



**ESTACADA RURAL FIRE DISTRICT**  
Estacada, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2014

**ESTACADA RURAL FIRE DISTRICT**  
Estacada, Oregon

DISTRICT OFFICIALS

June 30, 2014

**BOARD OF DIRECTORS**

Barry Jennings, President

Edwin Thoreson, Vice President

John Bresko, Secretary-Treasurer

John McAdoo

Matthew Silva

**FIRE CHIEF AND REGISTERED AGENT**

Bob Morrissey  
445 SE Currin Street  
Estacada, Oregon 97023

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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## **FINANCIAL SECTION**



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### *INDEPENDENT AUDITOR'S REPORT*

Board of Directors  
Estacada Rural Fire District No. 69  
445 SE Currin Street  
Estacada, Oregon 97023

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Estacada Rural Fire District No. 69 (the District) as of and for the year ended June 30, 2014, 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; this includes 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*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 District'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 District's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the 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 Estacada Rural Fire District No. 69 as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 4 through 9), and the budgetary comparison information (page 32) 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. We have applied certain limited procedures to the MD&A 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards and Other Legal and Regulatory Requirements***

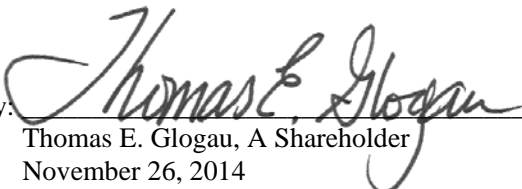
*Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of Estacada Rural Fire District No. 69's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Estacada Rural Fire District No. 69's internal control over financial reporting and compliance.

*Report on Other Legal and Regulatory Requirements*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 26, 2014, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By:   
Thomas E. Glogau, A Shareholder  
November 26, 2014



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**INTRODUCTION**

As management of Estacada Rural Fire District, Estacada, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2014, total net position of Estacada Rural Fire District amounted to \$4,775,792. Of this amount, \$3,011,109 was invested in capital assets. The remaining balance included \$350,000 restricted for a facility upgrades and \$1,414,683 of unrestricted net position.
- The District's total net position increased by \$388,072 during the current fiscal year.
- Overall revenues were \$2,685,736, which were greater than total expenditures of \$2,297,664 by \$388,072.

**OVERVIEW OF FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements**

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

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

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Fund Financial Statements**

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

□ **Governmental Funds**

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

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

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

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

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

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 31 of this report.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes budgetary comparison information for the General Fund. This required supplementary information can be found on page 32 of this report.

The individual fund schedules are presented immediately following the required supplementary information on pages 33 through 41 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2014, the District's assets exceeded liabilities by \$4,775,792.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**District's Net Position**

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position. The District's net position increased by \$388,072 during the current fiscal year.

Condensed comparative statements of net position information is shown on the following page.

**ESTACADA RURAL FIRE DISTRICT**  
Estacada, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Condensed Statements of Net Position**

|                                  | <b>Governmental Activities</b> |                     |
|----------------------------------|--------------------------------|---------------------|
|                                  | <u>2014</u>                    | <u>2013</u>         |
| <b>Assets</b>                    |                                |                     |
| Current assets and other assets  | \$ 1,924,936                   | \$ 2,144,590        |
| Noncurrent assets                | 3,383                          | 6,383               |
| Net capital assets               | <u>3,011,109</u>               | <u>2,526,947</u>    |
| Total assets                     | <u>4,939,428</u>               | <u>4,677,920</u>    |
| <b>Liabilities</b>               |                                |                     |
| Current liabilities              | <u>163,636</u>                 | <u>290,200</u>      |
| <b>Net position</b>              |                                |                     |
| Net investment in capital assets | 3,011,109                      | 2,533,115           |
| Restricted for facility upgrades | 350,000                        | 350,000             |
| Unrestricted                     | <u>1,414,683</u>               | <u>1,504,605</u>    |
| Total net position               | <u>\$ 4,775,792</u>            | <u>\$ 4,387,720</u> |

**District's Changes in Net Position**

The condensed statements of activities information shown on the following page explains changes in net position.

**ESTACADA RURAL FIRE DISTRICT**  
Estacada, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Changes in Net Position**

|  | <u>Governmental Activities</u> |                     |
|--|--------------------------------|---------------------|
|  | <u>2014</u>                    | <u>2013</u>         |
| <b>Program revenues</b>                              |                                |                     |
| Charges for services                                 | \$ 5,882                       | \$ -                |
| Operating grants                                     | 563,636                        | 72,133              |
| Capital grants                                       | <u>-</u>                       | <u>70,131</u>       |
| Total program revenues                               | <u>569,518</u>                 | <u>142,264</u>      |
| <b>General revenues</b>                              |                                |                     |
| Property taxes - general                             | 2,074,967                      | 1,982,964           |
| Investment earnings                                  | 7,781                          | 7,100               |
| Gain on sale of capital assets                       | 5,801                          | -                   |
| Miscellaneous  | <u>27,669</u>                  | <u>21,984</u>       |
| Total general revenues                               | <u>2,116,218</u>               | <u>2,012,048</u>    |
| Total revenues                                       | <u>2,685,736</u>               | <u>2,154,312</u>    |
| <b>Program expenses</b>                              |                                |                     |
| Fire suppression                                     | <u>2,297,664</u>               | <u>2,049,059</u>    |
| Total program expenses                               | <u>2,297,664</u>               | <u>2,049,059</u>    |
| <b>Change in net position</b>                        | 388,072                        | 105,253             |
| <b>Net position - beginning of year, as restated</b> | <u>4,387,720</u>               | <u>4,282,467</u>    |
| <b>Net position - end of year</b>                    | <u>\$ 4,775,792</u>            | <u>\$ 4,387,720</u> |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1,708,230, a decrease of \$209,687 from the prior year.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$1,089,507. Of this amount, \$1,025,191 constitutes unassigned fund balance, which is available for spending at the District's discretion.

