

SHERIDAN RURAL FIRE PROTECTION DISTRICT

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

*(Polk and Yamhill County)
Sheridan, Oregon
June 30, 2015*

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SHERIDAN RURAL FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
June 30, 2015

Scot Breeden
20405 Rosenbalm Road
Sheridan, Oregon 97378

President

Dennis Rogers
24700 SW Rogers Road
Sheridan, Oregon 97378

Vice-President

Don Cooley
822 NW Evans Street
Sheridan, Oregon 97378

Secretary-Treasurer

Dennis Grauer
23230 SW DeJong Road
Sheridan, Oregon 97378

Director

Tammy Heidt
21580 Finn Road
Sheridan, Oregon 97378

Director

Fire Chief: William Alguire

Registered agent: Judy Breeden, Administrative Assistant
230 SW Mill Street
Sheridan, Oregon 97378

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sheridan Rural Fire Protection District
Sheridan, Oregon

I have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sheridan Rural Fire Protection District (the District), Sheridan, Oregon (the District) as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sheridan Rural Fire Protection District as of June 30, 2015 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information on pages 24-26 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sheridan Rural Fire Protection District's basic financial statements. Management's discussion and analysis and the supplemental information, which are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements.

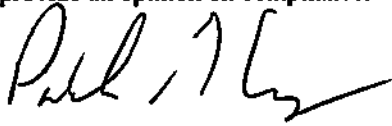
The combining and individual fund financial schedules and the accompanying schedule of property tax transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information 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 my opinion, supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Management Discussion and Analysis section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, I have issued my report dated December 12, 2015, on my consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to

provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "Paul J. Lee". The signature is written in a cursive style with a long horizontal stroke at the end.

Lake Oswego, Oregon
December 12, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of financial activities and financial position for the Sheridan Rural Fire Protection District (District). The analysis focuses on significant financial issues, major financial activities and resulting changes in financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District. Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the District's financial statements.

REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

- * **Management's Discussion and Analysis.** This section of the report provides financial highlights affecting the District.
- * **Basic Financial Statements.** Includes Statement of Net Position, Statement of Activities, fund financial statements and the notes to the financial statements. Statements of Net Position and Activities focus on a District-wide presentation using the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District.

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the District owns, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The Statement of Activities focuses on gross and net costs of District programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Fund Financial Statements focus separately on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. Budgetary comparison statements are presented for all governmental funds.

Notes to the Financial Statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

FINANCIAL HIGHLIGHTS

Reviewing the past year, the Fire District had a good year. We accomplished our mission and goals. This past year, we have completed the final projects in the over-all maintenance of our buildings. We have also had an in-depth evaluation and review by Special Districts of Oregon - Fire Service Consulting. As such, we are in the beginning stages of the development of a Strategic Plan for the future needs of the community and the fire district. As we move forward in this undertaking, the past year has focused on our infrastructure and services the fire district currently provides. This includes personnel, recruitment and retention, vehicles, equipment, information technology, and fire / medical training requirements. This accounts for the highlighted changes in the budget.

The serial Levy in the amount of \$0.35 per thousand passed at the November 2011 election. This fiscal year represents the second year of the operating levy.

General Fund

Personal Services - There was a change to decrease the funds for the "sleeper reimbursement" to \$60,000 this year. This has allowed accommodating a deduction of available funds for this program. And in part, the hiring of a full time firefighter / EMT. This position existed yet remained open for the past four years. The position of Deputy Chief has been staffed by a part time employee (less than ½). In 2014, it has been filled as a full time position. General Fund personal services expenses in 2014-15 were \$512,035.

Materials and Services - The fire district applied for Assistance to Firefighter's Grant to replace the aging inventory of Self Contained Breathing Apparatus (our second attempt, as the previous years requested were denied). The sum of \$222,000.00 was budgeted for. To date we have not received any word whether the grant request has been accepted or denied.

Flex Lease Principle and interest – specifically this repayment obligation to US Bank for the funding of the new ambulance, new F-150 Pick Up, and Rescue tool upgrades. With this year's payment being made of \$64,604.00. Two further payments will need to be paid, and our repayment obligation will be completed.

An Oregon Department of Forestry Grant was applied, with the intent to replace out dated fire shelters. The grant with the sum of \$7,500.00 and matching fire district funding of \$1,000; totaling \$8,500.00 was budgeted for. This grant has been accepted and we are currently awaiting its funding.

