budgets are adopted on the cash basis of accounting. 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.

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, contingencies, and interfund transfers 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. A supplemental budget less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors.

Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year end.

Budget amounts shown in the financial statements reflect the original budget amounts and six approved appropriation changes.

**G. Assets, Liabilities, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**2. Capital Assets**

Capital assets resulting from cash transactions, 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.

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.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-10
Vehicles	10
Buildings and improvements	20

**3. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations arising from cash basis transactions are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Management has determined that the bonds outstanding method approximates the effective interest method.

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

**4. Net Position Flow Assumption**

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

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**5. Fund Balance Flow Assumption**

Sometimes, the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**6. Fund Balance Policies**

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

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of directors has, by resolution, authorized the Fire Chief to assign fund balance. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District reports fund 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.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

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

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

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

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

**I. Use of Estimates**

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

The District expended funds in excess of the amounts appropriated, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the year ended June 30, 2022:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	Materials and services	\$ 57,797	\$ 109,985	\$ 52,188
General Fund	Debt service	38,844	38,950	106

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

Alfalfa Fire 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.

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 First Interstate Bank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts. At June 30, 2022, the District's total deposits of \$72,659 were fully insured by the FDIC.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Deposits

The District's deposits and investments at June 30, 2022 are as follows:

Checking accounts	\$ <u>72,339</u>
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Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 55,340
Building Reserve Fund	2,000
Equipment Reserve Fund	<u>14,999</u>
Total governmental activities	<u>\$ 72,339</u>

**B. Capital Assets**

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2022 was as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 26,196	\$ -	\$ -	\$ 26,196
Construction in progress	<u>530,385</u>	<u>2,945</u>	<u>-</u>	<u>533,330</u>
Total capital assets not being depreciated	<u>556,581</u>	<u>2,945</u>	<u>-</u>	<u>559,526</u>
Capital assets being depreciated				
Buildings and improvements	13,379	-	-	13,379
Equipment	118,899	16,409	-	135,308
Vehicles	<u>66,030</u>	<u>12,734</u>	<u>(13,456)</u>	<u>65,308</u>
Total capital assets being depreciated	<u>198,308</u>	<u>29,143</u>	<u>(13,456)</u>	<u>213,995</u>
Less accumulated depreciation for				
Buildings and improvements	(1,865)	(669)	-	(2,534)
Equipment	(35,495)	(13,332)	-	(48,827)
Vehicles	<u>(25,208)</u>	<u>(6,443)</u>	<u>4,371</u>	<u>(27,280)</u>
Total accumulated depreciation	<u>(62,568)</u>	<u>(20,444)</u>	<u>4,371</u>	<u>(78,641)</u>
Total capital assets being depreciated, net	<u>135,740</u>	<u>8,699</u>	<u>(9,085)</u>	<u>135,354</u>
Governmental activities capital assets, net	<u>\$ 692,321</u>	<u>\$ 11,644</u>	<u>\$ (9,085)</u>	<u>\$ 694,880</u>

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 26,196	\$ -	\$ 26,196
Construction in progress	533,330	-	533,330
Buildings and improvements	13,379	(2,534)	10,845
Equipment	135,308	(48,827)	86,481
Vehicles	65,308	(27,280)	38,028
	<u>773,521</u>	<u>(78,641)</u>	<u>694,880</u>
Total governmental activities capital assets	\$ <u>773,521</u>	\$ <u>(78,641)</u>	\$ <u>694,880</u>

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

Governmental activities	
Public safety	\$ <u>20,444</u>

**C. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities:**

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Zion Full Faith and Credit							
Note, Series 2017	2.89%	\$ <u>363,000</u>	\$ <u>276,000</u>	\$ <u>-</u>	\$ <u>31,000</u>	\$ <u>245,000</u>	\$ <u>32,000</u>

**2. Zion Full Faith and Credit Note, Series 2017**

On August 15, 2017, The District obtained financing from Zion Bank in the amount of \$363,000 for the construction of the District's fire station. The full faith and credit of the District is pledged as collateral. Interest is fixed at 2.89% and due semiannually on December 15 and June 15. Principal is due annually on December 15. The General Fund has traditionally been used to liquidate this liability.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**3. Future Maturities of Long-Term Debt**

Year Ending June 30	Full Faith and Credit Note	
	Principal	Interest
2023	\$ 32,000	\$ 6,617
2024	33,000	5,678
2025	34,000	4,711
2026	35,000	3,714
2027	36,000	3,408
2028-2029	<u>75,000</u>	<u>3,266</u>
Total	<u>\$ 245,000</u>	<u>\$ 27,394</u>

**4. Interest Expense**

The District's interest expense for the year ended June 30, 2022 amounted to \$7,950.

