

**ESTACADA RURAL FIRE  
DISTRICT NO. 69  
Estacada, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2018



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

DISTRICT OFFICIALS

June 30, 2018

**BOARD OF DIRECTORS**

Matthew Silva, President

John Bresko, Vice President

Chris Randall, Secretary-Treasurer

John McAdoo

Edwin Thoreson

**FIRE CHIEF AND REGISTERED AGENT**

Robert Morrissey  
445 SE Currin Street  
Estacada, Oregon 97023

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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## **FINANCIAL SECTION**



KOONTZ, PERDUE, BLASQUEZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Estacada Rural Fire District No. 69  
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, Estacada, Oregon, as of and for the year ended June 30, 2018, 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

Estacada Rural Fire District No. 69's 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. 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, Estacada, Oregon, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

The District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinion is not modified with respect to this matter.

The effect of applying the provisions of GASB Statement No. 75 has been reported as a restatement of beginning net position for the year ended June 30, 2018.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, schedule of changes in the District's total OPEB liability and related ratios, and budgetary comparison information on pages 4 through 9, 50, 51, 52, 53, 54, and 55, respectively, 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, and schedule of changes in the District's total OPEB liability and related ratios 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 management's discussion and analysis, schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, or schedule of changes in the District's total OPEB liability and related ratios because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Estacada Rural Fire District No. 69's basic financial statements. The combining statements, individual fund schedules, and schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements.

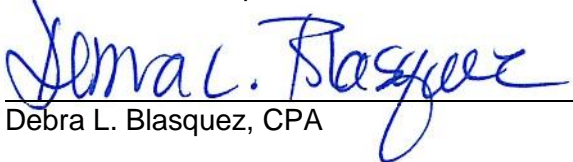
The combining statements and individual fund schedules are the responsibility of management, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The schedule of property tax transactions has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **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 29, 2018 on our consideration of 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.

Koontz, Perdue, Blasquez & Co., P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
November 29, 2018



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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**INTRODUCTION**

As management of Estacada Rural Fire District No. 69, Estacada, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2018, total net position of Estacada Rural Fire District No. 69 amounted to \$4,539,641. Of this amount, \$3,061,114 was invested in capital assets and the remaining balance of \$1,478,527 was unrestricted.
- The District's total net position increased by \$64,144 during the current fiscal year.
- Overall revenues were \$3,224,597, which exceeded total expenditures of \$3,160,453 by \$64,144.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Estacada Rural Fire District No. 69'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).

Both of the government-wide financial statements present functions of the District that are principally supported by taxes (governmental activities). The governmental activities of the District include fire suppression.

The government-wide financial statements can be found on pages 10 through 12 of this report.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**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 No. 69 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 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 seven 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 Fund and Facilities and Property Reserve Fund, both of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Estacada Rural Fire District No. 69 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 13 through 16 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 17 through 49 of this report.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**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 the schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of the net OPEB liability (asset), schedule of contributions – other postemployment benefits, schedule of changes in the District's total OPEB liability and related ratios, and budgetary comparison information for the General Fund. This required supplementary information can be found on pages 50 through 55 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 56 through 63 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, 2018, the District's assets exceeded liabilities by \$4,539,641.

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

**District's Net Position**

The District's net position increased by \$64,144 during the current fiscal year. The increase is related to an increase in property tax revenues and a decrease in program expenses.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	2018	2017
<b>Assets and deferred outflows of resources</b>		
Current assets	\$ 2,742,122	\$ 2,663,572
Net capital assets	3,061,114	2,798,766
Deferred outflows of resources	578,690	597,242
Total assets and deferred outflows of resources	6,381,926	6,059,580
<b>Liabilities and deferred inflows of resources</b>		
Current liabilities	226,713	188,623
Noncurrent liabilities	1,494,743	1,261,358
Deferred inflows of resources	120,829	91,118
Total liabilities and deferred inflows of resources	1,842,285	1,541,099
<b>Net position</b>		
Investment in capital assets	3,061,114	2,798,766
Unrestricted	1,478,527	1,676,731
Total net position	\$ 4,539,641	\$ 4,475,497

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**District's Changes in Net Position**

The condensed statement of activities information shown below explains changes in net position.

**Changes in Net Position**

	<u><b>Governmental Activities</b></u>	
	<u>2018</u>	<u>2017</u>
<b>Program revenues</b>		
Capital grants and contributions	\$ 371,905	\$ -
<b>General revenues</b>		
Property taxes	2,638,827	2,503,331
Gain on sale of capital assets	30,156	-
Miscellaneous	<u>183,709</u>	<u>53,914</u>
Total general revenues	<u>2,852,692</u>	<u>2,557,245</u>
Total revenues	3,224,597	2,557,245
<b>Program expenses</b>		
Fire suppression	<u>3,160,453</u>	<u>3,229,746</u>
<b>Change in net position</b>	64,144	(672,501)
<b>Net position - beginning of year, as restated</b>	<u>4,475,497</u>	<u>5,147,998</u>
<b>Net position - end of year</b>	<u>\$ 4,539,641</u>	<u>\$ 4,475,497</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 major governmental funds reported combined fund balances of \$2,037,744. This amount included \$15,511 of nonspendable amounts related to prepaid expenses and \$325,316 committed to building improvements. The remaining \$1,696,917 constitutes unassigned fund balance available for spending at the District's discretion.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Significant Changes in Major Governmental Fund Balances

- Facilities and Property Reserve Fund: The 14.2% decrease in committed fund balance can be attributed to seismic grant and station remodel projects.

**BUDGETARY HIGHLIGHTS: GENERAL FUND**

Significant variances between budgeted and actual amounts in the General Fund for the year ended June 30, 2018 include:

- Miscellaneous revenue was budgeted for \$126,500. Actual revenues were \$183,639 (45.2% over budget) due to the sale of apparatus and conflagrations.
- Expenditures for materials and services were budgeted for \$848,000. Actual expenditures were \$630,205 (25.7% under budget) due to conservative spending and the need to utilize funds for cash carryforward.

**CAPITAL ASSETS**

The District's investment in capital assets as of June 30, 2018 amounted to \$3,061,114, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings, apparatus, and equipment. The total depreciation expense related to the District's investment in capital assets during the current fiscal year was \$194,066.

Additional information on the District's capital assets can be found in Note III-B on pages 27 through 28 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 remains uncertain exactly how the Affordable Care Act with 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 that the District offers to employees.