A grant through the Oregon Emergency Management Office was applied for. The grant for \$1,200.00 has been approved and is expected to be funded sometime in October of 2015. This will provide the placement of a HAM radio in the radio room of the main station, as well as the cost for training personnel in its use. This is a component of the Yamhill County Emergency Management Office to have in place, an alternative communication capability during natural or man made disasters.

Capital Outlay - \$25,000.00 has been set aside for the purchase of a 1993 Spartan Pumper from Gaston Fire Department. This replaces a 38 year old fire engine, as identified in the evaluation by SDAO.

Transfers - Were implemented to the appropriate funds as budgeted.

Unappropriated Fund Ending Balance - Money that is set aside to carry the District for the first four months of the next budget year. It does not represent a full 1/3 of the annual operating expenses, as ambulance income continues during this time, partially funding our operations.

Reserve Funds

General Equipment Fund had with a transfer of \$45,660 -- This was income received from Assistance to Firefighter's Grant with a 10% match to replace 15 year old cardiac monitors carried on the ambulances. The fire district was successful in being awarded this funding.

Building Maintenance Fund with a transfer of \$45,660 to accomplish the building maintenance and upgrading needs.

Results of Operations: During 2014-15 the District received more resources that it expended, thereby increasing the net assets of the District at June 30, 2015.

Significant Transactions and Changes in Individual Funds: The current year property tax and ambulance fee revenue was sufficient to cover current year personnel and operating costs.

Significant Budgetary Variances: The total expenditures for total personnel services, materials and services, and capital outlay were all within budget limits, with no budget appropriation transfers being necessary.

Economic Factors: The District receives most of its revenue from real property tax revenues and ambulance fees. Future property tax revenues and ambulance fees may be influenced by political and economic factors outside the District's control.

Overall Financial Position: The District's financial position remains stable and sustainable.

CONDENSED FINANCIAL INFORMATION

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
Current assets	\$ 1,036,780	\$ 1,368,326	\$ 331,546
Capital assets, net	732,396	858,383	125,987
Total assets	<u>1,769,176</u>	<u>2,226,709</u>	<u>457,533</u>
Current liabilities	87,474	134,479	47,005
Long-term liabilities	<u>95,002</u>	<u>32,020</u>	<u>(62,982)</u>
Total liabilities	<u>182,476</u>	<u>166,499</u>	<u>(15,977)</u>
Invested in capital assets	575,723	738,381	162,658
Restricted fund balance	309,814	404,051	94,237
Unrestricted fund balance	<u>701,163</u>	<u>917,778</u>	<u>216,615</u>
Total net position	<u>\$ 1,586,700</u>	<u>\$ 2,060,210</u>	<u>\$ 473,510</u>

CONDENSED FINANCIAL INFORMATION

	<u>Fiscal Year Ended June 30, 2014</u>	<u>Fiscal Year Ended June 30, 2015</u>	<u>Favorable (Unfavorable)</u>
Property tax revenue	\$ 543,036	\$ 555,462	\$ 12,426
Ambulance fee revenue	381,956	521,439	139,483
Other general revenues (expenses)	<u>107,208</u>	<u>64,571</u>	<u>(42,637)</u>
General revenues and (expenses) net	1,032,200	1,141,472	109,272
Personal services	493,161	512,035	(18,874)
Materials and services	470,019	92,322	377,697
Depreciation	<u>61,105</u>	<u>63,605</u>	<u>(2,500)</u>
Total general expenses	1,024,285	667,962	356,323
Increase (decrease) in net position	<u>\$ 7,915</u>	<u>\$ 473,510</u>	<u>\$ 465,595</u>

FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional financial information, please contact the District at 230 SW Mill Street, Sheridan, Oregon 97378.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

Assets:	
Cash and cash equivalents	\$ 1,129,154
Ambulance fees receivable, net of allowance for uncollectable	187,632
Property taxes receivable	51,540
Land	21,921
Capital assets, net of accumulated depreciation	<u>836,462</u>
Total Assets	<u><u>2,226,709</u></u>
Liabilities:	
Accounts payable	28,732
Payroll tax liabilities	5,083
Accrued vacation pay	12,682
Short – term contract payable	25,000
Current portion of lease obligation	62,982
Long term portion of lease obligation	<u>32,020</u>
Total Liabilities	<u><u>166,499</u></u>
Net Position:	
Invested in capital assets, net of related debt	738,381
Fund balances:	
Restricted for individual awards	5,941
Committed for equipment acquisition	258,612
Committed for building maintenance	139,498
Unassigned	<u>917,778</u>
Total Net Position	<u><u>\$ 2,060,210</u></u>