**D. Constraints on Fund Balances**

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

	General Fund	Capital Projects Funds		Total Governmental Funds
		Building Reserve Fund	Equipment Reserve Fund	
Fund balances:				
Committed to:				
Capital acquisition	\$ -	\$ 2,000	\$ 14,999	\$ 16,999
Unassigned	<u>55,340</u>	<u>-</u>	<u>-</u>	<u>55,340</u>
Total fund balances	<u>\$ 55,340</u>	<u>\$ 2,000</u>	<u>\$ 14,999</u>	<u>\$ 72,339</u>

**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.



**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2022

**B. Restatement**

The District restated beginning net position as follows:

Government-Wide Basis	Governmental Activities
Net position - beginning, as originally reported	\$ 496,800
To adjust fixed asset book cost to remove fire engine inadvertently recorded as capital	(8,000)
To adjust accumulated depreciation	303
Net position- beginning, as restated	\$ 489,103

**C. New Pronouncements**

For the fiscal year ended June 30, 2022, the District implemented the following new accounting standards:

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

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

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

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

**D. Subsequent Events**

Management has evaluated subsequent events through November 18, 2025, which was the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>				
Property taxes	\$ 147,077	\$ 147,077	\$ 16,316	\$ 163,393
Investment earnings	70	70	(61)	9
Charges for services	-	16,615	-	16,615
Grants and contributions	104,100	139,100	(105,918)	33,182
Miscellaneous	-	-	750	750
Total revenues	<u>251,247</u>	<u>302,862</u>	<u>(88,913)</u>	<u>213,949</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	59,000	94,000	(38,993)	55,007
Materials and services	47,982	57,797	52,188	109,985
Debt service	38,844	38,844	106	38,950
Capital outlay	122,421	135,421	(89,472)	45,949
Contingency	<u>30,000</u>	<u>23,800</u>	<u>(23,800)</u>	<u>-</u>
Total expenditures	<u>298,247</u>	<u>349,862</u>	<u>(99,971)</u>	<u>249,891</u>
Excess (deficiency) of revenues over (under) expenditures	(47,000)	(47,000)	11,058	(35,942)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of assets	<u>-</u>	<u>-</u>	<u>25,500</u>	<u>25,500</u>
Net change in fund balance	(47,000)	(47,000)	36,558	(10,442)
Fund balance - beginning	<u>55,000</u>	<u>55,000</u>	<u>10,782</u>	<u>65,782</u>
Fund balance - ending	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 47,340</u>	<u>\$ 55,340</u>

See independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

BUILDING RESERVE FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balance - beginning	2,000	-	2,000
Fund balance - ending	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>

See independent accountant's review report.

**ALFALFA FIRE DISTRICT**  
**Deschutes County, Oregon**

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

EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES</b>				
Sale of assets	-	9,999	-	9,999
Net change in fund balance	-	9,999	-	9,999
Fund balance - beginning	5,000	5,000	-	5,000
Fund balance - ending	\$ 5,000	\$ 14,999	\$ -	\$ 14,999

See independent accountant's review report.

**REVIEW REPRESENTATIONS REQUIRED BY  
STATE REGULATIONS**

**ALFALFA FIRE DISTRICT**  
25889 Alfalfa Market Road  
Bend, Oregon 97701

**MANAGEMENT'S REPRESENTATION OF FISCAL AFFAIRS  
REQUIRED BY OREGON REGULATIONS**

Accuity, LLC  
Certified Public Accountants  
436 1<sup>st</sup> Avenue W  
Albany, Oregon 97321

Alfalfa Fire District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operations and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Reviews of Oregon Municipal Corporations (OAR 162, Division 40) including, but not limited to:

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

**Indebtedness limitations, restrictions, and 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)**

The management of Alfalfa Fire District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effect should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, except as follows:

1. The District expended funds in excess of the amounts appropriated, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the year ended June 30, 2022:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	Personnel services	\$ 94,000	\$ 115,921	\$ 21,921
General Fund	Debt service	38,844	38,950	106

Alfalfa Fire District and its board of directors were covered for the entire year ended June 30, 2022 by a \$20,000 bond.

  
Chad LaVallee, Fire Chief

11/18/25  
Date