These factors were considered in preparing the District's budget for the 2018-2019 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of 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 addressed to: Estacada Rural Fire District No. 69, 445 SE Currin Street, Estacada, Oregon 97023.

## **BASIC FINANCIAL STATEMENTS**



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
Current assets	
Cash and cash equivalents	\$ 2,382,638
Undistributed taxes with county	8,503
Property taxes receivable	158,673
Grant receivable	176,797
Prepaid expenses	<u>15,511</u>
Total current assets	<u>2,742,122</u>
Capital assets	
Land and construction in progress	1,448,600
Capital assets, net of accumulated depreciation	<u>1,612,514</u>
Total capital assets	<u>3,061,114</u>
Total assets	<u>5,803,236</u>
Deferred outflows of resources	
Net deferred outflow of pension related resources	572,559
Net deferred outflow of OPEB related resources	<u>6,131</u>
Total deferred outflows of resources	<u>578,690</u>
Total assets and deferred outflows of resources	<u>6,381,926</u>
	(Continued)

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

STATEMENT OF NET POSITION

June 30, 2018

(Continued)

	<u>Governmental Activities</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
Current liabilities	
Accounts payable	\$ 221,780
Accrued payroll liabilities	<u>4,933</u>
Total current liabilities	<u>226,713</u>
Noncurrent liabilities	
Compensated absences	293,162
Net pension liability	1,151,021
Net OPEB liability	<u>50,560</u>
Total noncurrent liabilities	<u>1,494,743</u>
Total liabilities	<u>1,721,456</u>
Deferred inflows of resources	
Net deferred inflow of pension related resources	114,143
Net deferred inflow of OPEB related resources	<u>6,686</u>
Total deferred inflows of resources	<u>120,829</u>
Total liabilities and deferred inflows of resources	<u>1,842,285</u>
<b>NET POSITION</b>	
Investment in capital assets	3,061,114
Unrestricted	<u>1,478,527</u>
Total net position	<u>\$ 4,539,641</u>

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities				
Fire suppression	<u>\$ 3,160,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,788,548)</u>
General revenues				
Property taxes				2,638,827
Gain on sale of capital assets				30,156
Miscellaneous				<u>183,709</u>
Total general revenues				<u>2,852,692</u>
Change in net position				64,144
Net position - beginning, as restated				<u>4,475,497</u>
Net position - ending				<u>\$ 4,539,641</u>

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Facilities and Property Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,738,330	\$ 325,316	\$ 318,992	\$ 2,382,638
Undistributed taxes with county	8,503	-	-	8,503
Property taxes receivable	158,673	-	-	158,673
Grants receivable	176,797	-	-	176,797
Prepaid expenses	15,511	-	-	15,511
 Total assets	 \$ 2,097,814	 \$ 325,316	 \$ 318,992	 \$ 2,742,122
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 221,780	\$ -	\$ -	\$ 221,780
Accrued payroll liabilities	4,933	-	-	4,933
 Total liabilities	 226,713	 -	 -	 226,713
 Deferred inflows of resources				
Unavailable revenue - property taxes	158,673	-	-	158,673
 Fund balances				
Nonspendable	15,511	-	-	15,511
Committed	-	325,316	318,992	644,308
Unassigned	1,696,917	-	-	1,696,917
 Total fund balances	 1,712,428	 325,316	 318,992	 2,356,736
 Total liabilities, deferred inflows of resources, and fund balances	 \$ 2,097,814	 \$ 325,316	 \$ 318,992	 \$ 2,742,122

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

For the Year Ended June 30, 2018

<b>Total fund balances</b>		<b>\$ 2,356,736</b>
<p>Capital assets are not financial resources and are therefore not reported in the governmental funds.</p>		
Cost	5,066,145	
Accumulated depreciation	<u>(2,005,031)</u>	3,061,114
<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 15 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>		
		158,673
<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		(293,162)
<p>Pension assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement on net position:</p>		
Net pension liability	(1,151,021)	
Deferred outflows of pension related resources	572,559	
Deferred inflows of pension related resources	<u>(114,143)</u>	(692,605)
<p>OPEB assets or liabilities, with related deferred outflows of resources and deferred inflows of resources, are not reported in the governmental funds, but are reported on the statement of net position. The amounts included in governmental activities on the statement on net position:</p>		
Net OPEB liability	(50,560)	
Deferred outflows of OPEB related resources	6,131	
Deferred inflows of OPEB related resources	<u>(6,686)</u>	<u>(51,115)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>4,539,641</u></b>

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Facilities and Property Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 2,622,812	\$ -	\$ -	\$ 2,622,812
Grant revenue	-	371,905	-	371,905
Miscellaneous	183,639	44	25	183,708
Total revenues	2,806,451	371,949	25	3,178,425
<b>EXPENDITURES</b>				
Current				
Personnel services	2,058,150	-	-	2,058,150
Materials and services	630,205	24,442	19,025	673,672
Capital outlay	-	401,436	50,879	452,315
Total expenditures	2,688,355	425,878	69,904	3,184,137
Excess (deficiency) of revenues over (under) expenditures	118,096	(53,929)	(69,879)	(5,712)
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain on sale of assets	30,156	-	-	30,156
Transfers in	-	-	175,000	175,000
Transfers out	(175,000)	-	-	(175,000)
Total other financing sources (uses)	(144,844)	-	175,000	30,156
Net change in fund balances	(26,748)	(53,929)	105,121	24,444
Fund balances - beginning	1,739,176	379,245	213,871	2,332,292
Fund balances - ending	\$ 1,712,428	\$ 325,316	\$ 318,992	\$ 2,356,736

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**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, 2018

<b>Net change in fund balances</b>		\$ 24,444
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:</p>		
Expenditures for capital assets	456,414	
Less current year depreciation	<u>(194,066)</u>	262,348
<p>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.</p>		
Change in unavailable revenue - property taxes		16,015
<p>Changes in long term liabilities are not due or payable in the current period and therefore are not reported in the governmental fund statements. These liabilities consist of:</p>		
Compensated absences payable		(8,800)
<p>Changes in the net pension assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.</p>		
		(221,732)
<p>Changes in the net OPEB assets and liabilities, as well as the related changes in deferred outflows and deferred inflows of resources, are not recognized as expenditures in the governmental funds.</p>		
		<u>(8,131)</u>
<b>Change in net position</b>		<u>\$ 64,144</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Estacada Rural Fire District No. 69 have been prepared in accordance 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 No. 69 was formed in the early 1900s. The District currently operates two stations. Fire district boundaries cover approximately 88 square miles in Clackamas County, Oregon, including the City of Estacada. Emergency services provided are advanced life support (emergency medical services), fire suppression, technical rescue (vehicle extrication and water rescue), and 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 a liability is 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 NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**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 15 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, 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 source of revenue is property taxes. Primary expenditures are for fire suppression, emergency medical expenses, and administrative support.