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Fiscal year ended June 30, 2015

	Governmental-Type Activities
Fire District activities:	
Personal services	\$ 512,035
Materials and services	92,322
Depreciation	63,605
Total District expenses	667,962
 General revenues:	
Property taxes	555,462
Ambulance fee revenue	521,439
Interest income	4,606
Fire med.	18,480
Miscellaneous revenues	41,485
Total general revenues	1,141,472
Change in net position	473,510
Net Position- July 1, 2014	1,586,700
Net Position- June 30, 2015	\$ 2,060,210

The notes to the financial statements are an integral part of this statement

SHERIDAN RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
Fiscal year ended June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 725,103	\$ 404,051	\$ 1,129,154
Property taxes receivable	51,540		51,540
Ambulance fees receivable, net of allowance	187,632		187,632
Total Assets	<u>\$ 964,275</u>	<u>\$ 404,051</u>	<u>\$ 1,368,326</u>
<u>Liabilities and Fund Equity</u>			
Liabilities			
Accounts payable	\$ 28,732		\$ 28,732
Payroll tax liabilities	5,083		5,083
Accrued vacation pay	12,682		12,682
Deferred property tax revenue	51,540		51,540
Deferred ambulance fee revenue	187,632		187,632
Total liabilities	<u>285,669</u>		<u>285,669</u>
Fund Equity			
Unreserved fund balance	678,606		678,606
Reserved for equipment acquisition		\$ 258,612	258,612
Reserved for building maintenance		139,498	139,498
Reserved for individual awards		5,941	5,941
Total fund equity	<u>678,606</u>	<u>404,051</u>	<u>1,082,657</u>
Total Liabilities and Fund Balances	<u>\$ 964,275</u>	<u>\$ 404,051</u>	<u>\$ 1,368,326</u>

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Fiscal year ended June 30, 2015

Total fund balances	\$ 1,082,657
Capital assets are not financial resources and therefore are not reported in the governmental funds:	
Cost	1,923,144
Accumulated depreciation	(1,064,760)
Lease obligation	(95,003)
Contract payable	(25,000)
Deferred revenue related to:	
Ambulance fees	187,632
Property taxes	51,540

Total net position	\$ 2,060,210

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Fiscal year ended June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Current year's taxes	\$ 526,352		\$ 526,352
Prior year's taxes	26,532		26,532
User fees	508,889		508,889
Federal Bureau of Prisons	4,000		4,000
Fire medical	18,480		18,480
Interest income	2,589	\$ 2,017	4,606
Miscellaneous income	18,082		18,082
Total revenues	1,104,924	2,017	1,106,941
Expenditures			
Personal services	518,355		518,355
Materials and services	330,221	100	330,321
Capital outlay	9,601		9,601
Total expenditures	858,177	100	858,277
Excess of revenues over (under) expenditures	246,747	1,917	248,664
Other Financing Sources (Uses)			
Operating transfers in		91,320	91,320
Operating transfers out	(91,320)		(91,320)
Excess of Revenues and Sources over (under) Expenditures and Other (Uses)	155,427	93,237	248,664
Fund balances – July 1, 2014	523,179	310,814	833,993
Fund Balances - June 30, 2015	\$ 678,606	\$ 404,051	\$ 1,082,657

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Fiscal year ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different from amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Net changes in fund balances – total governmental funds	\$ 248,664
In the Statement of Activities the cost of assets are allocated over their estimated useful lives and reported as depreciation expense. In the governmental fund financial statements, depreciation is not expenditure and is not recorded. Less current year depreciation	(63,605)
Net increase to fixed assets and accumulated depreciation for 2014-15	189,592
Net decrease in the lease liability for 2014-15	61,671
Increase in deferred revenue from property taxes and ambulance fees	62,188
Increase in purchase contract liability	<u>(25,000)</u>
Changes in net position of governmental activities	<u>\$ 473,510</u>

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Organization and operation

The District is a municipal corporation organized under ORS Chapter 478 and operates under the laws of the State of Oregon. Both the voters of the Sheridan RFPD and the City of Sheridan, Oregon approved the annexation and merger of the former City of Sheridan fire department into Sheridan RFPD in elections held on November 7, 1978. Also, the Marion-Polk County Local Government Boundary Commission by its final Order no. 79-14, dated February 1, 1979 and effective March 18, 1979 approved the annexation and merger of the territory within the boundaries of the City of Sheridan, Yamhill County, Oregon by and into Sheridan Fire District.

