UMATILLA COUNTY FIRE DISTRICT #1

Financial Statements and
Independent Auditors' Report

June 30, 2025

UMATILLA COUNTY FIRE DISTRICT #1

Board of Directors

	Term Expires
Ric Sherman, President	June 30, 2027
Mike Hawman, Vice-President	June 30, 2029
Jim Whelan, Secretary/Treasurer	June 30, 2029
Eldon Marcum, Director	June 30, 2027
Glenn Silaski, Director	June 30, 2027

Appointed Officials

Reta Larson, Board Clerk

Scott Stanton, Fire Chief

320 S. 1st St.
Hermiston, OR 97838
541-567-8822

UMATILLA COUNTY FIRE DISTRICT #1

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June 30, 2025

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Umatilla County Fire District #1
Hermiston, Oregon

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Umatilla County Fire District #1, as of and for the year ended June 30, 2025, and the related notes to the financial statements, and the respective budgetary comparison for the General Fund, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Umatilla County Fire District #1, as of June 30, 2025, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Umatilla County Fire District #1, 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.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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.

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 Umatilla County Fire District #1'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.

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, we:

- Exercise professional judgement 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 Umatilla County Fire District #1'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Umatilla County Fire District #1'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Umatilla County Fire District #1's basic financial statements. The supplementary information on page 39-41 is presented for the purpose 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 auditing standards generally accepted in the United States of America. In our opinion, the 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 statistical section and does not include the basic financial statements and our auditors' 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 fianancial 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 11, 2025, on our consideration of Umatilla County Fire District #1'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.

Anderson Boylan Ramos, P.C.

By: ______________________________

Mitchell L. Boylan, Shareholder
November 11, 2025

UMATILLA COUNTY FIRE DISTRICT #1

Statement of Net Position - Modified Cash Basis
June 30, 2025

	Governmental Activities
ASSETS:	
Cash and investments	$ 3,894,899
Capital assets not being depreciated:	
Construction in progress	5,292,157
Land	48,509
Capital assets being depreciated:	
Buildings and improvements, net of depreciation	6,443,071
Equipment and vehicles, net of depreciation	4,077,834
Total assets	19,756,470
LIABILITIES:	
Bonds payable:	
Due within one year	290,322
Due in more than one year	12,157,309
Total liabilities	12,447,631
NET POSITION:	
Net investment in capital assets	3,611,179
Restricted	229,866
Unrestricted	3,467,794
Total net position	$ 7,308,839

See accompanying independent auditors' report
and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Statement of Activities - Modified Cash Basis
Year Ended June 30, 2025

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Governmental activities:					
Emergency Services	$ 11,394,086	$ 4,257,478	$ 2,183,789	$ -	$ (4,952,819)
Interest on long-term debt, net of bond premium amortization	410,362	-	-	-	(410,362)
	$ 11,804,448	$ 4,257,478	$ 2,183,789	$ -	(5,363,181)
General revenues					
Property taxes					6,291,482
Investment income					273,431
Gain on sale of capital assets					24,500
Other revenues					101,475
Total general revenues					6,690,888
Change in net position					1,327,707
Net position - beginning					5,981,132
Net position - ending					$ 7,308,839

See accompanying independent auditors' report and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Debt Service Fund	Nonmajor Capital Outlay Reserve Fund	Total Governmental Funds
ASSETS:					
Cash and investments	$ 3,467,794	$ 197,239	$ 74,218	$ 155,648	$ 3,894,899
Due from other funds	452,641	-	-	-	452,641
Total assets	$ 3,920,435	$ 197,239	$ 74,218	$ 155,648	$ 4,347,540
LIABILITIES:					
Due to other funds	$ -	$ 452,641	$ -	$ -	$ 452,641
Total liabilities	-	452,641	-	-	452,641
FUND BALANCES (DEFICIT):					
Restricted	-	-	74,218	155,648	229,866
Unassigned	3,920,435	(255,402)	-	-	3,665,033
Total fund balances (deficit)	3,920,435	(255,402)	74,218	155,648	3,894,899
Total liabilities and fund balances	$ 3,920,435	$ 197,239	$ 74,218	$ 155,648	$ 4,347,540

See accompanying independent auditors' report
and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position - Modified Cash Basis June 30, 2025

Fund Balances - Governmental Funds		$ 3,894,899
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Capital assets at year-end consisted of:		
Land	$ 48,509	
Construction in progress	5,292,157	
Builidings and improvements	7,192,250	
Equipment and vehicles	8,147,499	
Less: Accumulated depreciation	(4,818,844)	
Total capital assets		15,861,571
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of:		
Bond premium, net	(667,631)	
General obligation bonds payable	(11,780,000)	
Total long-term liabilities		(12,447,631)
Net Position of Governmental Activities		$ 7,308,839

See accompanying independent auditors' report and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Nonmajor Debt Service Fund	Nonmajor Capital Outlay Reserve Fund	Total Governmental Funds
REVENUES:					
Property taxes	$ 5,623,112	$ -	$ 668,370	$ -	$ 6,291,482
Investment income	171,235	85,090	12,359	4,747	273,431
Charges for services	4,257,478	-	-	-	4,257,478
Intergovernmental	2,183,789	-	-	-	2,183,789
Other	101,475	124,636	-	-	226,111
Total revenues	12,337,089	209,726	680,729	4,747	13,232,291
EXPENDITURES:					
Personnel services	8,606,287	-	-	-	8,606,287
Materials and services	2,093,869	-	-	-	2,093,869
Debt service:					
Principal	-	-	220,000	-	220,000
Interest	-	-	450,684	-	450,684
Capital outlay	282,213	3,702,928	-	-	3,985,141
Total expenditures	10,982,369	3,702,928	670,684	-	15,355,981
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,354,720	(3,493,202)	10,045	4,747	(2,123,690)
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	24,500	-	-	-	24,500
Transfers in (out)	(100,000)	-	-	100,000	-
Total other financing sources (uses)	(75,500)	-	-	100,000	24,500
NET CHANGE IN FUND BALANCES	1,279,220	(3,493,202)	10,045	104,747	(2,099,190)
FUND BALANCES, BEGINNING	2,641,215	3,237,800	64,173	50,901	5,994,089
FUND BALANCES (DEFICIT), ENDING	$ 3,920,435	$ (255,402)	$ 74,218	$ 155,648	$ 3,894,899