Capital Projects Fund

*Facilities and Property Reserve Fund* – The Facilities and Property Reserve Fund accounts for site preparation and other costs associated with the construction of a new fire station and for repairs to current facilities. The primary source of revenue is grants. Primary expenditures are for station improvements.

Additionally, the District reports the following nonmajor governmental funds:

Capital Projects Funds

*Communications and Data Systems Reserve Fund* – The Communications and Data Systems Reserve Fund accounts for the purchase of new or replacement radio systems, mobile data computer systems, and computer server systems. The primary source of revenue is transfers from the General Fund. Primary expenditures are for equipment acquisitions.

*Apparatus Reserve Fund* – The Apparatus Reserve Fund accounts for the purchase or replacement of major fire apparatus, including fire engines, water tenders, wildland engines, and rescue vehicles. The primary source of revenue is transfers from the General Fund. Primary expenditures are for vehicle acquisitions.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

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

Capital Projects Funds (Continued)

*Rescue Tool Reserve Fund* – The Rescue Tool Reserve Fund accounts for the purchase of new or replacement major EMS or rescue equipment. The primary source of revenue is transfers from the General Fund. Primary expenditures are for rescue equipment.

*Personal Protection Equipment (PPE) and Self-Contained Breathing Apparatus (SCBA) Systems Reserve Fund* – The PPE and SCBA Systems Reserve Fund accounts for the purchase of new or replacement personal protective equipment (firefighting gear) and self-contained breathing apparatus systems (air packs and compressors). The primary source of revenue is 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 purchase of new or replacement utility vehicles. The primary source of revenue is 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.

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity**

**1. Deposits and Investments**

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

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**1. Deposits and Investments (Continued)**

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. Grant Revenue**

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Management has determined that all receivables are likely to be received and therefore, no allowance for doubtful accounts has been recorded.

**3. Property Taxes**

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

Uncollected property taxes are shown as assets on the governmental funds balance sheet. Property taxes collected within approximately 15 days of fiscal year-end are recognized as revenue, while the remaining amount of taxes receivable are recorded as unavailable revenue because they are not deemed to be available to finance operations of the current period.

**4. 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.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**4. Capital Assets (Continued)**

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>
Vehicles	5-10
Equipment	5-20
Apparatus	15-20
Buildings and improvements	30-40

**5. 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. Sick leave is vested and reported as long-term liabilities.

**6. Retirement Plans**

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 expenditures.

**7. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and so will not be recognized as an outflow of resources until then. The District has two items that qualify for reporting in this category, which are deferred amounts related to pensions and deferred amounts related to other postemployment benefits. These amounts are deferred and recognized as outflows of resources when the District recognizes pension or other postemployment benefit expenses/expenditures. Deferred outflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**7. Deferred Outflows and Inflows of Resources (Continued)**

In addition to liabilities, the statement of net position and/or balance sheet 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 or fund balance that applies to a future period and therefore, will not be recognized as an inflow of resources until that time. The District has three items that qualify for reporting in this category, which are unavailable revenue from property taxes, deferred amounts related to pensions, and deferred amounts related to other postemployment benefits. Unavailable revenue from property taxes are deferred and recognized as inflows of resources in the period that the amounts become available. Unavailable revenue from property taxes is reported in the balance sheet. Deferred amounts related to pensions and other postemployment benefits are deferred and recognized as inflows of resources in the period when the District recognizes pension or other postemployment benefit income. Deferred inflows of amounts related to pensions and other postemployment benefits are included in the government-wide statement of net position.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense information about the net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net other postemployment benefits (OPEB) retirement health insurance account (RHIA) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense information about the net position of OPERS, and additions to/deductions from OPERS' net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the implicit OPEB liability, the District has relied on actuarial reports. The net OPEB liability, deferred outflows of resources, and deferred inflows of resources are related to changes in assumptions for the covered active and inactive participants.

**8. Fund Equity**

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.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**D. Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Equity (Continued)**

**8. Fund Equity (Continued)**

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

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

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

**E. Use of Estimates**

The preparation of financial statements in accordance 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 could differ from those estimates.

**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.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

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

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

**A. Deposits and Investments**

Estacada Rural Fire District No. 69 maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**A. Deposits and Investments (Continued)**

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 – Unadjusted quoted prices for identical investments in active markets.
- Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; observable inputs other than quoted market prices.
- Level 3 – Unobservable inputs that are supported by little or no market activity.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2018.

Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

	<u>Level 2</u>
Money market account	<u>\$ 66,404</u>

Credit Risk

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

Interest Rate Risk

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

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in a money market account held by one bank.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**A. Deposits and Investments (Continued)**

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

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

The District holds accounts at US Bank and KeyBank, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and an additional \$250,000 for time and savings accounts, per institution. At June 30, 2018, the District had deposits of \$316,404 insured by the FDIC and \$2,084,957 covered by the PFCP.

Deposits and Investments

The District's deposits and investments at June 30, 2018 are as follows:

Checking accounts	\$ 2,316,234
Money market account	<u>66,404</u>
Total deposits and investments	<u>\$ 2,382,638</u>

Cash and investments by fund:

Governmental activities	
General Fund	\$ 1,738,330
Facilities and Property Reserve Fund	325,316
Nonmajor governmental funds	<u>318,992</u>
Total cash and investments	<u>\$ 2,382,638</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,016,856	\$ -	\$ -	\$ 1,016,856
Construction in progress	<u>130,328</u>	<u>403,585</u>	<u>102,169</u>	<u>431,744</u>
Total capital assets not being depreciated	<u>1,147,184</u>	<u>403,585</u>	<u>102,169</u>	<u>1,448,600</u>
Capital assets being depreciated				
Buildings	363,655	-	-	363,655
Apparatus	2,166,692	-	-	2,166,692
Equipment	<u>932,200</u>	<u>154,998</u>	<u>-</u>	<u>1,087,198</u>
Total capital assets being depreciated	<u>3,462,547</u>	<u>154,998</u>	<u>-</u>	<u>3,617,545</u>
Less accumulated depreciation for				
Buildings	(215,258)	(9,189)	-	(224,447)
Apparatus	(1,009,872)	(106,259)	-	(1,116,131)
Equipment	<u>(585,835)</u>	<u>(78,618)</u>	<u>-</u>	<u>(664,453)</u>
Total accumulated depreciation	<u>(1,810,965)</u>	<u>(194,066)</u>	<u>-</u>	<u>(2,005,031)</u>
Total capital assets being depreciated, net	<u>1,651,582</u>	<u>(39,068)</u>	<u>-</u>	<u>1,612,514</u>
Governmental activities capital assets, net	<u>\$ 2,798,766</u>	<u>\$ 364,517</u>	<u>\$ 102,169</u>	<u>\$ 3,061,114</u>