The District was formed for the purpose of providing fire protection and ambulance service to the City of Sheridan in Yamhill County and the adjoining rural areas of Polk and Yamhill counties. Accordingly, the Sheridan Rural Fire Protection District is supported by property taxes levied in both counties. The District is governed by a Board of Directors consisting of five members.

Description of the reporting entity

As required by generally accepted accounting principles, the District's basic financial statements include all component units over which the District officials exercise oversight responsibility. Component units, as established by GASB Statement 39, are separate organizations that are included in the District's reporting entity because of the significance of these criteria the District is a primary government with no inclusive component units.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District currently has one governmental activity and no business type activities.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities were prepared using the economic resources Measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses,

assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 "Accounting and Financial Reporting for Non-exchange Transactions."

The government-wide statements report information on the District irrespective of fund activity, and the fund financial statements report information using the District's funds. The District has only "governmental activities" and one "program" as defined in the Statement.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

Fund Financial Statements

The accounts of the District are organized and operated on the basis of fund accounting. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government by June 30th.

The District reports the following four governmental funds:

General Fund

The District's General Fund accounts for the administrative and operational activities of the District. The principal sources of revenue are the real property tax levy and ambulance fee revenue. Expenditures are for payroll related costs, materials and services and capital assets.

Special Revenue Funds

The District's Building Maintenance Fund is for accumulating funds for future maintenance and repair expenditures to buildings. The principal source of revenue is from transfers from the General Fund.

The District's Equipment Reserve Fund is for accumulating funds for future purchases of equipment. The principal source of revenue is from transfers from the General Fund.

The District's John Fancher Memorial Fund is for funds bequested to the District and used for individual awards. The principal source of revenue is from interest income from investments.

Cash and Investments

Cash and investments include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the District-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value.

Taxes Receivable

In the Government-Wide Financial Statements uncollected property taxes are recorded in the Statement of Net Position. In the Fund Financial Statements property taxes that are collected by year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

Polk and Yamhill Counties review, bill, collect and distribute property taxes for all taxing jurisdictions within their boundaries, in accordance with State Law. Uncollected taxes, including delinquent amounts, are considered to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. Property taxes become a lien against the property as of July 1 in the year due. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15.

Capital Assets

Capital assets are charged to expenditures as purchased and then capitalized in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

Asset	Years
Building and improvements	50
Apparatus	7-20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government on has no item that qualifies for reporting in the category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Accounts Payable

These amounts represent expenditure incurred in the current year, but paid for in the subsequent year. In accordance with the modified accrual basis of accounting, these amounts are recorded as expenditures in the current year.

Vested Compensated Absences

It is the District's policy to permit employees to accumulate earned unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements. The accrued vacation pay is considered a current liability.

Net Position

Net position is comprised of the various net earning from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

Net investment in Capital Assets - consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - consists of external constraints placed on asset use by creditors, grantors, contributors, laws or regulations of other governments or constraints through constitutional provisions or enabling legislation.

Unrestricted - consists of all other assets not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type definitions*. The objective of the Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in

governmental funds. Under this Standard, the prior fund balance classifications of reserved, designated and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned and unassigned.

1. Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
2. Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant agreements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
3. Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.
4. Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that does not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given this authority by the Board.
5. Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

Retirement Plan

Substantially all of the District’s full time employees are participants in the Public Employee’s Retirement System (PERS) and the Oregon Public Service Retirement Plan (OPSRP), a statewide cost-sharing multiple employer defined benefit pension plan (PERS) and a defined benefit and a combined benefit plan (OPSRP). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures.

Use of Estimates

In preparing the District’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 - Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The Budget Officer submits a proposed budget to the Budget Committee. The District is required to budget all funds. The District’s budget is prepared for each fund on the modified accrual basis of accounting. Estimated receipts and expenditures are budgeted for by fund and object. Information on the past two years’ actual receipts and expenditures and current-year estimates are included in the budget

document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board of Directors for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without returning to the Budget Committee for a second approval.

The Board of Directors legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personal services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse as of year-end.