During the fiscal year, new apparatus was purchased in the Apparatus Reserve Fund, a capital project fund.

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts, 1 supplemental budgets and 1 approved appropriation transfers.

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental activities as of June 30, 2014 amounted to \$3,011,109 net of accumulated depreciation. This investment in capital assets includes land, buildings, apparatus and equipment. Major capital asset events during the current fiscal year included purchase of new apparatus.

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

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

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

- Property tax revenues are expected to remain stable.
- It is still uncertain exactly how the Affordable Care Act in regard to the "Pay to Play" and "Cadillac Tax" will affect the District's long-term financial health, but it will most likely increase costs and change the health insurance plan choices the District offers to employees.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Estacada Rural Fire District, 445 SE Currin Street, Estacada, Oregon 97023.

## **BASIC FINANCIAL STATEMENTS**



**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

STATEMENT OF NET POSITION

June 30, 2014

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                                   |                            |
| Current assets                                  |                            |
| Cash and cash equivalents                       | \$ 1,699,903               |
| Cash with agent                                 | 11,033                     |
| Property taxes receivable                       | 127,113                    |
| Accounts receivable                             | 19,571                     |
| Note receivable, current portion                | 3,000                      |
| Prepaid expenses                                | 64,316                     |
| Total current assets                            | 1,924,936                  |
| Note receivable, less current portion           | 3,383                      |
| Capital assets not being depreciated            | 599,472                    |
| Capital assets, net of accumulated depreciation | 2,411,637                  |
| Total assets                                    | 4,939,428                  |
| <b>LIABILITIES</b>                              |                            |
| Current liabilities                             |                            |
| Accounts payable                                | 28,542                     |
| Payroll liabilities                             | 58,051                     |
| Compensated absences                            | 77,043                     |
| Total current liabilities                       | 163,636                    |
| <b>NET POSITION</b>                             |                            |
| Net investment in capital assets                | 3,011,109                  |
| Restricted for facility upgrades                | 350,000                    |
| Unrestricted                                    | 1,414,683                  |
| Total net position                              | \$ 4,775,792               |

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

| <u>Functions/Programs</u>                  | Program Revenues                |   |   | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--|---------------------------------|---|---|--|
| <u>Expenses</u>                            | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                         |
| Governmental activities                    |                                 |   |   |  |
| Fire suppression                           | <u>\$ 2,297,664</u>             | <u>\$ 5,882</u>                                   | <u>\$ 563,636</u>                               | <u>\$ -</u>  |
| General revenues                           |                                 |   |   |  |
| Property taxes levied for general purposes |                                 |   |   | 2,074,967  |
| Investment earnings                        |                                 |   |   | 7,781  |
| Gain on sale of capital assets             |                                 |   |   | 5,801  |
| Miscellaneous                              |                                 |   |   | <u>27,669</u>  |
| Total general revenues                     |                                 |   |   | <u>2,116,218</u>   |
| Change in net position                     |                                 |   |   | 388,072  |
| Net position - beginning, as restated      |                                 |   |   | <u>4,387,720</u>   |
| Net position - ending                      |                                 |   |   | <u>\$ 4,775,792</u>  |

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2014

|  | Capital Projects    |                              |   |                   | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------------|---|-------------------|----------------------------|--------------------------------|
|  | General<br>Fund     | Apparatus<br>Reserve<br>Fund | Facilities<br>& Property<br>Reserve<br>Fund |                   |                            |                                |
| <b>ASSETS</b>  |                     |                              |   |                   |                            |                                |
| Cash and cash equivalents  | \$ 1,081,180        | \$ 24,269                    | \$ 445,887                                  | \$ 148,567        | \$ 1,699,903               |                                |
| Cash with agent  | 11,033              | -                            | -   | -                 | 11,033                     |                                |
| Accounts receivable  | 19,571              | -                            | -   | -                 | 19,571                     |                                |
| Property taxes receivable  | 127,113             | -                            | -   | -                 | 127,113                    |                                |
| Due from other funds   | -                   | -                            | 107,000                                     | -                 | 107,000                    |                                |
| Prepaid expenses   | 64,316              | -                            | -   | -                 | 64,316                     |                                |
|  | <u>\$ 1,303,213</u> | <u>\$ 24,269</u>             | <u>\$ 552,887</u>                           | <u>\$ 148,567</u> | <u>\$ 2,028,936</u>        |                                |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                     |                              |   |                   |                            |                                |
| Liabilities  |                     |                              |   |                   |                            |                                |
| Accounts payable   | \$ 28,542           | \$ -                         | \$ -  | \$ -              | \$ 28,542                  |                                |
| Payroll liabilities  | 58,051              | -                            | -   | -                 | 58,051                     |                                |
| Due to other funds   | -                   | 107,000                      | -   | -                 | 107,000                    |                                |
|  | <u>86,593</u>       | <u>107,000</u>               | <u>-</u>                                    | <u>-</u>          | <u>193,593</u>             |                                |
| Deferred inflows of resources  |                     |                              |   |                   |                            |                                |
| Unavailable revenue - property taxes                                 | 127,113             | -                            | -   | -                 | 127,113                    |                                |
| Fund balances  |                     |                              |   |                   |                            |                                |
| Nonspendable   | 64,316              | -                            | -   | -                 | 64,316                     |                                |
| Restricted   | -                   | -                            | 350,000                                     | -                 | 350,000                    |                                |
| Assigned   | -                   | -                            | 202,887                                     | 148,567           | 351,454                    |                                |
| Unassigned   | 1,025,191           | (82,731)                     | -   | -                 | 942,460                    |                                |
|  | <u>1,089,507</u>    | <u>(82,731)</u>              | <u>552,887</u>                              | <u>148,567</u>    | <u>1,708,230</u>           |                                |
| Total liabilities, deferred inflows of resources, and fund balances  | <u>\$ 1,303,213</u> | <u>\$ 24,269</u>             | <u>\$ 552,887</u>                           | <u>\$ 148,567</u> | <u>\$ 2,028,936</u>        |                                |