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

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 1,016,856	\$ -	\$ 1,016,856
Construction in progress	431,744	-	431,744
Buildings	363,655	(224,447)	139,208
Apparatus	2,166,692	(1,116,131)	1,050,561
Equipment	<u>1,087,198</u>	<u>(664,453)</u>	<u>422,745</u>
Total capital assets	<u>\$ 5,066,145</u>	<u>\$ (2,005,031)</u>	<u>\$ 3,061,114</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**B. Capital Assets (Continued)**

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

Governmental activities	
Fire suppression	<u>\$ 194,066</u>

**C. Interfund Transfers**

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

	<u>Transfers in:</u>
	Nonmajor
	Governmental
	<u>Funds</u>
Transfers out:	
General Fund	<u>\$ 175,000</u>

The principal purposes of the interfund transfers in were as follows:

Nonmajor governmental funds:

*Communications and Data Systems Reserve Fund:* To provide funds for future equipment purchases.

*Apparatus Reserve Fund:* To provide funds for future vehicle purchases.

*Rescue Tool Reserve Fund:* To provide funds for future equipment purchases.

*PPE and SCBA Systems Reserve Fund:* To provide funds for future equipment purchases.

*Utility Vehicle Reserve Fund:* To provide funds for future vehicle purchases.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

**D. Operating Lease**

On May 10, 2017, the District entered into a contract to lease two copiers for a period of 60 months, ending on May 9, 2022. The lease calls for payments of \$609 per month. Lease expense for the year ended June 30, 2018 was \$7,308.

Future lease liabilities are as follows:

Year Ending June 30	
2019	\$ 7,308
2020	7,308
2021	7,308
2022	6,699
	\$ 28,623

**E. Compensated Absences**

The following schedule summarizes the changes in compensated absences liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	\$ 284,362	\$ 8,800	\$ -	\$ 293,162

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

**F. Constraints on Fund Balances**

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

	General Fund	Facilities and Property Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable - prepaids	\$ 15,511	\$ -	\$ -	\$ 15,511
Committed to:				
Building improvements	-	325,316	-	325,316
Vehicle expenditures	-	-	180,983	180,983
Equipment expenditures	-	-	138,009	138,009
Unassigned	1,696,917	-	-	1,696,917
Total fund balances	\$ 1,712,428	\$ 325,316	\$ 318,992	\$ 2,356,736

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN**

**A. Plan Description**

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

**B. Benefits Provided**

**1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238)**

Pension Benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**1. Tier One/Tier Two Retirement Benefit (ORS Chapter 238) (Continued)**

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes after Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.630, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The COLA is capped at 2.0%.

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**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**2. OPSRP Pension Program (Defined Benefit)**

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**B. Benefits Provided (Continued)**

**3. OPSRP Individual Account Program (IAP)**

Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

Death Benefits

Upon the death of a non-retired member, the beneficiary receives, in a lump sum, the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with Voya Financial to maintain IAP participant records.

**C. Contributions**

PERS' funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$57,560, excluding amounts to fund employer-specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 12.55% for Tier One/Tier Two general service members, 12.55% for Tier One/Tier Two police and fire members, 0.43% for OPSRP Pension Program general service members, 3.90% for OPSRP Pension Program police and fire members, and 6% for OPSRP IAP.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2018, the District reported a liability of \$1,151,021 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan, relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was 0.0085%, which increased from its proportion of 0.0065% measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense (income) of \$336,853. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 55,664	\$ -
Changes of assumptions	209,811	-
Net difference between projected and actual earnings on investments	11,858	-
Changes in proportion	237,666	-
Differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>114,143</u>
Total (prior to post measurement date contributions)	514,999	114,143
Contributions subsequent to the measurement date	<u>57,560</u>	<u>-</u>
Total	<u>\$ 572,559</u>	<u>\$ 114,143</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Amortization Period Ending June 30</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2019	\$ 178,824	\$ 34,939
2020	214,632	34,296
2021	157,284	27,093
2022	10,524	14,536
2023	11,295	3,279
	<b>\$ 572,559</b>	<b>\$ 114,143</b>

**E. Actuarial Assumptions**

The employer contribution rates effective July 1, 2015 through June 30, 2017, and effective July 1, 2017 through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**E. Actuarial Assumptions (Continued)**

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study Report	2014, published September 23, 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-Term Expected Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b>  Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even-numbered years. The methods and assumptions shown above are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**F. Long-Term Expected Rate of Return**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015, the Public Employees Retirement System Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The table below displays the OIC approved asset allocation policy for fiscal years beginning in 2014. The previous allocation was amended to reduce debt securities and public equity holdings and to increase private equity, real estate, and alternative equity holdings.

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00 %
Debt Securities	20.00 %
Public Equity	37.50 %
Private Equity	17.50 %
Real Estate	12.50 %
Alternative Equity	12.50 %
Opportunity Portfolio	<u>0.00 %</u>
Total	<u>100.00 %</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**F. Long-Term Expected Rate of Return (Continued)**

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target allocation. The OIC's description of each asset class was used to map the target asset allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment of the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compound Annual (Geometric) Return</u>
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00 %	3.61 %
Bank/Leveraged Loans	3.00 %	5.42 %
High Yield Bonds	1.00 %	6.20 %
Large/Mid Cap US Equities	15.75 %	6.70 %
Small Cap US Equities	1.31 %	6.99 %
Micro Cap US Equities	1.31 %	7.01 %
Developed Foreign Equities	13.13 %	6.73 %
Emerging Market Equities	4.12 %	7.25 %
Non-US Small Cap Equities	1.87 %	7.22 %
Private Equity	17.50 %	7.97 %
Real Estate (Property)	10.00 %	5.84 %
Real Estate (REITS)	2.50 %	6.69 %
Hedge Fund of Funds - Diversified	2.50 %	4.64 %
Hedge Fund - Event-driven	0.63 %	6.72 %
Timber	1.87 %	5.85 %
Farmland	1.88 %	6.37 %
Infrastructure	3.75 %	7.13 %
Commodities	<u>1.88 %</u>	4.58 %
 Total	 <u>100.00 %</u>	
 Assumed Inflation - Mean		 2.50 %

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

**G. Depletion Date Projection**

GASB Statement No. 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB Statement No. 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB Statement No. 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. The Governmental Accounting Standards Board does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation for sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB Statement No. 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB Statement No. 68 would clearly indicate that the net position is always projected to be sufficient to cover benefit payments and administrative expenses.

