



**SHERIDAN FIRE DISTRICT**  
Sheridan, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2018



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
436 First Ave W | PO Box 1072  
Albany, Oregon 97321 | (541) 223-5555

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

DISTRICT OFFICIALS

June 30, 2018

**BOARD OF DIRECTORS**

Scot Breeden, President  
PO Box 155  
Sheridan, Oregon 97378

Dennis Rogers, Vice President  
24700 SW Rogers Rd.  
Sheridan, Oregon 97378

Tammy Heidt, Secretary  
21580 Finn Rd.  
Sheridan, Oregon 97378

Dennis Grauer  
23230 SW DeJong Rd.  
Sheridan, Oregon 97378

Brice Ingram  
1111 W Main St.  
Sheridan, Oregon 97378

**FIRE CHIEF**

Jim Stearns  
230 SW Mill St.  
Sheridan, Oregon 97378

**REGISTERED AGENT**

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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## **FINANCIAL SECTION**



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Sheridan Fire District  
Sheridan, Oregon 97378

**Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Sheridan Fire District, Sheridan, 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**

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

**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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 modified cash basis financial position of the governmental activities and each major fund of Sheridan Fire District, Sheridan, Oregon as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

## Emphasis of Matter – Change in Accounting Principal

As described in the notes to the financial statements, in the year ended June 30, 2018, the District adopted new accounting guidance: GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*. Our opinions are not modified with respect to this matter.

## Basis of Accounting

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

## Other Matters


### *Other Information*

The budgetary comparison information presented on pages 28 through 31 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 5, 2018 on our tests of the District's compliance with certain provisions of laws and regulations 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.

Accuity, LLC

By:   
\_\_\_\_\_  
Glen O. Kearns, CPA

Albany, Oregon  
December 5, 2018

## **BASIC FINANCIAL STATEMENTS**

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 1,455,742
Capital assets not being depreciated	21,921
Capital being depreciated, net	<u>1,016,212</u>
Total capital assets	<u>1,038,133</u>
Total assets	<u>2,493,875</u>
<b>NET POSITION</b>	
Restricted	5,427
Net investment in capital assets	1,038,133
Unrestricted	<u>1,450,315</u>
Total net position	<u>\$ 2,493,875</u>

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



**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</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	\$ 747,607	\$ 693,581	\$ -	\$ 3,678
				\$ (50,348)
				622,304
				21,657
				8,897
				<u>652,858</u>
				602,510
				<u>1,891,365</u>
				<u>\$ 2,493,875</u>

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Building Maintenance Fund	Equipment Reserve Fund	John Fancher Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 753,534	\$ 304,256	\$ 392,525	\$ 5,427	\$ 1,455,742
<b>FUND BALANCES</b>					
Restricted	-	-	-	5,427	5,427
Committed	-	304,256	392,525	-	696,781
Unassigned	753,534	-	-	-	753,534
Total fund balances	\$ 753,534	\$ 304,256	\$ 392,525	\$ 5,427	\$ 1,455,742

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

June 30, 2018

<b>Total fund balances</b>		\$ 1,455,742
Capital assets are not financial resources and are therefore not reported in the governmental funds:		
Cost	2,390,950	
Accumulated depreciation	<u>(1,352,817)</u>	<u>1,038,133</u>
<b>Net position of governmental activities</b>		<u>\$ 2,493,875</u>

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Building Maintenance Fund	Equipment Reserve Fund	John Fancher Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 622,304	\$ -	\$ -	\$ -	\$ 622,304
Investment earnings	21,657	-	-	-	21,657
Conflagration	51,041	-	-	-	51,041
User fees	642,966	-	-	-	642,966
Miscellaneous	<u>13,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,471</u>
Total revenues	<u>1,351,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,351,439</u>
<b>EXPENDITURES</b>					
Current					
Fire suppression	1,052,494	-	-	200	1,052,694
Capital outlay	<u>58,105</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>103,105</u>
Total expenditures	<u>1,110,599</u>	<u>-</u>	<u>45,000</u>	<u>200</u>	<u>1,155,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>240,840</u>	<u>-</u>	<u>(45,000)</u>	<u>(200)</u>	<u>195,640</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Loan proceeds	3,678	-	-	-	3,678
Transfers in	-	50,000	50,000	-	100,000
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(96,322)</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>3,678</u>
Net change in fund balances	144,518	50,000	5,000	(200)	199,318
Fund balances - beginning, as restated	<u>609,016</u>	<u>254,256</u>	<u>387,525</u>	<u>5,627</u>	<u>1,256,424</u>
Fund balances - ending	<u>\$ 753,534</u>	<u>\$ 304,256</u>	<u>\$ 392,525</u>	<u>\$ 5,427</u>	<u>\$ 1,455,742</u>