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

June 30, 2014

|  |                    |                     |
|--|--------------------|---------------------|
| <b>Total fund balances</b>   |                    | \$ 1,708,230        |
| <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>   |                    |                     |
| Cost - capital assets  | 4,333,957          |                     |
| Accumulated depreciation   | <u>(1,322,848)</u> | 3,011,109           |
| <p>Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.</p> |                    |                     |
|  |                    | 127,113             |
| <p>Long-term receivables not expected to be paid in the current year are not reported as governmental fund assets. These assets consist of:</p>  |                    |                     |
| Note receivable  |                    | 6,383               |
| <p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:</p>  |                    |                     |
| Compensated absences payable   |                    | <u>(77,043)</u>     |
| <b>Net position of governmental activities</b>   |                    | <u>\$ 4,775,792</u> |

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

|  | Capital Projects    |                              |   | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------------|---|----------------------------|--------------------------------|
|  | General<br>Fund     | Apparatus<br>Reserve<br>Fund | Facilities<br>& Property<br>Reserve<br>Fund |                            |                                |
| <b>REVENUES</b>  |                     |                              |   |                            |                                |
| Property taxes   | \$ 2,071,392        | \$ -                         | \$ -  | \$ -                       | \$ 2,071,392                   |
| Grant income   | 563,636             | -                            | -   | -                          | 563,636                        |
| Charges for services   | 5,882               | -                            | -   | -                          | 5,882                          |
| Interest income  | 7,675               | 21                           | 48  | 38                         | 7,782                          |
| Miscellaneous  | 27,669              | -                            | -   | -                          | 27,669                         |
|  | <u>2,676,254</u>    | <u>21</u>                    | <u>48</u>                                   | <u>38</u>                  | <u>2,676,361</u>               |
| <b>EXPENDITURES</b>  |                     |                              |   |                            |                                |
| Current  |                     |                              |   |                            |                                |
| Fire suppression   |                     |                              |   |                            |                                |
| Personnel services   | 1,536,506           | -                            | -   | -                          | 1,536,506                      |
| Materials and services                                       | 711,534             | -                            | -   | -                          | 711,534                        |
| Capital outlay   | -                   | 599,472                      | -   | 47,337                     | 646,809                        |
|  | <u>2,248,040</u>    | <u>599,472</u>               | <u>-</u>                                    | <u>47,337</u>              | <u>2,894,849</u>               |
| Excess (deficiency) of revenues<br>over (under) expenditures | 428,214             | (599,451)                    | 48  | (47,299)                   | (218,488)                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                              |   |                            |                                |
| Sale of general capital assets                               | 8,801               | -                            | -   | -                          | 8,801                          |
| Transfers in   | 17,200              | 130,000                      | -   | 70,000                     | 217,200                        |
| Transfers out  | (200,000)           | -                            | -   | (17,200)                   | (217,200)                      |
|  | <u>(173,999)</u>    | <u>130,000</u>               | <u>-</u>                                    | <u>52,800</u>              | <u>8,801</u>                   |
| Net change in fund balances                                  | 254,215             | (469,451)                    | 48  | 5,501                      | (209,687)                      |
| Fund balances - beginning                                    | 835,292             | 386,720                      | 552,839                                     | 143,066                    | 1,917,917                      |
| Fund balances (deficit) - ending                             | <u>\$ 1,089,507</u> | <u>\$ (82,731)</u>           | <u>\$ 552,887</u>                           | <u>\$ 148,567</u>          | <u>\$ 1,708,230</u>            |

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

For the Year Ended June 30, 2014

**Net change in fund balances** \$ (209,687)

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

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

|   |                  |         |
|---|------------------|---------|
| Purchases of capital assets                       | 645,684          |         |
| Depreciation expense recorded in the current year | <u>(161,745)</u> | 483,939 |

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.

|                             |               |         |
|-----------------------------|---------------|---------|
| Accrued payroll liabilities | 38,899        |         |
| Compensated absences        | <u>74,134</u> | 113,033 |

Governmental funds report note receivable payments as revenue. No income is recorded in the statement of activities. Payments are treated as reductions of the asset. (3,000)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied. 3,787

**Change in net position** \$ 388,072

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Estacada Rural Fire District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

Estacada Rural Fire District was formed in the early 1900's. The District currently operates two stations. Fire district boundaries cover approximately 88 square miles in Clackamas County, Oregon, including the City of Estacada, Oregon. Emergency services provided are advanced life support (emergency medical services), fire suppression, technical rescue (vehicle extrication and water rescue), fire code enforcement. The District is governed by a five-member board of directors elected from the District at large.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District.

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

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

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

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



**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes, investment earnings, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and have therefore 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 District.

The District reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary sources of revenue is property taxes. Primary expenditures are for fire suppression, emergency medical expenses, and administrative support.

Capital Projects Funds

*Apparatus Reserve Fund* - The Apparatus Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for equipment acquisitions.

*Facilities and Property Reserve Fund* - The Facilities and Property Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for station improvements.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the District reports the following governmental funds:

Capital Projects Funds

*Communications and Data Systems Reserve Fund* - The Communications and Data Systems Reserve Fund accounts for the reservation of funds and subsequent upgrades and maintenance of the communications and computer systems for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for equipment acquisitions.

*New Facility Furnishings Reserve Fund* - The New Facility Furnishings Reserve Fund accounts for the reservation of funds and subsequent purchase of furniture and equipment for the District's stations. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for station furnishing and equipment.

*Rescue Tool Reserve Fund* - The Rescue Tool Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for rescue equipment.

*Personal Protective Equipment and Self-Contained Breathing Apparatus Reserve Fund* - The PPE and SCBA Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for PPE and SCBA equipment.