See accompanying independent auditors' report and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis
Year Ended June 30, 2025

Net Change in Fund Balances - Governmental Funds		$ (2,099,190)
Amounts reported for government activities in the statement of activities are different because of the following:		
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		220,000
Governmental funds report the effect of bond premiums as other financing sources when issued, however the premiums are deferred and amortized over the life of the bond issue in the statement of activities.		40,322
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets are allocated over their respective useful lives and reported as depreciation expense.		
Capital asset additions	$ 3,798,251	
Depreciation expense	(631,676)	
		3,166,575
Change in Net Position - Governmental Activities		$ 1,327,707

UMATILLA COUNTY FIRE DISTRICT #1

General Fund - 100
Statement of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES:				
Property taxes	$ 4,925,000	$ 4,925,000	$ 5,623,112	$ 698,112
Investment income	75,000	75,000	171,235	96,235
SIP revenue	360,140	360,140	320,002	(40,138)
Non-district fire control	10,000	10,000	25,925	15,925
Ambulance revenue	2,900,000	2,900,000	3,212,993	312,993
Facilities communication fund	50,000	50,000	7,064	(42,936)
Federal wildfires	50,000	50,000	158,770	108,770
Chaplains program	23,000	23,000	22,500	(500)
Fire-Med	100,000	100,000	102,477	2,477
Grant income	755,189	755,189	1,863,787	1,108,598
Hazmat income	5,000	5,000	4,286	(714)
GEMT	550,000	550,000	569,540	19,540
Oregon conflagrations	25,000	25,000	121,223	96,223
Mechanic income	10,000	10,000	32,700	22,700
Miscellaneous revenue	155,000	155,000	101,475	(53,525)
Total revenues	9,993,329	9,993,329	12,337,089	2,343,760
EXPENDITURES:				
Personnel services:				
Personnel	5,891,966	5,891,966	5,507,534	384,432
Employee taxes and benefits	3,301,623	3,311,623	3,098,753	212,870
Total personnel services	9,193,589	9,203,589	8,606,287	597,302
Materials and services:				
Advertising	12,500	12,500	11,998	502
Ambulance billing	500	500	-	500
Audit	19,000	19,000	18,990	10
Bank fees	6,000	6,700	6,744	(44)
Cleaning, laundry and sanitation	2,000	2,000	1,201	799
Clerk fee	14,400	14,400	14,400	-

Continued on next page.

See accompanying independent auditors' report and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

General Fund - 100
Statement of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

Continued from previous page.

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (continued):				
Materials and services (continued):				
Directors fee	3,000	3,000	80	2,920
Dispatch fees	187,690	187,690	160,166	27,524
Dues and memberships	40,000	40,000	34,350	5,650
Facility communication maintenance	50,000	50,000	26,047	23,953
Fire prevention	10,000	10,000	2,655	7,345
Fuel	125,000	125,000	96,850	28,150
Hazmat	2,500	2,500	-	2,500
Insurance	135,000	156,700	142,437	14,263
Legal	35,000	35,000	20,810	14,190
Licenses, permits and fees	125,000	125,000	216,753	(91,753)
Maintenance, building and grounds	30,000	30,000	17,746	12,254
Purchase and repair	90,000	115,000	119,055	(4,055)
Professional services	389,000	419,000	452,719	(33,719)
Physical exams	47,500	47,500	10,640	36,860
Repairs	135,000	160,000	158,435	1,565
Sleeper program	110,000	110,000	42,436	67,564
Supplies	80,000	80,000	68,536	11,464
Supplies, medical	150,000	150,000	153,453	(3,453)
Supplies office	20,000	20,000	18,031	1,969
Technology	155,000	155,000	109,004	45,996
Telephone	15,000	15,000	4,800	10,200
Training and travel	165,000	165,000	83,280	81,720
Uniforms	65,000	65,000	46,702	18,298
Utilities	50,000	50,000	45,551	4,449
Volunteer benevolent	10,000	10,000	10,000	-
Total materials and services	2,279,090	2,381,490	2,093,869	287,621

Continued on next page.

UMATILLA COUNTY FIRE DISTRICT #1

General Fund - 100
Statement of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

Continued from previous page.

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
EXPENDITURES (continued):				
Capital outlay	625,000	625,000	282,213	342,787
Contingency	695,650	583,250	-	583,250
Total expenditures	12,793,329	12,793,329	10,982,369	1,810,960
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,800,000)	(2,800,000)	1,354,720	4,154,720
OTHER FINANCING SOURCES (USES):				
Sale of capital assets	100,000	100,000	24,500	75,500
Loan proceeds	300,000	300,000	-	300,000
Transfer out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	300,000	300,000	(75,500)	75,500
NET CHANGE IN FUND BALANCE	(2,500,000)	(2,500,000)	1,279,220	4,230,220
FUND BALANCE, BEGINNING	2,500,000	2,500,000	2,641,215	141,215
FUND BALANCE, ENDING	$ -	$ -	$ 3,920,435	$ 3,920,435

See accompanying independent auditors' report
and notes to financial statements.