The Board of Directors may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the District. Expenditure appropriations may not be legally over-expended except in the case of receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the fiscal year ended June 30, 2015 the Board did amend the budget by authorizing by resolution the expenditure of conflagration reimbursements received during the fiscal year as follows:

General Fund	Resource	Expenditure
Conflagration reimbursement	\$9,522	
Personal Services		\$3,494
Materials and Services		\$6,028
Total	\$9,522	\$9,522

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal depository insurance of \$250,000 applies respectively, to total demand deposits and to total savings accounts at each financial institution. Where balances exceed \$250,000, banks are required to pledge collateral, based on their capital condition. Banks are required to provide quarterly collateral pledging for the next quarter. Treasury monitors each depository bank and ensures compliance with collateralization requirements for all public fund deposits. Banks will pledge 10% if they are well capitalized, 25%, if they are adequately capitalized, and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Undercapitalized banks are required to pledge collateral equal to 110% of their deposits, which is monitored on a weekly basis.

At June 30, 2015, the District had invested \$1,050,776 with the Oregon Short-Term Fund, which is a cash and investment pool available for use by all state funds and local governments and is maintained by

the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual financial Report. The Oregon Short-Term Fund board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2015.

The State of Oregon LGIP 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 LGIP and it is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon short-term funds Board, which establish diversification percentages and specify the types and maturities of investments. The overall credit quality of the pool is not rated. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2015 was unqualified.

Cash and investments at June 30, 2015, were comprised of the following:

<u>Type of deposit</u>	<u>Total cash balance</u>
First Federal Savings & Loan	\$ 26,428
US Bank	51,904
Oregon Local Government Investment Pool	1,050,776
Petty cash	<u>46</u>
 Total cash	 <u>\$ 1,129,154</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have any investments that have a maturity date.

Custodial Credit Risk

At June 30, 2015, the book balance of the District's bank deposits is \$26,428 and the bank balance is \$29,122. The difference is due to transactions in process. The bank deposit balances are insured up to \$250,000 by federal depository insurance at each institution.

Ambulance Fees Receivable

Ambulance fees receivable represents amounts due to the District from ambulance charges. At June 30, 2015 the gross amount of uncollected ambulance charges was \$446,743. An allowance for doubtful accounts of \$259,111 has been provided to reflect an estimate of uncollectible accounts. The net amount of \$187,632 is reflected as a receivable at June 30, 2015.

Capital Assets

Depreciation expense for 2014-2015 was \$63,605. One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Fixed assets by major classes and changes in those classes for the fiscal year ended June 30, 2015, are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 21,921			\$ 21,921
Buildings	759,460			759,460
Apparatus	1,057,171	\$ 84,592		1,141,763
Accumulated Depreciation:				
Buildings	(501,460)	(15,261)		(516,721)
Apparatus	(604,695)	(48,344)	\$ 105,000	(548,039)
	<u>\$ 732,397</u>	<u>\$ 20,987</u>	<u>\$ 105,000</u>	<u>\$ 858,384</u>

Long-Term Debt

On December 12, 2012, the District entered into a lease agreement with U.S. Bancorp Government Leasing and Finance, Inc. to finance the purchase of an ambulance, a staff car and some lighting improvements. The total amount financed was \$248,052.

	<u>Beginning Balance</u>	<u>2014-2015 Additions</u>	<u>2014-2015 Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Lease Principal	\$ 156,673	\$ 0	\$ (61,671)	\$ 95,002	\$ 62,982

Amounts payable for future Lease Principal and Interest are as follows:

Payment due date	<u>Principal</u>	<u>Interest</u>
August 12, 2015	\$ 31,465	\$ 837
March 12, 2016	31,517	785
August 12, 2016	<u>32,020</u>	<u>282</u>
	<u>\$ 95,002</u>	<u>\$ 1,904</u>

Defined Benefit Pension Plan

Plan Description

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan. Employees of the District are provided with pensions through OPERS. All the benefits of

OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report. This report can be obtained at the PERS website: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Benefits provided under Chapter 238-Tier One/Tier/Two

Pension Benefits

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

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

1. Member was employed by a OPERS employer at the time of death.
2. Member died within 120 days after termination of OPERS-covered employment.
3. Member died as a result of injury sustained while employed in a OPERS-covered job, or
4. Member was on an official leave of absence from a OPERS-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 OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under Chapter 238A-OPSRP Pension Program

Pension Benefits

The ORS 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation,

as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$44,335, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2015 were: (1) Tier 1/Tier 2 - 16.64%, (2) OPSRP general service - 7.75%, and (3) OPSRP uniformed - 10.48%.