*Utility Vehicle Reserve Fund* - The Utility Vehicle Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary sources of revenue are investment earnings and transfers from the General Fund. Primary expenditures are for vehicle purchases.

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

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District reports deferred inflows on the balance sheet of the governmental funds. Deferred inflows arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met or when the District has a legal claim to the resources, the deferred inflow is removed from the balance sheet and revenue is recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used. The District has not formally adopted a policy for commitment or assignment of unrestricted fund balance.

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

**1. Deposits**

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

**2. Property Taxes Receivable**

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

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**2. Property Taxes Receivable (Continued)**

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

Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as deferred inflows because they are not deemed to be available to finance operations of the current period.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized.

Major capital outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Apparatus                  | 15-20        |
| Licensed vehicles          | 5-10         |
| Equipment                  | 5-20         |
| Buildings and improvements | 30-40        |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. Compensated Absences**

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits in excess of amounts stipulated by contract.

**5. 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 element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time.

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 and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has one type of item, 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.

**6. Retirement Plan**

Most of the District's employees participate in Oregon's Public Employees Retirement System (PERS). Contributions are made on a current basis, as required by the plan, and are recorded as expenses or expenditures.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**7. Fund Balance**

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

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

The District Board establishes fund balance commitments by passage of an ordinance or resolution. Authority to assign fund balance rests with the Board of Directors.

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

**E. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from those estimates.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

**A. Budgetary Information**

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

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, and capital outlay for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there were two supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts, 2 approved supplemental budgets and two approved appropriation transfers.

**B. Deficit Fund Balance**

At June 30, 2014, the Apparatus Reserve Fund, a major fund, had a deficit fund balance of \$82,731. The District has budgeted transfers to cover the deficit in the upcoming fiscal year.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

**A. Deposits**

Estacada Rural Fire District maintains separate cash accounts for each fund. Interest earned is recorded based upon each account's earnings.

Custodial Credit Risk – Deposits

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

The District holds accounts at several institutions, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2014, the District had deposits of \$292,566 insured by the FDIC and \$1,409,824 collateralized under the PFCP.

Deposits

The District's deposits at June 30, 2014 are as follows:

|                       |                     |
|-----------------------|---------------------|
| Checking account      | \$ 29,740           |
| Money market accounts | 1,101,198           |
| Savings account       | <u>568,965</u>      |
| Total deposits        | <u>\$ 1,699,903</u> |

Cash and investments by fund:

|                                    |                     |
|------------------------------------|---------------------|
| Governmental activities            |                     |
| General Fund                       | \$ 1,081,180        |
| Apparatus Reserve Fund             | 24,269              |
| Facilities & Property Reserve Fund | 445,887             |
| Nonmajor funds                     | <u>148,567</u>      |
| Total governmental activities      | <u>\$ 1,699,903</u> |



**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

|   | Beginning<br>Balance | Increases         | Decreases       | Ending<br>Balance   |
|---|----------------------|-------------------|-----------------|---------------------|
| Governmental activities                     |                      |                   |                 |                     |
| Capital assets not being depreciated        |                      |                   |                 |                     |
| Land  | \$ 1,020,857         | \$ -              | \$ -            | \$ 1,020,857        |
| Construction in progress                    | <u>-</u>             | <u>599,472</u>    | <u>-</u>        | <u>599,472</u>      |
| Total capital assets not being depreciated  | <u>1,020,857</u>     | <u>599,472</u>    | <u>-</u>        | <u>1,620,329</u>    |
| Capital assets being depreciated            |                      |                   |                 |                     |
| Buildings & improvements                    | 252,165              | -                 | -               | 252,165             |
| Apparatus                                   | 1,544,942            | 46,212            | (30,581)        | 1,560,573           |
| Equipment                                   | <u>900,890</u>       | <u>-</u>          | <u>-</u>        | <u>900,890</u>      |
| Total capital assets being depreciated      | <u>2,697,997</u>     | <u>46,212</u>     | <u>(30,581)</u> | <u>2,713,628</u>    |
| Less accumulated depreciation for           |                      |                   |                 |                     |
| Buildings & improvements                    | (197,332)            | (3,612)           | -               | (200,944)           |
| Apparatus                                   | (706,275)            | (73,431)          | 30,581          | (749,125)           |
| Equipment                                   | <u>(288,077)</u>     | <u>(84,702)</u>   | <u>-</u>        | <u>(372,779)</u>    |
| Total accumulated depreciation              | <u>(1,191,684)</u>   | <u>(161,745)</u>  | <u>30,581</u>   | <u>(1,322,848)</u>  |
| Total capital assets being depreciated, net | <u>1,506,313</u>     | <u>(115,533)</u>  | <u>-</u>        | <u>1,390,780</u>    |
| Governmental activities capital assets, net | <u>\$ 2,527,170</u>  | <u>\$ 483,939</u> | <u>\$ -</u>     | <u>\$ 3,011,109</u> |

Depreciation expense of \$161,745 was charged to fire suppression activities of the District.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

**C. Compensated Absences**

The following is a summary of compensated absences transactions for the year:

|                         | Beginning<br>Balance | Additions | Reductions | Ending<br>Balance |
|-------------------------|----------------------|-----------|------------|-------------------|
| Governmental activities |                      |           |            |                   |
| Compensated absences    | \$ 151,177           | \$ -      | \$ 74,134  | \$ 77,043         |

The General Fund has traditionally been used to liquidate compensated absences liabilities.

**D. Interfund Balances**

| Receivable Fund                    | Payable Fund           | Amount     |
|------------------------------------|------------------------|------------|
| Facilities & Property Reserve Fund | Apparatus Reserve Fund | \$ 107,000 |

The amounts payable to the Facilities and Property Reserve Fund relate to working capital loans made to the apparatus reserve fund. The entire balance is scheduled to be collected in the subsequent year.