Notes to Financial Statements
June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Umatilla County Fire District #1 (the District) have been prepared in accordance with the modified cash basis of reporting as applicable to municipal governments. This modified basis of accounting differs from accounting principles generally accepted in the United States of America. To the extent they are applicable to the modified basis of reporting, the District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The more significant of the District's accounting policies are described below.

Reporting Entity:

Umatilla County Fire District #1 is organized for the purpose of providing emergency services to the Hermiston, Oregon and Stanfield, Oregon area. It is directed by five elected board members who serve four year terms on a voluntary basis. The District is legally and financially independent of other state and local governmental units, has the power to levy taxes, is responsible for its debt and is entitled to any surpluses.

A component unit is a separate legal organization for which the District is considered to be financially accountable. The District has determined that no other organization meets the criteria to be included as a component unit in the District's financial statements.

Government-wide and fund financial statements:

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activites of the District. Governmental activities, generally supported by taxes and intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The statement of activities separates program revenues from general revenues. Program revenues included: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Indirect expenses are allocted to the functions in the statement of activities based upon time records, usage or other reasonable means.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from governmental fund statements.

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Measurement focus, basis of accounting, and financial statement presentation:

The District's financial statements include the accounts of all District operations. The financial statements have been presented on a modified cash basis of accounting. The District only recognizes items that involve receipts or disbursements of cash, except for the following modifications which have substantial support in generally accepted accounting principles:

The District capitalizes assets with an original cost over $5,000 and an estimated useful life longer than one year that arise from cash transactions. Capital assets are depreciated using the straight-line method over estimated useful lives. The District reports long-term debt that relates to the acquisition of capital assets.

Except for the modifications listed above, the District does not record transactions relating to revenues earned or expenses incurred until the period in which the cash is received or disbursed. Accordingly, receivables, payables, and accrued expenses are not reported.

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District engages primarily in governmental activities and only uses governmental funds.

The District reports the following major governmental funds:

General Fund:

This fund is the District's primary operating fund. It accounts for all financial resources of the general government.

Capital Projects Fund:

This fund accounts for capital projects throughout the District.

In addition, the District reports the following fund types:

Debt Service Fund:

This fund accounts for the accumulation of resources to make payments of principal and interest on general obligation long-term debt.

Capital Outlay Reserve Fund:

This fund accounts for the accumulation of resources to purchase equipment, buildings or building sites for stations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and investments:

Statutes authorize the District to invest in bank investments and direct debt securities of the United States. The District considers all highly liquid investments with maturity of 90 days or less to be cash and cash equivalents.

Capital assets:

Capital assets generally result from expenditures in the governmental funds. They are reported as assets on the Statement of Net Position but are not reported in the fund financial statements. All capital assets are capitalized at original cost. Donated assets are valued at their estimated fair market value on the date donated. Improvements are capitalized, however normal maintenance and repairs are not capitalized.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $5,000 is used for assets that have an initial useful life extending beyond a single reporting period. The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	5 - 25 years
Buildings	50 - 60 years

Property taxes:

Umatilla County assesses and collects taxes for the District. Property taxes are billed in October of each year. Unpaid personal and real property taxes become liens against the property on January 1 and July 1, respectively. Property taxes are payable in three installments due November 15, February 15, and May 15. A 3% discount is allowed for full payment by November 15. Interest at 16% annually is charged for late payments.

The 2024-2025 tax levy was adopted on June 12, 2024.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Compensated absences:

The District has policies in place that allow employees to accrue vacation and sick time leave. In accordance with the modified cash basis, the District recognizes the expenditure when the accrued time is taken and paid.

Income taxes:

The District is exempt from federal and state income taxes.

Use of estimates:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates based on assumptions that affect the amount reported for the period in assets, liabilities, revenues, expenses, and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Inventory:

The District uses the modified cash basis of accounting. Inventories of supplies are recorded as expenditures when purchased.

Interfund transactions:

During the course of normal operations, there are transfers between the general fund and other funds. Interfund transfers are reported as “Other financing sources and uses” in the governmental funds; as “Operating transfers in” by the recipient fund, and “Operating transfers out” by the disbursing fund. These amounts are eliminated on the Statement of Activities.

Net position:

Net position presents the difference between assets and liabilities in the Statement of Net Position. Net investment in capital assets are reduced by the outstanding balances of any borrowing used for acquisition, construction, or improvement of these assets. Net position is reported as restricted when there are legal limitations imposed on their use by laws, regulations, or grantors. When the option is available to expend restricted or unrestricted resources for any purpose, the District will expend restricted resources first.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund balance:

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash and include inventories and prepaid amounts.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Board of Directors passes a resolution that places specific constraints on how the resources may be used. The Board of Directors can modify or rescind the resolution at any time through passage of an additional resolution.

Fund balance is reported as assigned when resources are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Board of Directors approves which resources should be assigned to expend for particular purposes during the adoption of the annual budget.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned.

When the option is available to use restricted or unrestricted resources for any purpose, the District expends restricted resources first. When the option is available to use committed, assigned, or unassigned resources for any purpose, the District expends committed recourses before assigned resources, and assigned resources before unassigned resources.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget procedures:

A budget is prepared for each fund in accordance with the modified cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law. Budget amounts shown in the financial statements include the original and supplemental budget amounts, if any, and all appropriation transfers approved by the Board of Directors.