**H. Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. PENSION PLAN (Continued)**

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 1,961,551	\$ 1,151,021	\$ 473,269

**J. Pension Plan Net Position**

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

**K. Changes in Plan Provision Subsequent to Measurement Date**

The Public Employees Retirement System board lowered the assumed rate of return from 7.50% to 7.20% on July 28, 2017, effective January 1, 2018.

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**A. Benefit Plans**

The other postemployment benefits (OPEB) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance continuation premiums, and a contribution to the State of Oregon's PERS cost-sharing, multiple-employer, defined health insurance benefit plan.



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**B. Financial Statement Presentation**

The amounts on the financial statements relate to the plans as follows:

	<u>Implicit Rate Subsidy Plan</u>	<u>PERS RHIA Plan</u>	<u>Total OPEB</u>
Net OPEB asset	\$ -	\$ (4,527)	\$ (4,527)
Deferred outflows of resources			
Change in proportionate share	-	76	76
Contributions after measurement date	53	6,002	6,055
Total OPEB liability	55,087	-	55,087
Deferred inflows of resources			
Change in assumptions	(4,589)	-	(4,589)
Difference in earnings	-	(2,097)	(2,097)
OPEB expense	9,270	52	9,322
(Included in fire suppression expense on statement of activities)			

**C. Implicit Rate Subsidy**

**1. Plan Description**

The District's healthcare plan is administered by Special Districts Insurance. The District has a health insurance continuation option available for most groups of retirees. It is a substantive postemployment benefits plan offered under Oregon Revised Statutes (ORS) 243. ORS 243.303 requires that the District provide retirees with an opportunity to participate in group health and dental insurance from the date of retirement to age 65, and the rate would be calculated using claims experience from retirees and active employees for health plan rating purposes. Providing the same rate to retirees as provided to current employees constitutes an implicit rate subsidy for OPEB. This single-employer plan is not a standalone plan and therefore does not issue its own financial statements.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. Implicit Rate Subsidy (Continued)**

**2. Benefits Provided**

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2016, the following employees were covered by the benefit terms:

Active employees	15
Inactive employees or beneficiaries receiving benefits	<u>-</u>
Total	<u><u>15</u></u>

**3. Total OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources**

The District's total OPEB liability of \$55,087 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

For the fiscal year ended June 30, 2018, the District recognized OPEB expense from this plan of \$9,270. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 4,589
Contributions subsequent to the measurement date	<u>53</u>	<u>-</u>
Total	<u><u>\$ 53</u></u>	<u><u>\$ 4,589</u></u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. Implicit Rate Subsidy (Continued)**

**3. Total OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources (Continued)**

Deferred outflows of resources related to OPEB of \$53 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Inflows
2019	\$ 399
2020	399
2021	399
2022	399
2023	399
Thereafter	2,594
	\$ 4,589

**4. Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2016 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Salary Increases	3.50%
Healthy Mortality	RP-2000 healthy white collar male and female mortality tables, set back one year for males. Mortality is projected on a generational basis using Scale BB for males and females.
Discount Rate	3.58%
Healthcare Cost Trend Rate	Medical and vision: 7.50% per year, decreasing to 5.0%  Dental: 4.50% per year

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**C. Implicit Rate Subsidy (Continued)**

**4. Actuarial Assumptions and Other Inputs (Continued)**

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

**5. Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance as of June 30, 2017	\$ 50,353
Changes for the year:	
Service cost	8,108
Interest on total OPEB liability	1,665
Effect of assumption changes or inputs	(4,988)
Benefit payments	(51)
Balance as of June 30, 2018	\$ 55,087

Changes in assumptions is the result of the change in the discount rate from 2.85% to 3.58%.

**6. Sensitivity of the Total OPEB Liability**

The following presents the District's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

	Discount Rate		
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 62,026	\$ 55,087	\$ 48,904
	Healthcare Cost Trend		
	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 46,197	\$ 55,087	\$ 66,078

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**D. PERS Retirement Health Insurance Account (RHIA)**

**1. Plan Description**

The District contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. 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 hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**2. Benefits Provided**

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 RHIA 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.

**3. Contributions**

PERS' funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The Entity's contribution rates for the period were 0.50% for Tier One/Tier Two members, and 0.43% for OPSRP members. The District's total contributions for the year ended June 30, 2018 amounted to \$6,002.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**D. PERS Retirement Health Insurance Account (RHIA) (Continued)**

**4. OPEB Assets, Liabilities, and Expense, and Deferred Outflows and Inflows of Resources**

At June 30, 2018, the District reported an asset of \$4,527 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2017, the District's proportionate share was 0.0108%, which is an increase from its proportion of 0.0105% as of June 30, 2016.

For the year ended June 30, 2018, the District recognized OPEB expense from this plan of \$52. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings	\$ -	\$ 2,097
Changes in proportionate share	76	-
Contributions subsequent to the measurement date	6,002	-
Total	\$ 6,078	\$ 2,097

Deferred outflows of resources related to OPEB of \$6,002 resulting from the District's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization Period Ending June 30	Deferred Outflows	Deferred Inflows
2019	\$ 28	\$ 524
2020	28	524
2021	20	524
2022	-	525
	\$ 76	\$ 2,097

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**V. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**D. PERS Retirement Health Insurance Account (RHIA) (Continued)**

**5. Actuarial Methods and Assumptions**

The total OPEB liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Healthcare cost trend rate	Ranging from 6.3% in 2016 to 4.4% in 2094
----------------------------	---

All other actuarial methods and assumptions are consistent with those disclosed for the OPERS pension plan. See Notes IV-E, IV-F, and IV-H for additional information on actuarial assumptions and methods, the long-term expected rate of return, and the discount rate.