**E. Constraints on Fund Balances**

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

|  | General<br>Fund | Apparatus<br>Reserve Fund | Facilities<br>& Property<br>Reserve Fund | Total<br>Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|-----------------|---------------------------|--|----------------------------|--------------------------------|
| Fund balances:                         |                 |                           |  |                            |                                |
| Nonspendable                           | \$ 64,316       | \$ -                      | \$ -                                     | \$ -                       | 64,316                         |
| Restricted for:                        |                 |                           |  |                            |                                |
| Facility upgrades                      | -               | -                         | 350,000                                  | -                          | 350,000                        |
| Assigned for:                          |                 |                           |  |                            |                                |
| Communications & Data Systems upgrades | -               | -                         | -  | 8,049                      | 8,049                          |
| Facility furnishings                   | -               | -                         | -  | 266                        | 266                            |
| Rescue tool purchases                  | -               | -                         | -  | 27,695                     | 27,695                         |
| PPE & SCBA purchases                   | -               | -                         | -  | 70,001                     | 70,001                         |
| Utility vehicle purchases              | -               | -                         | -  | 42,556                     | 42,556                         |
| Land & facilities                      | -               | -                         | 202,887                                  | -                          | 202,887                        |
| Unassigned                             | 1,025,191       | (82,731)                  | -  | -                          | 942,460                        |
| Total fund balances                    | \$ 1,089,507    | \$ (82,731)               | \$ 552,887                               | \$ 148,567                 | \$ 1,708,230                   |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

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

**F. Restatement**

Beginning net position was restated as follows:

| <u>Government-Wide Statements</u>                |                     |
|--|---------------------|
| Net position - beginning, as originally reported | \$ 4,413,402        |
| Adjustment to correct capital asset disposal     | (6,168)             |
| Adjustment to correct property taxes receivable  | <u>(19,514)</u>     |
| Net position - beginning, as restated            | <u>\$ 4,387,720</u> |

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

Plan Description

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing, multiple-employer, defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: the pension program and the defined benefit portion of the plan. OPSRP applies to qualifying District employees hired after August 29, 2003. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute (ORS) Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**IV. OTHER INFORMATION (Continued)**

**B. Retirement Plans (Continued)**

**1. Oregon Public Employees Retirement System (Continued)**

Plan Description (Continued)

That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

Funding Policy

The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan and a general service rate for the qualifying employees under the OPSRP plan. The OPERF, OPSRP, and OPSRP Fire and Police rate in effect for the year ended June 30, 2014 was 2.55%. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. Covered employees are required by state statute to contribute 6% of their annual salary to the system, but the employer is allowed to pay any or all of the employees' contributions in addition to the required employer's contribution.

Annual Pension Cost

The District's contributions to PERS for the three years ended June 30, 2012, 2013, and 2014 were equal to the required contribution for each year. Annual pension expenses/expenditures are summarized as follows:

| <u>Fiscal Year<br/>Ended<br/>June 30</u> | <u>Annual<br/>Pension Cost<br/>(APC)</u> | <u>Percentage<br/>of APC<br/>Contributed</u> |
|--|--|--|
| 2012                                     | \$ 48,344                                | 100%   |
| 2013                                     | \$ 45,776                                | 100%   |
| 2014                                     | \$ 57,116                                | 100%   |

**2. Deferred Compensation Plan**

Plan Description

The District has authorized a voluntary deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**IV. OTHER INFORMATION (Continued)**

**B. Retirement Plans (Continued)**

**2. Deferred Compensation Plan (Continued)**

Funding Policy

Contributions are made from salary deductions from participating employees within the limits specified in the Code.

**3. Supplemental Retirement Plan**

The District offers a Length of Service Award Program (LOSAP) to volunteers as a reward for service to the community. The Plan provides tax-deferred income benefits under IRC Section 457 to volunteers through discretionary contributions made by the District. The District is not contingently liable to make contributions based on volunteer service. The District contributed \$56,000 during the year ended June 30, 2014.

**C. Other Post-Employment Benefits**

**1. Retirement Health Insurance Account (RHIA)**

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at <http://oregon.gov/PERS/>.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**IV. OTHER INFORMATION (Continued)**

**C. Other Post-Employment Benefits (Continued)**

**1. Retirement Health Insurance Account (RHIA) (Continued)**

Plan Description (Continued)

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Funding Policy

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS; currently 0.59% of OPERF covered payroll and 0.49% of OPSRP covered payroll. The OPERS board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The District's contributions to RHIA for the years ended June 30, 2012, 2013, and 2014 were \$2,216, \$3,912, and \$4,887, respectively, which equaled the required contributions each year.

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2014

**IV. OTHER INFORMATION (Continued)**

**D. Concentrations**

**1. Collective Bargaining Agreement**

At June 30, 2014, the District had approximately 13 employees who were accounted for under the governmental activities of the District. Of this total, 90% are covered under a collective bargaining agreement. The existing agreement expires on June 30, 2015.

**E. New Pronouncements**

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will be effective for the District beginning with its fiscal year ending June 30, 2015. GASB Statement No. 68 replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50, *Pension Disclosures*, as they related to governments that provide pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