The District employs the following procedures in establishing the budgetary data reflected in the financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued):

Budget procedures (continued):

The appointed budget officer develops a proposed budget for submission to the budget committee appointed by the Board of Directors. The operating budget includes proposed expenditures and the means for financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.

After the proposed budget is prepared, the budget officer publishes a "Notice of Budget Committee Meeting" in at least one newspaper of general circulation. At the budget committee meeting, the budget message is delivered explaining the proposed budget and any significant changes in the District's financial position. The budget committee meets thereafter as many times as necessary until the budget document is completed.

After approval by the budget committee and the required public hearing, and prior to July 1, the budget is adopted by the Board of Directors, and appropriations are enacted by resolution. Appropriations control expenditures in broad categories as required by Oregon Local Budget Law. More detailed classifications of budgeted expenditures are adopted for administrative control purposes. Budget appropriations lapse at year end.

The District is not allowed to modify the budget without action by the governing body. The governing body is authorized to modify the original budget appropriation ordinance in the following ways:

a. Transfer of budget appropriations within a fund are authorized by resolution of the governing body.
b. Budget revisions that increase total expenditures in any fund require a supplemental budget to be adopted. If a supplemental budget increases a fund's expenditures by less than 10%, the District can adopt it by publishing a notice five days before a meeting is held to pass the adoption resolution. If a supplemental budget increases a fund's expenditures by more than 10%, the District must follow the same procedures in adopting a supplemental budget as those to adopt an original budget.

The District did not have any supplemental budgets during the year.

Budget over expenditures:

Expenditures may not legally exceed budget appropriations at the following legal level of control for each department in each fund:

• Personnel services • Materials and services • Debt service • Capital outlay

Appropriations are made at the same level of control described above. For the year ended June 30, 2025, the District had the following budget over expenditures:

Capital Projects Fund	Capital Outlay	$ 702,928

NOTE 3 – CASH AND INVESTMENTS:

Cash and investments consisted of the following at June 30, 2025:

Demand deposits	$	23,085
Cash on hand		500
Investments with Oregon Local Government Investment Pool (LGIP)		3,871,314
Total	$	3,894,899

The Oregon Short Term Fund (OSTF) is the LGIP for local governments and was established by the State Treasurer. OSTF investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). The fair value of the District's position in the pool is the same as the value of its pool shares. Investments are stated at market value. All investments are carried at cost which equals market value.

Custodial Credit Risk - Deposits:

Custodial credit risk on deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP). ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian and public official compliance with ORS 295. ORS 295 requires the qualified depository to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2025, the total bank balance did not exceed the $250,000 FDIC insurance limitation. It is the District's policy to maintain its funds at a financial institution deemed to be a qualified depository by the Office of the State Treasurer. As a result, the District's remaining deposits in excess, if any, of federal deposit insurance are considered by management to be fully collateralized.

Credit Risk - Investments:

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Oregon Revised Statutes authorizes the District to invest primarily in the State Treasurer's Local Government Investment Pool (LGIP), among others. As of June 30, 2025 the District's only investment was with the Oregon State Treasurer's LGIP. The District's investment in the Oregon State Treasurer's investment pool is not rated and is treated as a cash equivalent on the Statement of Net Position.

The State of Oregon Local Government Investment Pool (LGIP *or* Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. 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 Funds Board, which established diversification percentages and specify the types and maturities of investments.

Notes to Financial Statements
June 30, 2025

NOTE 4 – CAPITAL ASSETS:

A summary of changes in capital assets during the year follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 48,509	$ -	$ -	$ 48,509
Construction in progress	1,926,385	3,365,772	-	5,292,157
Total capital assets not being depreciated	1,974,894	3,365,772	-	5,340,666
Capital assets being depreciated:				
Buildings and improvements	7,157,438	34,812	-	7,192,250
Equipment and vehicles	7,749,832	397,667	-	8,147,499
Total capital assets being depreciated	14,907,270	432,479	-	15,339,749
Less accumulated depreciation for:				
Buildings and improvements	(521,428)	(227,751)	-	(749,179)
Equipment and vehicles	(3,665,740)	(403,925)	-	(4,069,665)
Total accumulated depreciation	(4,187,168)	(631,676)	-	(4,818,844)
Total capital assets being depreciated, net	10,720,102	(199,197)	-	10,520,905
Total capital assets, net	$ 12,694,996	$ 3,166,575	$ -	$ 15,861,571

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
Emergency Services	$ 631,676

NOTE 5 – LONG-TERM OBLIGATIONS:

Changes in long-term obligations for the year ended June 30, 2025 are as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due within one year
2021 general obligation bonds	$ 5,315,000	$ -	$ (160,000)	$ 5,155,000	$ 175,000
2021 bond premium	558,150	-	(32,832)	525,318	32,832
2023 general obligation bonds	6,685,000	-	(60,000)	6,625,000	75,000
2023 bond premium	149,803	-	(7,490)	142,313	7,490
Total	$ 12,707,953	$ -	$ (260,322)	$ 12,447,631	$ 290,322

NOTE 5 – LONG-TERM OBLIGATIONS (continued):

Debt Service Requirements:

The District has no long-term debt from Direct Borrowings and Direct Placements at year end. Debt service requirements on other long-term debt at year end are as follows:

General Obligation Bonds, Series 2021

On October 20, 2021, the District issued $6,460,000 in general obligation bonds at a $656,647 premium for construction improvements to District fire stations, purchase of emergency medical service equipment, as well as fire equipment. The bond is due in semi-annual installments of varying principal and interest amounts. Interest ranges from three to four percent. Final bond maturity is scheduled for 2041.