**6. Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net OPEB liability (asset)	\$ 631	\$ (4,527)	\$ (8,915)

**7. OPEB Plan Fiduciary Net Position**

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

**8. Changes in Plan Provisions Subsequent to Measurement Date**

The Public Employees Retirement System Board lowered the assumed rate of return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018 and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**VI. 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. Restatement**

In implementing GASB Statement No. 75, the District has restated beginning net position in order to recognize the correct total OPEB liability for the District's implicit rate subsidy and RHIA plans. The restatement also recognizes a deferred outflow of resources related to OPEB for contributions from each plan made after the June 30, 2016 measurement date.

	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 4,518,481
Cumulative effect of change in accounting principle	<u>(42,984)</u>
Net position - beginning, as restated	<u>\$ 4,475,497</u>

**C. Tax Abatements**

During the year, the District adopted GASB Statement No. 77, *Tax Abatement Disclosures*. The District had no tax abatements for the year ended June 30, 2018.

**D. 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. 83, *Certain Asset Retirement Obligations*, will be effective for the District beginning with its fiscal year ending June 30, 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, will be effective for the District beginning with its fiscal year ending June 30, 2019. The objective of this statement is to improve the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements.



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**IV. OTHER INFORMATION (Continued)**

**D. New Pronouncements (Continued)**

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the District beginning with its fiscal year ending June 30, 2020. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, *Leases*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting of leases by governments.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the District beginning with its fiscal year ending June 30, 2021. The objective of this statement is to simplify accounting for interest cost incurred before the end of a construction period, and enhance the relevance and comparability of capital asset information.

**E. Subsequent Events**

Management has evaluated subsequent events through November 29, 2018, which was the date that the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.85387100%	\$ 1,151,021	\$ 1,119,042	102.86%	83.10%
2017	0.00650796%	976,996	1,072,615	91.09%	80.50%
2016	0.00499571%	286,827	1,016,084	28.23%	91.90%
2015	0.00100000%	(22,123)	850,947	(2.60)%	103.60%
2014	0.00100000%	49,807	940,183	5.30%	91.97%

**Changes in Benefit Terms**

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

**Changes of Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

**SCHEDULE OF CONTRIBUTIONS**

Year Ended June 30	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	\$ 57,560	\$ 57,560	\$ -	\$ 1,287,561	4.47%
2017	28,794	28,794	-	1,119,042	2.57%
2016	66,127	66,127	-	1,072,615	6.17%
2015	64,542	64,542	-	1,016,084	6.35%
2014	57,116	57,116	-	850,947	6.71%

**Changes in Benefit Terms**

The Oregon Supreme Court decision in *Moro v. State of Oregon* issued on April 30, 2015 reversed a significant portion of the reductions that the 2013 Oregon Legislature made to future COLA through Senate Bills 822 and 861. This reversal increased the proportionate share of the net pension liability (asset) as of June 30, 2015 as compared to June 30, 2014.

**Changes of Assumptions**

The Public Employees Retirement System Board adopted assumption changes that were used to measure the June 30, 2016 total pension liability. The changes include the lowering of the long-term expected rate of return to 7.50% and the lowering of the assumed inflation to 2.50%. In addition, the healthy mortality assumption was changed to reflect an updated mortality improvement scale for all groups, and assumptions were updated for merit increases, unused sick leave, and vacation pay.

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**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)

<b><u>RHIA</u></b>	<u>2018</u>	<u>2017</u>
Proportion of the OPEB pension liability (asset)	0.01084794%	0.01046610%
Proportionate share of the net OPEB liability (asset)	\$ (4,527)	\$ 2,842
Covered payroll	\$ 1,287,561	\$ 1,119,042
Proportionate share of the OPEB liability (asset) as a percentage of covered employee payroll	-0.35%	0.25%
Plan net position as a percentage of the total OPEB liability	108.9%	94.2%

**Changes of Assumptions**

There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

- Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.
- Assumed healthcare reform excise tax increased from the prior projection to reflect recent plan experience and up-to-date legislation. The increase in assumed excise tax has the effect of increasing the liability.
- Where applicable, demographic assumptions are based on the actuarial valuation assumptions of the Oregon PERS and OPSRP retirement plans. The latest Oregon PERS and OPSRP valuation report available is as of December 31, 2016. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.
- Participation rate was changed from 40% to 45% to better reflect actual experience and anticipated future experience.

No assets have been accumulated in a trust to pay for the related benefits.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

SCHEDULE OF CONTRIBUTIONS

OTHER POSTEMPLOYMENT BENEFITS

<u><b>RHIA</b></u>	2018	2017
Contractually required contributions	\$ 5,401	\$ 4,667
Contributions in relation to the contractually required contribution	5,401	4,667
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 1,287,561	\$ 1,119,042
Contributions as a percentage of covered employee payroll	0.42%	0.42%

**Changes of Assumptions**

There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

- Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.
- Assumed healthcare reform excise tax increased from the prior projection to reflect recent plan experience and up-to-date legislation. The increase in assumed excise tax has the effect of increasing the liability.
- Where applicable, demographic assumptions are based on the actuarial valuation assumptions of the Oregon PERS and OPSRP retirement plans. The latest Oregon PERS and OPSRP valuation report available is as of December 31, 2016. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.
- Participation rate was changed from 40% to 45% to better reflect actual experience and anticipated future experience.

No assets have been accumulated in a trust to pay for the related benefits.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

<u>Implicit Rate Subsidy</u>	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 8,108
Interest	1,665
Changes of assumptions	(4,988)
Benefit payments	<u>(51)</u>
Net change in total OPEB liability	4,734
Total OPEB liability - beginning	<u>50,353</u>
Total OPEB liability - ending	<u>\$ 55,087</u>
Covered employee payroll	\$ 1,287,561
Total OPEB liability as a percentage of covered employee payroll	4.28%

**Changes of Assumptions**

There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

- Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.
- Assumed healthcare reform excise tax increased from the prior projection to reflect recent plan experience and up-to-date legislation. The increase in assumed excise tax has the effect of increasing the liability.
- Where applicable, demographic assumptions are based on the actuarial valuation assumptions of the Oregon PERS and OPSRP retirement plans. The latest Oregon PERS and OPSRP valuation report available is as of December 31, 2016. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.
- Participation rate was changed from 40% to 45% to better reflect actual experience and anticipated future experience.