**F. Subsequent Events**

Management has evaluated subsequent events through November 26, 2014, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2014

|  | Original<br>Budget  | Final<br>Budget   | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|--|---------------------|-------------------|---|---------------------------|
| <b>REVENUES</b>  |                     |                   |   |                           |
| Property taxes   | \$ 1,966,490        | \$ 1,966,490      | \$ 104,902                                    | \$ 2,071,392              |
| Charges for services   |                     |                   | 5,882   | 5,882                     |
| Investment earnings  | 6,500               | 6,500             | 1,175   | 7,675                     |
| Grant income   | 860,095             | 860,095           | (296,459)                                     | 563,636                   |
| Miscellaneous  | 15,000              | 15,000            | 12,669  | 27,669                    |
|  | <u>2,848,085</u>    | <u>2,848,085</u>  | <u>(171,831)</u>                              | <u>2,676,254</u>          |
| <b>EXPENDITURES</b>  |                     |                   |   |                           |
| Current  |                     |                   |   |                           |
| Personnel services   | 1,598,990           | 1,733,990         | (197,484)                                     | 1,536,506                 |
| Materials and services                                       | 533,000             | 847,095           | (135,561)                                     | 711,534                   |
| Contingency  | 150,000             | 45,000            | (45,000)                                      | -                         |
|  | <u>2,281,990</u>    | <u>2,626,085</u>  | <u>(378,045)</u>                              | <u>2,248,040</u>          |
| Excess (deficiency) of revenues<br>over (under) expenditures | 566,095             | 222,000           | 206,214                                       | 428,214                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                     |                   |   |                           |
| Sale of general capital assets                               | -                   | -                 | 8,801   | 8,801                     |
| Transfers in   | 17,200              | 17,200            | -   | 17,200                    |
| Transfers out  | (200,000)           | (200,000)         | -   | (200,000)                 |
|  | <u>(182,800)</u>    | <u>(182,800)</u>  | <u>8,801</u>                                  | <u>(173,999)</u>          |
| Net change in fund balance                                   | 383,295             | 39,200            | 215,015                                       | 254,215                   |
| Fund balance - beginning                                     | 686,000             | 686,000           | 149,292                                       | 835,292                   |
| Fund balance - ending  | <u>\$ 1,069,295</u> | <u>\$ 725,200</u> | <u>\$ 364,307</u>                             | <u>\$ 1,089,507</u>       |

**OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

|                           | Capital Projects Funds                              |  |                                   |  |                                       |                                |
|---------------------------|---|--|-----------------------------------|--|---------------------------------------|--------------------------------|
|                           | Communications<br>& Data Systems<br>Reserve<br>Fund | New Facility<br>Furnishings<br>Reserve<br>Fund | Rescue<br>Tool<br>Reserve<br>Fund | PPE & SCBA<br>Systems<br>Reserve<br>Fund | Utility<br>Vehicle<br>Reserve<br>Fund | Total<br>Governmental<br>Funds |
| <b>ASSETS</b>             |   |  |                                   |  |                                       |                                |
| Cash and cash equivalents | \$ 8,049  | \$ 266   | \$ 27,695                         | \$ 70,001                                | \$ 42,556                             | \$ 148,567                     |
| <b>FUND BALANCES</b>      |   |  |                                   |  |                                       |                                |
| Fund balances<br>Assigned | \$ 8,049  | \$ 266   | \$ 27,695                         | \$ 70,001                                | \$ 42,556                             | \$ 148,567                     |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

|  | Capital Projects Funds                              |  |                                   |  |                                       | Total<br>Governmental<br>Funds |
|--|---|--|-----------------------------------|--|---------------------------------------|--------------------------------|
|  | Communications<br>& Data Systems<br>Reserve<br>Fund | New Facility<br>Furnishings<br>Reserve<br>Fund | Rescue<br>Tool<br>Reserve<br>Fund | PPE & SCBA<br>Systems<br>Reserve<br>Fund | Utility<br>Vehicle<br>Reserve<br>Fund |                                |
| <b>REVENUES</b>  |   |  |                                   |  |                                       |                                |
| Interest income  | \$ -  | \$ -   | \$ 1                              | \$ -                                     | \$ 37                                 | \$ 38                          |
| <b>EXPENDITURES</b>  |   |  |                                   |  |                                       |                                |
| Capital outlay   | -   | 913  | -                                 | -  | 46,424                                | 47,337                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | -   | (913)  | 1                                 | -  | (46,387)                              | (47,299)                       |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                    |   |  |                                   |  |                                       |                                |
| Transfers in   | 15,000  | -  | 10,000                            | 25,000                                   | 20,000                                | 70,000                         |
| Transfers out  | (17,200)  | -  | -                                 | -  | -                                     | (17,200)                       |
| Total other financing sources (uses)                         | (2,200)   | -  | 10,000                            | 25,000                                   | 20,000                                | 52,800                         |
| Net change in fund balances                                  | (2,200)   | (913)  | 10,001                            | 25,000                                   | (26,387)                              | 5,501                          |
| Fund balances - beginning                                    | 10,249  | 1,179  | 17,694                            | 45,001                                   | 68,943                                | 143,066                        |
| Fund balances - ending                                       | <u>\$ 8,049</u>                                     | <u>\$ 266</u>                                  | <u>\$ 27,695</u>                  | <u>\$ 70,001</u>                         | <u>\$ 42,556</u>                      | <u>\$ 148,567</u>              |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

APPARATUS RESERVE FUND

For the Year Ended June 30, 2014

|  | Original<br>Budget | Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|--|--------------------|-----------------|---|---------------------------|
| <b>REVENUES</b>  |                    |                 |   |                           |
| Investment earnings  | \$ 20              | \$ 20           | \$ 1  | \$ 21                     |
| <b>EXPENDITURES</b>  |                    |                 |   |                           |
| Capital outlay   | <u>-</u>           | <u>618,785</u>  | <u>(19,313)</u>                               | <u>599,472</u>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | 20                 | (618,765)       | 19,314  | (599,451)                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                 |   |                           |
| Transfers in   | <u>130,000</u>     | <u>237,000</u>  | <u>(107,000)</u>                              | <u>130,000</u>            |
| Net change in fund balance                                   | 130,020            | (381,765)       | -   | (469,451)                 |
| Fund balance - beginning                                     | <u>386,710</u>     | <u>386,710</u>  | <u>10</u>                                     | <u>386,720</u>            |
| Fund balance (deficit) - ending                              | <u>\$ 516,730</u>  | <u>\$ 4,945</u> | <u>\$ (87,676)</u>                            | <u>\$ (82,731)</u>        |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