Actuarial assumptions

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year). (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years. The total pension liability in the December 31, 2012 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation rate	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 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 table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that 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	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation - Mean		2.75%

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 Subsequent to Measurement Date

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS will make restoration payments to those benefit recipients.

OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and has not been included in the net pension liability (asset) proportionate shares provided by OPERS.

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure information which can be found at: http://www.oregon.gov/EMP/er_general_information/opers_gasb_68_disclosure_information_revised.pdf.

Property Tax Limitation

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value, while schools are similarly limited to a \$5.00 maximum rate. Local government taxes in the District currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the District.

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96 and limits future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided a majority approves at either (i) a general election in an even numbered year, or (ii) at any other election in which at least 50% of registered voters cast a ballot.

REQUIRED SUPPLEMENTARY INFORMATION

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

Fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Yamhill property taxes - current	\$ 310,168	\$ 310,168	\$ 309,798	\$ (370)
Polk property taxes - current	89,756	89,756	91,457	1,701
Polk local option - current taxes	28,099	28,099	28,628	529
Yamhill local option - current taxes	97,100	97,100	96,469	(631)
Yamhill taxes - prior	24,814	24,814	21,461	(3,353)
Polk taxes - prior	7,180	7,180	5,071	(2,109)
Interest on taxes	2,000	2,000	2,578	578
Grant revenue	421,270	421,270	0	(421,270)
User fees	387,000	387,000	521,439	134,439
Fire medical	16,000	16,000	18,480	2,480
Federal Bureau of Prisons	4,000	4,000	4,000	0
Address markers	200	200	305	105
Interest income	5	5	2,589	2,584
Miscellaneous revenue	5,000	5,000	27,658	22,658
Conflagration reimbursement	0	9,522	9,522	0
Total Revenues	<u>1,392,592</u>	<u>1,402,114</u>	<u>1,139,455</u>	<u>(262,659)</u>
Expenditures				
Personal services - page 31	672,685	676,179	512,035	164,144
Materials and services - page 32	846,411	852,439	330,176	522,263
Capital outlay - page 31	70,000	70,000	4,000	66,000
Contingencies - page 31	12,176	12,176	0	12,176
Total Expenditures	<u>1,601,272</u>	<u>1,610,794</u>	<u>846,211</u>	<u>764,583</u>
Excess of revenues over (under) expenditures	(208,680)	(208,680)	293,244	501,924
Other Financing Sources (Uses)				
Operating transfers in				
Operating transfers out	(91,320)	(91,320)	(91,320)	0
Total Other Financing Sources (Uses)	<u>(91,320)</u>	<u>(91,320)</u>	<u>(91,320)</u>	<u>0</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	(300,000)	(300,000)	201,924	501,924
Fund Balances - July 1, 2014	<u>425,000</u>	<u>425,000</u>	<u>523,179</u>	<u>98,179</u>
Fund Balances - June 30, 2015	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 725,103</u>	<u>\$ 600,103</u>

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES –
BUDGET AND ACTUAL
GENERAL FUND

Fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Personal services:				
Fire Chief	\$ 65,000	\$ 65,000	\$ 65,000	\$ 0
Deputy Chief	59,410	59,410	19,418	39,992
Paramedics	148,700	148,700	142,661	6,039
Over-time	20,000	20,000	13,927	6,073
Part-time	10,000	10,000	7,656	2,344
Sleeper reimbursement	60,000	60,000	46,600	13,400
District Clerk	33,950	33,950	33,950	0
Volunteer reimbursement	25,000	28,494	27,613	881
Workers compensation	22,000	22,000	10,984	11,016
Health insurance	119,500	119,500	75,515	43,985
FICA	30,185	30,185	24,080	6,105
PERS	78,440	78,440	44,335	34,105
Unemployment insurance	500	500	296	204
Total personal services	<u>672,685</u>	<u>676,179</u>	<u>512,035</u>	<u>164,144</u>
Materials and services - page 32	846,411	852,439	330,176	522,263
Capital Outlay:				
Equipment purchase	70,000	70,000	4,000	66,000
Contingency	<u>12,176</u>	<u>12,176</u>	<u>0</u>	<u>12,176</u>
Total expenditures	<u>\$ 1,601,272</u>	<u>\$ 1,610,794</u>	<u>\$ 846,211</u>	<u>\$ 764,583</u>

The notes to the financial statements are an integral part of this statement.