No assets have been accumulated in a trust to pay for the related benefits.

\*This schedule is intended to show information for 10 years; additional years' information will be displayed as it becomes available.

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>
<b>REVENUES</b>			
Property taxes	\$ 2,544,940	\$ 2,544,940	\$ 77,872
Miscellaneous	<u>26,500</u>	<u>126,500</u>	<u>57,139</u>
Total revenues	<u>2,571,440</u>	<u>2,671,440</u>	<u>135,011</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	2,029,040	2,114,040	(55,890)
Materials and services	833,000	848,000	(217,795)
Contingency	<u>225,000</u>	<u>225,000</u>	<u>(225,000)</u>
Total expenditures	<u>3,087,040</u>	<u>3,187,040</u>	<u>(498,685)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(515,600)</u>	<u>(515,600)</u>	<u>633,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Gain on sale of assets	-	-	-
Transfers out	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,000)</u>	<u>(175,000)</u>	<u>-</u>
Net change in fund balance	(690,600)	(690,600)	633,696
Fund balance - beginning	<u>1,425,600</u>	<u>1,425,600</u>	<u>313,576</u>
Fund balance - ending	<u>\$ 735,000</u>	<u>\$ 735,000</u>	<u>\$ 947,272</u>



Budget Basis	Actual	
	Adjustments	GAAP Basis
\$ 2,622,812	\$ -	\$ 2,622,812
<u>183,639</u>	<u>-</u>	<u>183,639</u>
<u>2,806,451</u>	<u>-</u>	<u>2,806,451</u>
2,058,150	-	2,058,150
630,205	-	630,205
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,688,355</u>	<u>-</u>	<u>2,688,355</u>
<u>118,096</u>	<u>-</u>	<u>118,096</u>
30,156	-	30,156
<u>(175,000)</u>	<u>-</u>	<u>(175,000)</u>
<u>(144,844)</u>	<u>-</u>	<u>(144,844)</u>
(26,748)	-	(26,748)
<u>1,739,176</u>	<u>-</u>	<u>1,739,176</u>
<u>\$ 1,712,428</u>	<u>\$ -</u>	<u>\$ 1,712,428</u>

**OTHER SUPPLEMENTARY INFORMATION**

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Capital Projects Funds		
	Communication and Data Systems Reserve	Apparatus Reserve	Rescue Tool Reserve
<b>ASSETS</b>			
Cash and cash equivalents	\$ <u>17,965</u>	\$ <u>114,589</u>	\$ <u>4,781</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Fund balances			
Committed to:			
Vehicle expenditures	-	114,589	-
Equipment expenditures	<u>17,965</u>	<u>-</u>	<u>4,781</u>
Total fund balances	<u>17,965</u>	<u>114,589</u>	<u>4,781</u>
Total liabilities and fund balances	<u>\$ 17,965</u>	<u>\$ 114,589</u>	<u>\$ 4,781</u>

<u>Capital Projects Funds</u>		
<u>PPE and SCBA Systems Reserve</u>	<u>Utility Vehicle Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
<u>\$ 115,263</u>	<u>\$ 66,394</u>	<u>\$ 318,992</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	66,394	180,983
<u>115,263</u>	<u>-</u>	<u>138,009</u>
<u>115,263</u>	<u>66,394</u>	<u>318,992</u>
<u>\$ 115,263</u>	<u>\$ 66,394</u>	<u>\$ 318,992</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	Capital Projects Funds		
	Communication and Data Systems Reserve	Apparatus Reserve	Rescue Tool Reserve
<b>REVENUES</b>			
Miscellaneous	\$ <u>2</u>	\$ <u>12</u>	\$ <u>2</u>
<b>EXPENDITURES</b>			
Current			
Materials and services	-	19,025	-
Capital outlay	<u>12,933</u>	<u>-</u>	<u>37,946</u>
Total expenditures	<u>12,933</u>	<u>19,025</u>	<u>37,946</u>
Excess (deficiency) of revenues over (under) expenditures	(12,931)	(19,013)	(37,944)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>30,000</u>	<u>65,000</u>	<u>15,000</u>
Net change in fund balances	17,069	45,987	(22,944)
Fund balances - beginning	<u>896</u>	<u>68,602</u>	<u>27,725</u>
Fund balances - ending	<u>\$ 17,965</u>	<u>\$ 114,589</u>	<u>\$ 4,781</u>

<u>Capital Projects Funds</u>		
<u>PPE and SCBA Systems Reserve</u>	<u>Utility Vehicle Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 8	\$ 1	\$ 25
-	-	19,025
<u>-</u>	<u>-</u>	<u>50,879</u>
-	-	<u>69,904</u>
8	1	(69,879)
<u>55,000</u>	<u>10,000</u>	<u>175,000</u>
55,008	10,001	105,121
<u>60,255</u>	<u>56,393</u>	<u>213,871</u>
<u>\$ 115,263</u>	<u>\$ 66,394</u>	<u>\$ 318,992</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

FACILITIES AND PROPERTY RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual	
			Budget Basis	GAAP Basis
<b>REVENUES</b>				
Grant revenue	\$ 702,794	\$ (330,889)	\$ 371,905	\$ 371,905
Miscellaneous	-	44	44	44
Total revenues	<u>702,794</u>	<u>(330,845)</u>	<u>371,949</u>	<u>371,949</u>
<b>EXPENDITURES</b>				
Current				
Materials and services	48,436	(23,994)	24,442	24,442
Capital outlay	<u>1,002,794</u>	<u>(601,358)</u>	<u>401,436</u>	<u>401,436</u>
Total expenditures	<u>1,051,230</u>	<u>(625,352)</u>	<u>425,878</u>	<u>425,878</u>
Excess (deficiency) of revenues over (under) expenditures	(348,436)	294,507	(53,929)	(53,929)
Fund balance - beginning	<u>348,436</u>	<u>30,809</u>	<u>379,245</u>	<u>379,245</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 325,316</u>	<u>\$ 325,316</u>	<u>\$ 325,316</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

COMMUNICATION AND DATA SYSTEMS RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Miscellaneous	\$ 5	\$ (3)	\$ 2	\$ -	\$ 2
<b>EXPENDITURES</b>					
Capital outlay	<u>15,000</u>	<u>(2,067)</u>	<u>12,933</u>	<u>-</u>	<u>12,933</u>
Excess (deficiency) of revenues over (under) expenditures	(14,995)	2,064	(12,931)	-	(12,931)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	15,005	2,064	17,069	-	17,069
Fund balance - beginning	<u>896</u>	<u>-</u>	<u>896</u>	<u>-</u>	<u>896</u>
Fund balance - ending	<u>\$ 15,901</u>	<u>\$ 2,064</u>	<u>\$ 17,965</u>	<u>\$ -</u>	<u>\$ 17,965</u>