FACILITIES & PROPERTY RESERVE FUND

For the Year Ended June 30, 2014

|  | Original<br>Budget | Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|--|--------------------|-----------------|---|---------------------------|
| <b>REVENUES</b>  |                    |                 |   |                           |
| Investment earnings  | \$ 35              | \$ 35           | \$ 13   | \$ 48                     |
| <b>EXPENDITURES</b>  |                    |                 |   |                           |
| Capital outlay   | -                  | 75,000          | (75,000)                                      | -                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | 35                 | (74,965)        | 75,013  | 48                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                 |   |                           |
| Transfers out  | -                  | (107,000)       | (107,000)                                     | -                         |
| Net change in fund balance                                   | 35                 | (181,965)       | 182,013                                       | 48                        |
| Fund balance - beginning                                     | 370,076            | 370,076         | 182,763                                       | 552,839                   |
| Fund balance - ending  | \$ 370,111         | \$ 188,111      | \$ 364,776                                    | \$ 552,887                |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

COMMUNICATIONS & DATA SYSTEMS RESERVE FUND

For the Year Ended June 30, 2014

|                                       | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|---------------------------------------|---------------------------------|---|---------------------------|
| <b>OTHER FINANCING SOURCES (USES)</b> |                                 |   |                           |
| Transfers in                          | \$ 15,000                       | \$ -  | \$ 15,000                 |
| Transfers out                         | <u>(17,200)</u>                 | <u>-</u>                                      | <u>(17,200)</u>           |
| Total other financing sources (uses)  | <u>(2,200)</u>                  | <u>-</u>                                      | <u>(2,200)</u>            |
| Net change in fund balance            | (2,200)                         | -   | (2,200)                   |
| Fund balance - beginning              | <u>2,200</u>                    | <u>8,049</u>                                  | <u>10,249</u>             |
| Fund balance - ending                 | <u><u>\$ -</u></u>              | <u><u>\$ 8,049</u></u>                        | <u><u>\$ 8,049</u></u>    |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

NEW FACILITY FURNISHINGS & EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2014

|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Variance with<br/>Final Budget<br/>Over (Under)</u> | <u>Actual<br/>Budget<br/>Basis</u> |
|--|--|--|------------------------------------|
| <b>REVENUES</b>  | \$ -                                     | \$ -   | \$ -                               |
| <b>EXPENDITURES</b>  |  |  |                                    |
| Capital outlay   | <u>4,500</u>                             | <u>(3,587)</u>   | <u>913</u>                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | (4,500)                                  | 3,587  | (913)                              |
| Fund balance - beginning                                     | <u>4,500</u>                             | <u>(3,321)</u>   | <u>1,179</u>                       |
| Fund balance - ending  | <u>\$ -</u>                              | <u>\$ 266</u>  | <u>\$ 266</u>                      |



**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

RESCUE TOOL RESERVE FUND

For the Year Ended June 30, 2014

|  | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|--|---------------------------------|---|---------------------------|
| <b>REVENUES</b>  |                                 |   |                           |
| Investment earnings  | \$ -                            | \$ 1  | \$ 1                      |
| <b>EXPENDITURES</b>  | -                               | -   | -                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                               | 1   | 1                         |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                 |   |                           |
| Transfers in   | 10,000                          | -   | 10,000                    |
| Net change in fund balance                                   | 10,000                          | -   | 10,001                    |
| Fund balance - beginning                                     | -                               | 17,694  | 17,694                    |
| Fund balance - ending  | \$ 10,000                       | \$ 17,695                                     | \$ 27,695                 |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

PPE & SCBA SYSTEMS RESERVE FUND

For the Year Ended June 30, 2014

|                                       | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|---------------------------------------|---------------------------------|---|---------------------------|
| <b>OTHER FINANCING SOURCES (USES)</b> |                                 |   |                           |
| Transfers in                          | \$ 25,000                       | \$ -  | \$ 25,000                 |
| Net change in fund balance            | 25,000                          | -   | 25,000                    |
| Fund balance - beginning              | -                               | 45,001  | 45,001                    |
| Fund balance - ending                 | \$ 25,000                       | \$ 45,001                                     | \$ 70,001                 |

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

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

UTILITY VEHICLE RESERVE FUND

For the Year Ended June 30, 2014

|  | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Budget<br>Basis |
|--|---------------------------------|---|---------------------------|
| <b>REVENUES</b>  |                                 |   |                           |
| Investment earnings  | \$ 30                           | \$ 7  | \$ 37                     |
| <b>EXPENDITURES</b>  |                                 |   |                           |
| Capital outlay   | 50,000                          | (3,576)                                       | 46,424                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | (49,970)                        | 3,583   | (46,387)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                                 |   |                           |
| Transfers in   | 20,000                          | -   | 20,000                    |
| Net change in fund balance                                   | (29,970)                        | -   | (26,387)                  |
| Fund balance - beginning                                     | 68,925                          | 18  | 68,943                    |
| Fund balance - ending  | \$ 38,955                       | \$ 3,601                                      | \$ 42,556                 |

## **OTHER FINANCIAL SCHEDULES**

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2014

| Tax Year         | Taxes<br>Receivable<br>July 1, 2013 | 2013-2014<br>Levy   | Adjustments        | Collections  | Taxes<br>Receivable<br>June 30, 2014 |
|------------------|-------------------------------------|---------------------|--------------------|--------------|--------------------------------------|
| 2013-2014        | \$ -                                | \$ 2,116,162        | \$ (57,176)        | \$ 2,005,778 | \$ 53,208                            |
| 2012-2013        | 60,423                              | -                   | (1,600)            | 29,336       | 29,487                               |
| 2011-2012        | 33,967                              | -                   | (498)              | 12,734       | 20,735                               |
| 2010-2011        | 21,435                              | -                   | (126)              | 9,530        | 11,779                               |
| 2009-2010        | 12,130                              | -                   | (209)              | 3,483        | 8,438                                |
| 2008-2009        | 2,170                               | -                   | (284)              | 397          | 1,489                                |
| 2007-2008        | 822                                 | -                   | (95)               | 181          | 546                                  |
| Prior            | 1,846                               | -                   | (179)              | 236          | 1,431                                |
| Subtotal - Prior | 132,793                             | -                   | (2,991)            | 55,897       | 73,905                               |
| Total            | <u>\$ 132,793</u>                   | <u>\$ 2,116,162</u> | <u>\$ (60,167)</u> | 2,061,675    | <u>\$ 127,113</u>                    |