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND

Fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Materials and Services:				
Management training	\$ 7,000	\$ 7,000	\$ 4,139	\$ 2,861
Fire training	3,000	3,000	2,828	172
EMS training	3,000	3,000	3,167	(167)
Radio maintenance	5,000	5,000	4,912	88
Turnouts, hose, mask	13,000	13,000	12,550	450
SCBA	470,397	470,397	3,825	466,572
Fuel and oil	30,000	30,000	20,670	9,330
Fire supplies and rehabilitation	2,500	2,500	131	2,369
Fire equipment and hose	5,000	5,000	2,767	2,233
EMS supplies	19,000	19,000	17,278	1,722
EMS Equipment	5,000	5,000	6,669	(1,669)
Equipment maintenance	10,000	10,000	8,155	1,845
Vehicle maintenance	30,000	30,000	13,351	16,649
Insurance	35,000	35,000	28,161	6,839
Professional services and elections	15,000	15,000	11,986	3,014
Contract services	16,000	16,000	21,169	(5,169)
Water and sewer	3,500	3,500	2,808	692
Natural gas	6,000	6,000	4,272	1,728
Electricity	10,000	10,000	8,021	1,979
Telephone	8,000	8,000	6,903	1,097
Dispatch	25,210	25,210	25,210	0
Uniforms	4,000	4,000	4,738	(738)
Flex-lease payment	64,604	64,604	64,557	47
Office supplies and postage	7,000	7,000	6,844	156
Building maintenance	10,000	16,028	15,828	200
Janitorial and house supplies	7,000	7,000	4,158	2,842
Chief's expense account	1,000	1,000	343	657
Dues and subscriptions	3,500	3,500	3,985	(485)
Garbage collection	2,300	2,300	2,071	229
Physicals	1,000	1,000	1,123	(123)
Advertising	2,400	2,400	972	1,428
Ambulance O/P refunded	3,000	3,000	851	2,149
Computer programs and maintenance	12,000	12,000	10,107	1,893
Address markers	500	500	203	297
Public education	1,000	1,000	1,267	(267)
Mapping	1,000	1,000	0	1,000
Awards and incentives	1,500	1,500	2,307	(807)
Fire prevention	1,500	1,500	0	1,500
Payroll processing	1,500	1,500	1,850	(350)
Total materials and services	\$ 846,411	\$ 852,439	\$ 330,176	\$ 522,263

The notes to the financial statements are an integral part of this statement.

SUPPLEMENTARY INFORMATION

SHERIDAN RURAL FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET – NON-MAJOR
GOVERNMENTAL FUNDS

Fiscal year ended June 30, 2015

	Building Maintenance Fund	John Fancher Memorial Fund	Equipment Reserve Fund	Total Other Governmental Funds
ASSETS				
Cash	\$ 139,498	\$ 5,941	\$ 258,612	\$ 404,051
Total Assets	\$ 139,498	\$ 5,941	\$ 258,612	\$ 404,051
LIABILITIES & FUND BALANCE				
Total Liabilities				
Fund equity:				
Fund balance reserved for building maintenance	\$ 139,498			\$ 139,498
Fund balance reserved for individual awards		\$ 5,941		5,941
Fund balance reserved for equipment			\$ 258,612	258,612
Total Fund equity	139,498	5,941	258,612	404,051
Total Liabilities & Fund Balance	\$ 139,498	\$ 5,941	\$ 258,612	\$ 404,051

**SHERIDAN RURAL FIRE PROTECTION DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 NON-MAJOR GOVERNMENTAL FUNDS**

For the fiscal year ended June 30, 2015

	Building Maintenance Fund	John Fancher Memorial Fund	Equipment Reserve Fund	Total Other Governmental Funds
REVENUES				
Interest income	\$ 605	\$ 39	\$ 1,373	\$ 2,017
Total Revenues				
EXPENDITURES				
Individual awards		100		100
Total Expenditures	0	100	0	100
Excess of Revenues Over/(Under) Expenditures	605	(61)	1,373	1,917
Other Financing Sources (Uses)				
Operating transfers in	45,660		45,660	91,320
Operating transfers out				
Excess of Revenues and Sources over (under) Expenditures and Other (Uses)	46,265	(61)	47,033	93,237
Fund Balance - July 1, 2014	93,233	6,002	211,579	310,814
Fund Balance – June 30, 2015	\$ 139,498	\$ 5,941	\$ 258,612	\$ 404,051