General Obligation Bonds, Series 2023

On June 21, 2023, the District issued $6,685,000 in general obligation bonds at a $157,293 premium for continued construction improvements to District fire stations, purchase of emergency medical service equipment, as well as fire equipment. The bond is due in semi-annual installments of varying principal and interest amounts. Interest ranges from four to five percent. Final bond maturity is scheduled for 2044.

Future maturities for general obligation bond issues are as follows:

Year ending June 30,	Principal	Interest	Total
2026	$ 250,000	$ 443,856	$ 693,856
2027	275,000	435,606	710,606
2028	310,000	426,506	736,506
2029	340,000	416,156	756,156
2030	375,000	403,656	778,656
2031-2035	2,495,000	1,764,880	4,259,880
2036-2040	3,730,000	1,207,830	4,937,830
2041-2044	4,005,000	419,708	4,424,708
	$ 11,780,000	$ 5,518,198	$ 17,298,198

Notes payable:

The District entered into a revolving line of credit loan agreement with Banner Bank in December of 2019, renewable annually. The proceeds are intended to bridge the cash flow requirement for general operations of the District. No loan disbursements were made during the fiscal year.

NOTE 6 – 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. These risks are covered by commercial insurance purchased. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

NOTE 7 – SUBSCRIPTION PAYABLES:

The District adopted GASB Statement No. 96 in the fiscal year ending June 30, 2023. With the adoption of this statement, the District will recognize qualified subscription-based information technology agrrangements (SBITAs) for technology software as subscription payables. However, at the year ended June 30, 2025, the District does not have any subscriptions meeting this definition, therefore, has no subscription payables to recognize.

NOTE 8 – LEASES:

On July 1, 1998, the District entered into a 50-year lease for the land and buildings that house its headquarters from the City of Hermiston for $1.00 per year.

On December 1, 2020, the District entered into a 20-year lease for the land and building that house its fire station on Walls Rd, from Hawman Farms, Inc for $59,000 in year one and $1,200 per year for years two-twenty.

NOTE 9 – FUND BALANCE:

Fund balances by classification for the year ended June 30, 2025 were as follows:

	General Fund	Capital Projects Fund	Debt Service Fund	Capital Outlay Reserve Fund	Total Governmental Funds
Restricted for:					
Capital acquisitions	$ -	$ -	$ -	$ 155,648	$ 155,648
Debt service	-	-	74,218	-	74,218
Unassigned	3,920,435	(255,402)	-	-	3,665,033
Total fund balances	$ 3,920,435	$ (255,402)	$ 74,218	$ 155,648	$ 3,894,899

NOTE 10 – INTERFUND TRANSACTIONS:

During the course of normal operations, the District has transactions between funds. The governmental fund financial statements generally reflect such transactions as transfers. Funds that have been transferred, for which repayment is anticipated during the next twelve months, will be recorded using due to and due from accounts. Amounts due to and due from other funds at June 30, 2025 consisted of the following:

	Due From Other Funds	Due To Other Funds
General Fund	$ 452,641	$ -
Capital Projects Fund	-	452,641
	$ 452,641	$ 452,641

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM:

Because the financial statements have been prepared on a modified cash basis of accounting, pension liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. Pension expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at http://www.oregon.gov/pers/Pages /Financials/Actuarial-Financial-Information.aspx.

BENEFITS PROVIDED

Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include surivorship 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 are contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of $200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2021. The limit will be equal to $210,582 in 2022 and will be indexed with inflation in later years.

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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:

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

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 PERS judge members) for disability benefits regardless of the length of PERS-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 (COLA) changes. The COLA is capped at 2.0 percent.

OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

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

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to $210,582 in 2022 and will be indexed with inflation in later years.

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. Under current law, the cap on the COLA will vary: 1.25 percent on the first $60,000 of annual benefit and $750 plus 0.15 percent on annual benefits above $60,000.

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The IAP is an individual account-based program under the PERS tax-qualified governmental plan as defined under ORS 238A.400. 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 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.

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

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.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

CONTRIBUTIONS

Employer Contributions

PERS 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 PERS Defined Benefit Plan and the Other Postemployement Benefit Plans. Employer contribution rates during the period were based on the December 31, 2022 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Re-employed retirees do not accrue additional benefits while they work after retirement. Employer contributions for the year ended June 30, 2025 were $1,295,206, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2025 were 31.12 percent for Tier One/Tier Two, 20.67 percent for OPSRP Pension Program General Service Members, and 25.46 percent for OPSRP Pension Program Police and Fire Members.

Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than $3,333 per month, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources

At June 30, 2025, the District reported a liability of $8,993,836 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. At June 30, 2024, the District’s proportion was 0.04046312%, which was a decrease from its proportion of 0.04939330% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $1,594,691, and 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	$ 532,802	$ 21,465
Changes of assumptions	904,243	1,158
Net difference between projected and actual earnings on investments	571,360	-
Changes in proportion	1,035,155	1,167,444
Differences between employer contributions and proportionate share of contributions	171,185	402,493
Contributions subsequent to the measurement date	1,295,206	-
	$ 4,509,951	$ 1,592,560
Net deferred Outflow / (Inflow) of resources		$ 2,917,391

District contributions subsequent to the measurement date, but before the end of the District's reporting period will be recognized in the subsequent fiscal period. Other amounts reported as deferred outflows of resources or deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

	Year ended June 30,	Amount
	2025	$ 53,564
	2026	990,214
	2027	478,161
	2028	117,204
	2029	(16,958)
		1,622,185
Contributions subsequent to the measurement date		1,295,206
Net deferred Outflow / (Inflow) of resources		$ 2,917,391

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, published July 2023
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with *Moro* 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.