**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

APPARATUS RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Miscellaneous	\$ 5	\$ 7	\$ 12	\$ -	\$ 12
<b>EXPENDITURES</b>					
Current					
Materials and services	<u>72,400</u>	<u>(53,375)</u>	<u>19,025</u>	<u>-</u>	<u>19,025</u>
Excess (deficiency) of revenues over (under) expenditures	(72,395)	53,382	(19,013)	-	(19,013)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Net change in fund balance	(7,395)	53,382	45,987	-	45,987
Fund balance - beginning	<u>68,806</u>	<u>(204)</u>	<u>68,602</u>	<u>-</u>	<u>68,602</u>
Fund balance - ending	<u>\$ 61,411</u>	<u>\$ 53,178</u>	<u>\$ 114,589</u>	<u>\$ -</u>	<u>\$ 114,589</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

RESCUE TOOL RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	<u>Actual</u>		
			<u>Budget Basis</u>	<u>Adjustments</u>	<u>GAAP Basis</u>
<b>REVENUES</b>					
Miscellaneous	\$ 3	\$ (1)	\$ 2	\$ -	\$ 2
<b>EXPENDITURES</b>					
Capital outlay	<u>38,000</u>	<u>(54)</u>	<u>37,946</u>	<u>-</u>	<u>37,946</u>
Excess (deficiency) of revenues over (under) expenditures	(37,997)	53	(37,944)	-	(37,944)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Net change in fund balance	(22,997)	53	(22,944)	-	(22,944)
Fund balance - beginning	<u>27,849</u>	<u>(124)</u>	<u>27,725</u>	<u>-</u>	<u>27,725</u>
Fund balance - ending	<u>\$ 4,852</u>	<u>\$ (71)</u>	<u>\$ 4,781</u>	<u>\$ -</u>	<u>\$ 4,781</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

PPE AND SCBA SYSTEMS RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Miscellaneous	\$ -	\$ 8	\$ 8	\$ -	\$ 8
<b>EXPENDITURES</b>	-	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	8	8	-	8
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>55,000</u>	-	<u>55,000</u>	-	<u>55,000</u>
Net change in fund balance	55,000	8	55,008	-	55,008
Fund balance - beginning	<u>40,354</u>	<u>19,901</u>	<u>60,255</u>	-	<u>60,255</u>
Fund balance - ending	<u>\$ 95,354</u>	<u>\$ 19,909</u>	<u>\$ 115,263</u>	<u>\$ -</u>	<u>\$ 115,263</u>

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

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

UTILITY VEHICLE RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
<b>REVENUES</b>					
Miscellaneous	\$ 10	\$ (9)	\$ 1	\$ -	\$ 1
<b>EXPENDITURES</b>					
Current					
Materials and services	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(9,990)	9,991	1	-	1
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net change in fund balance	10	9,991	10,001	-	10,001
Fund balance - beginning	<u>56,403</u>	<u>(10)</u>	<u>56,393</u>	<u>-</u>	<u>56,393</u>
Fund balance - ending	<u>\$ 56,413</u>	<u>\$ 9,981</u>	<u>\$ 66,394</u>	<u>\$ -</u>	<u>\$ 66,394</u>

## **OTHER FINANCIAL SCHEDULES**

**ESTACADA RURAL FIRE DISTRICT NO. 69**  
**Estacada, Oregon**

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Year Ended June 30, 2018

Tax Year	Taxes Receivable July 1, 2017	2017-2018 Levy	Adjustments	Collections	Taxes Receivable June 30, 2018
2017-2018	\$ -	\$ 2,717,210	\$ (75,915)	\$ 2,587,199	\$ 54,096
2016-2017	49,200	-	(2,270)	19,569	27,361
2015-2016	28,013	-	(824)	6,860	20,329
2014-2015	19,385	-	(477)	4,821	14,087
2013-2014	12,531	-	(99)	2,213	10,219
2012-2013	9,443	-	(89)	216	9,138
2011-2012	8,492	-	(71)	146	8,275
Prior	15,594	-	(49)	377	15,168
Subtotal - Prior	142,658	-	(3,879)	34,202	104,577
Total	\$ 142,658	\$ 2,717,210	\$ (79,794)	2,621,401	\$ 158,673
Add:					
Other taxes and interest				9,914	
Undistributed taxes with county, July 1, 2017				-	
Total available for distribution				2,631,315	
Less: Turnovers to District				(2,622,812)	
Undistributed taxes with county, June 30, 2018				\$ 8,503	

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

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

Board of Directors  
Estacada Rural Fire District No. 69  
Estacada, Oregon 97023

We have audited the basic financial statements of Estacada Rural Fire District No. 69 as of and for the year ended June 30, 2018, and have issued our report thereon dated November 29, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### Compliance

As part of obtaining reasonable assurance about whether Estacada Rural Fire District No. 69'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 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

#### Accounting records

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

#### Budgets legally required (ORS Chapter 294)

#### Insurance and fidelity bonds in force or required by law

#### Programs funded from outside sources

#### Authorized investment of surplus funds (ORS Chapter 294)

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

#### Accountability for collecting or receiving money by elected officials



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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

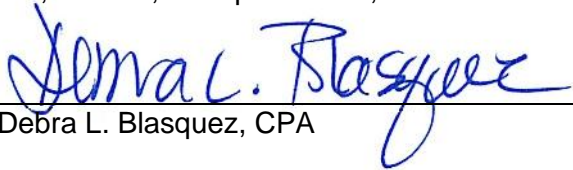
The District does not have any elected officials collecting or receiving money.

**OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered Estacada Rural Fire District No. 69's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Estacada Rural Fire District No. 69's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Estacada Rural Fire District No. 69's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated November 29, 2018.

This report is intended solely for the information and use of the board of directors and management of Estacada Rural Fire District No. 69 and the Oregon Secretary of State, and is not intended to be and should not be used by anyone other than these parties.

Koontz, Perdue, Blasquez & Co., P.C.

By:   
Debra L. Blasquez, CPA

Albany, Oregon  
November 29, 2018