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EQUIPMENT RESERVE FUND

Fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 1,373</u>	<u>\$ 1,023</u>
Expenditures				
Equipment purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over/Under Expenditures	350	350	1,373	1,023
Other Financing Sources (Uses)				
Operating transfers in	45,660	45,660	45,660	0
Operating transfers out	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	45,660	45,660	45,660	0
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing (Uses)	46,010	46,010	47,033	1,023
Fund Balance - July 1, 2014	<u>210,467</u>	<u>210,467</u>	<u>211,579</u>	<u>1,112</u>
Fund Balance – June 30, 2015	<u>\$ 256,477</u>	<u>\$ 256,477</u>	<u>\$ 258,612</u>	<u>\$ 2,135</u>

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
JOHN FANCHER MEMORIAL FUND

Fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 50	\$ 50	\$ 39	\$ (11)
Expenditures				
Individual awards	200	200	100	100
Excess of Revenues Over/Under Expenditures	(150)	(150)	(61)	89
Fund Balance – July 1, 2014	6,170	6,170	6,002	(168)
Fund Balance - June 30, 2015	<u>\$ 6,020</u>	<u>\$ 6,020</u>	<u>\$ 5,941</u>	<u>\$ (79)</u>

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUILDING MAINTENANCE FUND

Fiscal year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 90	\$ 90	\$ 605	\$ 515
Expenditures				
Repair & upkeep bldg & grounds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over/Under Expenditures	90	90	605	515
Other Financing Sources (Uses)				
Operating transfers in	45,660	45,660	45,660	0
Operating transfers out	<u>45,660</u>	<u>45,660</u>	<u>45,660</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>45,660</u>	<u>45,660</u>	<u>45,660</u>	<u>0</u>
Excess of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	45,750	45,750	46,265	515
Fund Balance – July 1, 2014	<u>92,743</u>	<u>92,743</u>	<u>93,233</u>	<u>490</u>
Fund Balance - June 30, 2015	<u>\$ 138,493</u>	<u>\$ 138,493</u>	<u>\$ 139,498</u>	<u>\$ 1,005</u>

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
Fiscal year ended June 30, 2015

Yamhill County

Tax Year	Taxes Receivable July 1, 2014	2014-2015 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2015
2014-15		\$ 438,701	\$ (408,560)	\$ (12,275)	\$ 17,866
2013-14	\$ 18,020		(7,368)	(346)	10,306
2012-13	9,988		(3,328)	68	6,728
2011-12	5,562		(2,736)	37	2,863
Prior	6,877		(1,574)	(84)	5,219
	<u>\$ 40,447</u>	<u>\$ 438,701</u>	<u>\$ (423,566)</u>	<u>\$ (12,600)</u>	<u>\$ 42,982</u>

Polk County

Tax Year	Taxes Receivable July 1, 2014	2014-2015 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2015
2014-15		\$ 127,892	\$ (120,809)	\$ (3,456)	\$ 3,627
2013-14	\$ 4,113		(2,053)	(45)	2,015
2012-13	2,256		(942)	(6)	1,308
2011-12	1,644		(833)	(6)	805
Prior	1,465		(649)	(13)	803
	<u>\$ 9,478</u>	<u>\$ 127,892</u>	<u>\$ (125,286)</u>	<u>\$ (3,526)</u>	<u>\$ 8,558</u>

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Independent Auditor's Report Required by Oregon State Regulations

I have audited the basic financial statements of the Sheridan Rural Fire Protection District, Sheridan, Oregon, as of and for the year ended June 30, 2015 and have issued my report dated December 12, 2015. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Sheridan Rural Fire Protection District's financial statements are free of material misstatement, I 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 statements amounts. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Authorized investment of surplus funds (ORS Chapter 294).

Public contracts and purchasing (ORS Chapters 279A, 279B and 279C).

In connection with my testing, nothing came to my attention that caused me to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered the Sheridan Rural Fire Protection District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheridan Rural Fire Protection District'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 of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My 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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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. I consider the following deficiency in the District's internal control to be a significant deficiency:

Inadequate Segregation of Accounting Duties

The District does not have sufficient staff to adequately segregate accounting duties. The smaller size of the District allows the record keeping and cash handling functions to be performed by the same individual. The District has adopted financial controls that are relevant to smaller government units. There is a substantial cost benefit by not increasing staffing levels at this time and the District recognizes the need for extra vigilance on the part of the District staff and the Board.

This report is intended solely for the information and use of the Board of Directors and Management of Sheridan Rural Fire Protection District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Patrick G. Carney
Certified Public Accountant