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far in to 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 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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. The following table shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

Asset Class/Strategy	Low Range	High Range	Target Alloation
Debt Securities	20.0 %	30.0 %	25.0 %
Public Equity	22.5 %	32.5 %	27.5 %
Real Estate	7.5 %	17.5 %	12.5 %
Private Equity	15.0 %	27.5 %	20.0 %
Real Assets	2.5 %	10.0 %	7.5 %
Diversifying Strategies	2.5 %	10.0 %	7.5 %
Opportunity Portfolio	- %	5.0 %	- %
Total			100.0 %

Asset Class	Target Alloation	Compound Annual Return (Geometric)
Global Equity	27.50 %	7.07 %
Private Equity	25.50 %	8.83 %
Core Fixed Income	25.00 %	4.50 %
Real Estate	12.25 %	5.86 %
Master Limited Partnerships	0.75 %	6.02 %
Infrastructure	1.50 %	6.51 %
Hedge Fund of Funds - Multistrategy	1.25 %	6.24 %
Hedge Fund Equity - Hedge	0.63 %	6.48 %
Hedge Fund - Macro	5.62 %	4.83 %
Total	100.00 %	
Assumed Inflation - Mean		2.35 %

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

Depletion Date Projection

GASB 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. Determininig the discount rate under GASB 68 will often require that the actuary perfom complex projections of future benefit payments and pension plan invsestment. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliabily 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 PERS:

- PERS 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 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate 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 our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension 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 pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 – PENSION PLAN - OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (cont.):

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability (asset)	$ 14,187,411	$ 8,993,836	$ 4,643,963

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2024 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2024 measurement period that require disclosure.

NOTE 12 – RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA):

Because the financial statements have been prepared on a modified cash basis of accounting, other postemployment benefit (OPEB) liabilities and the related deferred inflows and outflows of resources have not been recorded in the financial statements. OPEB expenditures are recorded when the disbursements are made. If the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, the following information would have been included:

Plan description

ORS 238.420 established the Retirement Health Insurance Account (RHIA) and authorizes a payment of up to $60 from RHIA toward the monthly cost of health insurance for eligible PERS members. RHIA is a cost-sharing multiple-employer Other Postemployment Benefit (OPEB) plan. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS 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 PERS-sponsored health plan.

Contributions

PERS employers contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. No unfunded actuarial liability (UAL) rate was assigned for the RHIA program as it was funded over 100% as of December 31, 2019.

NOTE 12 – RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) (continued):

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the District reported an asset of $124,176, for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024. The total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 and rolled forward to the measurement date of June 30, 2024. The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actuarial contributions in the fiscal year of all employers. At June 30, 2024, the District's proportion was 0.03074369% compared to its proportion of 0.02513430% measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB income of $27,934. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,429
Changes of assumptions	-	1,571
Net difference between projected and actual earnings on investments	3,506	-
Changes in proportion	-	11,285
Contributions subsequent to the measurement date	-	-
	$ 3,506	$ 15,285
Net deferred Outflow / (Inflow) of resources		$ (11,779)

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

Year ended June 30,	Amount
2025	$ (17,379)
2026	3,299
2027	1,897
2028	404
2029	-
	(11,779)
Contributions subsequent to the measurement date	-
Net deferred Outflow / (Inflow) of resources	$ (11,779)

NOTE 12 – RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) (continued):

Actuarial assumptions

Experience studies are performed as of December 31 of even numbered years. The methods and assumptions are based on the 2022 experience study, which reviewed the experience for the four-year period ended on December 31, 2022. The Retirement Health Insurance Account is a benefit of the Oregon Public Employees Retirement System. Actuarial methods and assumptions, including the long-term expected rate of return, are the same as reported for the District's pension plan.

Discount rate

The discount rate used to measure the total OPEB liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the Districts's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.9 percent) or 1-percentage-point higher (7.9 percent) than the current discount rate:

	1% Decrease (5.9%)	Current Discount Rate	1% Increase (7.9%)
District's proportionate share of the net OPEB liability (asset)	$ (114,950)	$ (124,176)	$ (132,121)

Oregon PERS produces an independently audited ACFR which can be found at: http://www.oregon.gov/pers/Documents/Financials/ACFR/2023-Annual-Comprehensive-Financial-Report.pdf.

NOTE 13 – OPEB - IMPLIED RATE SUBSIDY:

The District's health insurance plan is provided through the Special Districts Insurance Services (SDIS). The plan offers eligible retirees health insurance coverage from the date of retirement to the Medicare availability of age 65.

Retired employees covered through the District's health insurance plan receive the implicit benefit of lower health care premiums subsidized by the premium costs for active employees. This benefit is known as an 'implicit rate subsidy'. The benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with younger and statistically healthier active employees. GASB Statement 75 states that this implicit rate subsidy must be included in the liabilities and costs reported on the entity's financial statements. This liability does not result from a cash transaction and is not included on the District's balance sheet.

NOTE 14 – DEFERRED COMPENSATION PLAN - 457(b):

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. An eligible employee is any full-time employee or permanent part-time employee. The plan is funded solely by employee contributions. Eligible employees may elect to contribute up to the maximum dollar amount under section 457(e)(15) of the Internal Revenue Code. The District is the administrator of the plan. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are, until paid or made available to the employee or other beneficiary, held in trust for the exclusive benefit of the participant and their beneficiaries. The deferred compensation investments are not included in the District's financial statements. Plan assets on June 30, 2025 were valued at $353,880.

NOTE 15 – TAX ABATEMENTS:

The District is subject to tax abatements granted by Umatilla County. Umatilla County grants exemptions from property taxes within enterprise zones and under the strategic investment program as authorized in ORS 285C.