Add:

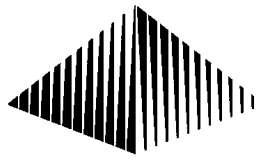
|   |              |
|---|--------------|
| Other taxes and interest                      | 7,515        |
| Undistributed taxes with county, July 1, 2013 | <u>9,255</u> |

Total available 2,078,445

Less: Turnovers to District 2,067,412

Undistributed taxes with county, June 30, 2014 \$ 11,033

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
STATE REGULATIONS**



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS***

Board of Directors  
Estacada Rural Fire District No. 69  
445 SE Currin Street  
Estacada, OR, 97023

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Estacada Rural Fire District No. 69 as of and for the year ended June 30, 2014, and have issued our report thereon dated November 26, 2014.

#### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except the excess of actual revenues over actual expenditures in second preceding did not equal the beginning balance in first preceding year in the adopted budget for the General Fund.

#### ***Internal Control Over Financial Reporting***

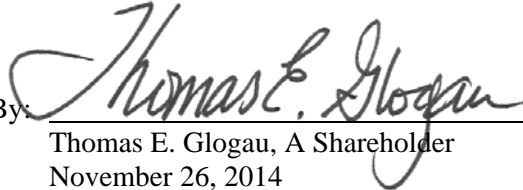
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of

expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

***Restriction on Use***

This report is intended solely for the information and use of the board members and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS*

By:   
Thomas E. Glogau, A Shareholder  
November 26, 2014



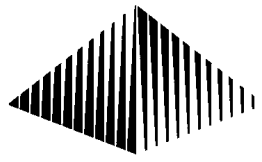
## **SINGLE AUDIT SECTION**

**ESTACADA RURAL FIRE DISTRICT**  
**Estacada, Oregon**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

| Federal Grantor, Pass-Through Grantor,<br>Program Title      | CFDA   | Revenues          | Expenditures      |
|--|--------|-------------------|-------------------|
| <b><u>U.S. Department of Homeland Security</u></b>           |        |                   |                   |
| Direct Grant   |        |                   |                   |
| Assistanct to Firefighters Grant Program - SAFER Grant       | 97.044 | \$ 232,349        | \$ 232,349        |
| Assistanct to Firefighters Grant Program - Recruitment Grant | 97.044 | 4,392             | 4,392             |
| Assistanct to Firefighters Grant Program - Radio Grant       | 97.044 | <u>326,895</u>    | <u>326,895</u>    |
| Total U.S. Department of Homeland Security                   |        | <u>563,636</u>    | <u>563,636</u>    |
| Total federal expenditures                                   |        | <u>\$ 563,636</u> | <u>\$ 563,636</u> |



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Estacada Rural Fire District No. 69  
445 SE Currin Street  
Estacada, Oregon 97023

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Estacada Rural Fire District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2014.

#### ***Internal Control Over Financial Reporting***

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

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 District'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### ***Compliance and Other Matters***

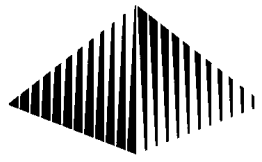
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2014



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200, Salem, Oregon 97301  
(503) 581-7788

### ***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

Board of Directors  
Estacada Rural Fire District No. 69  
445 SE Currin Street  
Estacada, Oregon 97023

#### ***Report on Compliance for Each Major Federal Program***

We have audited Estacada Rural Fire District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Estacada Rural Fire District's major federal programs for the year ended June 30, 2014. Estacada Rural Fire District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

#### ***Report on Internal Control over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal

program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### ***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2014

**Estacada Rural Fire District**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the fiscal year ended June 30, 2014**

**PURPOSE OF THE SCHEDULE**

The accompanying schedule of expenditures of federal awards (the "Schedule") is a supplementary schedule to Estacada Rural Fire District's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present either the financial position or the results of operations of the District.

**SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Federal Financial Assistance**

Pursuant to the Single Audit Act of 1996 and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**Major Programs**

The Single Audit Act Amendment of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. Programs with similar requirements may be grouped into a cluster for testing purposes.

**Reporting Entity**

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2014.

**Revenue and Expenditure Recognition**

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting.

**Estacada Rural Fire District  
Schedule of Findings and Questioned Costs  
For the fiscal year ended June 30, 2014**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issues: Unmodified  
 Internal control reporting: No  
 • Material weakness(es) identified? None reported  
 • Significant deficiency(ies) identified? No  
 • Noncompliance material to financial statements noted?

**Federal Awards**

Internal control over major programs: No  
 • Material weakness(es) identified? None reported  
 • Significant deficiency(ies) identified? Unmodified  
 Type of auditor's report issued on compliance for major programs:  
 Any audit findings disclosed that are required to be reported in accordance with  
 Section 510(a) of Circular A-133? No

Identification of major program:

| CFDA   | Agency                               | Program Title                          |
|--------|--------------------------------------|--|
| 97.044 | U.S. Department of Homeland Security | Assistant to Firefighter Grant Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000  
 Auditee qualified as low-risk auditee? No

**FINANCIAL STATEMENT FINDINGS**

None

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None



**Estacada Rural Fire District  
Summary Schedule of Prior Audit Findings  
June 30, 2014**

There were no findings or questioned costs in the prior year.