District property tax revenues were reduced as follows:

Food Processing	$ 52,217
Rural Long-Term Enterprise Zone	488,665
Strategic Investment Program	3,066,200
Commercial Facility Under Construction	599,422
Housing Authority	34,142
Special Assessment Low Income Housing	26,288
	$ 4,266,934

The District received $320,002 of funds in lieu of property taxes during the fiscal year ended June 30, 2025 from Umatilla County, Oregon.

NOTE 16 – RELATED PARTIES:

The District leases one of it's fire stations from a board member. During the year ended June 30, 2025, a $1,200 lease payment was made to Hawman Farms, Inc. There were no other related party transactions from board members or any other related parties to the District during the year.

NOTE 17 – DEFICIT FUND BALANCE:

At June 30, 2025, the District reported a deficit fund balance of $255,402 in the Capital Projects Fund. The deficit is a result of capital outlay expenditures that are to be reimbursed between the General Fund and the Capital Projects Fund. A transfer of $452,641 has been budgeted to be made in the 2025-2026 fiscal year to reimburse and revert the fund deficit.

NOTE 18 – CONTINGENCIES:

The District is the defendant in various tort claims. A complaint was filed in U.S. District Court on June 12, 2024 on behalf of a former employee that seeks $2,000,000 in damages. Legal counsel for the District's insurer is defending this matter.

NOTE 19 – SUBSEQUENT EVENTS:

Management has evaluated all activity of the District through the date of the financial statements and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

UMATILLA COUNTY FIRE DISTRICT #1

Capital Projects Fund - 200
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES:				
Investment income	$ 100,000	$ 100,000	$ 85,090	$ (14,910)
Miscellaneous income	-	-	124,636	124,636
Total revenues	100,000	100,000	209,726	109,726
EXPENDITURES:				
Capital outlay	3,000,000	3,000,000	3,702,928	(702,928)
Total expenditures	3,000,000	3,000,000	3,702,928	(702,928)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,900,000)	(2,900,000)	(3,493,202)	(593,202)
FUND BALANCE, BEGINNING	3,300,000	3,300,000	3,237,800	(62,200)
FUND BALANCE (DEFICIT), ENDING	$ 400,000	$ 400,000	$ (255,402)	$ (655,402)

See accompanying independent auditors' report
and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Debt Service Fund - 300
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES:				
Property taxes	$ 680,056	$ 680,056	$ 668,370	$ (11,686)
Investment income	12,000	12,000	12,359	359
Total revenues	692,056	692,056	680,729	(11,327)
EXPENDITURES:				
Debt service				
Principal	225,000	225,000	220,000	5,000
Interest	451,056	451,056	450,684	372
Total expenditures	676,056	676,056	670,684	5,372
EXCESS OF REVENUES OVER EXPENDITURES	16,000	16,000	10,045	(5,955)
FUND BALANCE, BEGINNING	45,647	45,647	64,173	18,526
FUND BALANCE, ENDING	$ 61,647	$ 61,647	$ 74,218	$ 12,571

See accompanying independent auditors' report
and notes to financial statements.

UMATILLA COUNTY FIRE DISTRICT #1

Capital Outlay Reserve Fund - 400
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Modified Cash Basis - Budget to Actual
Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES:				
Investment income	$ 750	$ 750	$ 4,747	$ 3,997
Total revenues	750	750	4,747	3,997
EXPENDITURES	-	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	750	750	4,747	3,997
OTHER FINANCING SOURCES:				
Transfers in	100,000	100,000	100,000	-
Total other financing sources	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	100,750	100,750	104,747	3,997
FUND BALANCE, BEGINNING	50,000	50,000	50,901	901
FUND BALANCE, ENDING	$ 150,750	$ 150,750	$ 155,648	$ 4,898

See accompanying independent auditors' report
and notes to financial statements.

STATISTICAL SECTION

UMATILLA COUNTY FIRE DISTRICT #1

TAX RATE HISTORY AND TAX COLLECTION RECORD

Fiscal Year	Real Market Value (1)	Taxable Assessed Value (2)	Net Tax Imposed	Billing Rate Per $1,000 of Taxable Assessed Value (3)	Bond Rate Per $1,000 of Taxable Assessed Value (3)	Percent Collected: Year of Levy (4)	Percent Collected: As of June 30, 2025 (5)
2025-2026	$ 5,997,335,326	$ 3,563,796,101	$ 6,872,153	$ 1.7500	$ 0.1910	N/A	N/A
2024-2025	5,718,478,082	3,304,599,326	6,435,676	1.7500	0.2031	98.09%	98.09%
2023-2024	5,079,102,631	2,874,578,718	5,957,498	1.7500	0.3338	97.93%	99.26%
2022-2023	4,520,928,968	2,838,874,496	5,612,376	1.7500	0.2400	98.32%	99.62%
2021-2022	3,872,251,997	2,680,783,075	5,065,721	1.7500	0.1598	98.30%	99.88%
2020-2021	3,789,732,855	2,597,555,644	4,545,722	1.7500	-	97.95%	99.96%
2019-2020	3,527,536,626	2,474,572,245	4,330,501	1.7500	-	97.34%	99.98%
2018-2019	3,233,363,282	2,359,397,136	4,128,945	1.7500	-	97.05%	99.99%
2017-2018	3,185,474,449	2,292,930,896	4,012,629	1.7500	-	97.26%	99.99%
2016-2017	2,959,206,143	2,247,319,367	3,932,809	1.7500	-	96.70%	99.99%

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specifically assessed properties such as farm and forest land. This value is commonly referred to as the Measure 5 Real Market Value.

(2) Assessed Value of property in the District on which the permanent rate is applied to derive ad valorem property taxes, excluding urban renewal and any other offsets.

(3) The District has a permanent tax rate of $1.7500

(4) Percentage of total tax levy collection in Umatilla County. Pre-payment discounts are considered collected when outstanding taxes are collected. The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.

(5) The percentage of taxes shown in the column represents taxes cumulatively collected from July 1 of a given levy year through June 30, 2025.

Source: Umatilla County, Office of Assessment and Taxation

UMATILLA COUNTY FIRE DISTRICT #1

PRINCIPAL TAXPAYERS - UMATILLA COUNTY
CURRENT FISCAL YEAR

	Assessed Value (1)	Percentage of Total Assessed Value	Taxes Imposed (2)
Amazon Data Services, Inc.	$ 410,317,836	4.97%	$ 6,481,114
Hermiston Power, LLC	409,135,272	4.96%	5,978,517
Amazon Data Services	290,098,696	3.51%	4,444,673
Union Pacific Railroad Co	254,356,649	3.08%	3,210,871
Hermiston Generating Co. LP	166,056,290	2.01%	2,518,310
PacifiCorp (PP&L)	126,334,442	1.53%	1,689,269
Wal-Mart Stores East LP	46,628,730	0.56%	836,824
Smith Canning & Freezing Co.	41,589,840	0.50%	685,347
Charter Communications	37,641,879	0.46%	641,478
Lamb Weston, Inc.	44,354,531	0.54%	621,205
Total - Top Ten Taxpayers	1,826,514,165	22.13%	
Remaining County Taxpayers	6,427,189,862	77.87%	
Total County	$ 8,253,704,027	100.00%	

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(2) Tax amount is the total imposed tax, before any tax abatement exemption, by the taxpayer within the boundaries of the County.

Source: Umatilla County, Office of Assessment and Taxation

UMATILLA COUNTY FIRE DISTRICT #1

PRINCIPAL TAXPAYERS - DISTRICT
CURRENT FISCAL YEAR

	Assessed Value (1)	Percentage of Total Assessed Value	Taxes Imposed (2)
Hermiston Power, LLC	$ 409,135,272	4.96%	$ 5,978,516
Hermiston Generating Co. LP	166,056,290	2.01%	2,518,310
Union Pacific Railroad Co.	106,722,381	1.29%	1,417,956
Wal-Mart Stores East LP	46,628,730	0.56%	836,824
Amazon Data Services, Inc.	39,206,456	0.48%	829,754
Lamb Weston, Inc.	44,354,531	0.54%	621,205
Stanfield Hutterian Brethren	33,739,686	0.41%	452,850
Wal-Mart/Sams Club	21,660,080	0.26%	374,585
Umatilla Electric Coop	20,439,600	0.25%	368,547
Pioneer Hi Bred	18,093,720	0.22%	333,520
Total - Top Ten Taxpayers	906,036,746	10.98%	
Remaining County Taxpayers	7,347,667,281	89.02%	
Total County	$ 8,253,704,027	100.00%	

(1) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

(2) Tax amount is the total imposed tax, before any tax abatement exemption, by the taxpayer within the boundaries of the County. This amount is distributed to individual local governments by the County based on their taxing rate and the taxpayer being a part of their respective code area. A breakdown of amounts paid to each individual local government is not available.

Source: Umatilla County, Office of Assessment and Taxation

UMATILLA COUNTY FIRE DISTRICT #1

DIRECT AND OVERLAPPING DEBT
June 30, 2025

Government	Debt Outstanding	Percent Within District	Gross Bonded Debt
Direct Debt			
Umatilla County Fire District #1	$ 11,780,000	100.00%	$ 11,780,000
Overlapping Debt			
Blue Mountain Community College	14,505,000	29.01%	4,207,871
City of Hermiston	53,475,000	100.00%	53,475,000
City of Stanfield	917,361	98.28%	901,606
City of Umatilla	1,437,896	100.00%	1,437,896
Umatilla County	4,072,169	53.48%	2,177,869
Umatilla County School District 16R (Pendleton)	56,772,637	0.03%	15,896
Umatilla County School District 5R (Echo)	7,948,368	0.18%	13,997
Umatilla County School District 61 (Stanfield)	12,505,000	87.42%	10,931,671
Umatilla County School District 6R (Umatilla)	65,854,573	100.00%	65,854,573
Umatilla County School District 8 (Hermiston)	169,815,859	98.06%	166,517,865
Umatilla Hospital District No. 1	7,340,000	98.72%	7,245,982
Umatilla Morrow Radio and Data District	1,758,402	34.51%	606,798
Intermountain Educational Services District	2,075,000	24.97%	518,177
Total Overlapping Debt	398,477,265		313,905,201
Total Direct and Overlapping Debt	$ 410,257,265		$ 325,685,201

Source: Oregon State Treasury, Debt Management Division

ANDERSON
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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Umatilla County Fire District #1
Hermiston, Oregon

We have audited the basic financial statements of Umatilla County Fire District #1 as of and for the year ended June 30, 2025, and have issued our report thereon dated November 11, 2025. 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 Umatilla County Fire District #1'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 162-10-320 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 Umatilla County Fire District #1 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the budget over expenditure listed in Note 2 to the financial statements.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered Umatilla County Fire District #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Umatilla County Fire District #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Umatilla County Fire District #1's internal control over financial reporting.

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 a 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. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first 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 have not been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Anderson, Boylan, Ramos P.C.

By: ______________________________

Mitchell L. Boylan, Shareholder
November 11, 2025