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, 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>		\$ 199,318
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the 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.		
Expenditures for capital assets	506,605	
Disposition of capital assets	(20,000)	
Depreciation expense recorded in the current year	<u>(83,413)</u>	<u>403,192</u>
<b>Change in net position</b>		<u>\$ 602,510</u>

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

**B. Reporting Entity**

Sheridan Fire District was incorporated by a vote of the citizens in 1978. Fire district boundaries include the community of Sheridan and the adjoining rural areas of Polk and Yamhill counties. The District is governed by a five-member board of directors elected from the District at large.

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

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

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

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

The government reports the following major governmental funds:

General Fund - The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes and ambulance fee revenue. Primary expenditures are for fire suppression.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Capital Projects Funds

*Building Maintenance Fund* - The Building Maintenance Fund accounts for the reservation of funds for acquisition, remodel, repair, and construction of building facilities for the District. The primary source of revenue is transfers in. Primary expenditures are for capital outlay.

*Equipment Reserve Fund* - The Emergency Equipment Reserve Fund accounts for the reservation of funds and subsequent purchase of capital assets for the District. The primary source of revenue is transfers in. Primary expenditures are for capital outlay.

Special Revenue Funds

*John Fancher Memorial Fund* - The John Fancher Memorial Fund accounts for funds bequeathed to the District. The primary source of revenue is from investment earnings. Primary expenditures are for individual awards determined by the board of directors.

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

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

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

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

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

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting.



**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

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

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

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

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

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee.

The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, 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. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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 changes.

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

**1. Cash and Cash Equivalents**

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

**2. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. 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>
Buildings	50
Apparatus	7-20

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**3. Net Position Flow Assumption**

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

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

**4. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**5. Fund Balance Policies**

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of directors (board) has by resolution authorized the budget officer to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

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

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

The District has adopted a minimum fund balance policy that requires operating cash reserves of four months at year end.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**2. 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.

**I. Use of Estimates**

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

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

**A. Deposits and Investments**

Sheridan Rural Fire District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. 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.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR).

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

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* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

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>Credit Quality</u> <u>Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 1,301,729</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 board may authorize the investment or reinvestment of funds that are not immediately needed for operations of the District. Such investments will comply with state law and Oregon Administrative Rules.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Investments

As of June 30, 2018, the District had the following investments shown below:

Investments:	<u>Level 2</u>
Oregon Local Government Investment Pool	<u>\$ 1,301,729</u>

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 the Oregon Local Government Investment Pool.

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 a noninterest-bearing account and an interest-bearing account at US Bank and First Federal Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2018, the District had deposits of \$250,000 insured by the FDIC, and \$180,085 collateralized under the PFCP.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Deposits

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

Petty Cash	\$ 46
Checking account	153,967
Investments	<u>1,301,729</u>
Total deposits	<u>\$ 1,455,742</u>

The District's cash by fund:

Governmental activities	
General Fund	\$ 753,534
Building Maintenance Fund	304,256
Equipment Reserve Fund	392,525
John Fancher Fund	<u>5,427</u>
Total cash	<u>\$ 1,455,742</u>

**B. Interfund Transfers**

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

	Transfers in:		
	Emergency Equipment Reserve Fund	Building Maintenance Fund	Total
Transfers out:			
General Fund	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 100,000</u>

The primary purposes for the interfund transfers in are as follows:

Building Maintenance Fund: Construction and major repair of facilities used by the District.

Equipment Reserve Fund: Repair or purchase of vehicles and fire protection equipment used by the District.



**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**C. Capital Assets**

Capital asset activity resulting from modified cash basis transactions 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	\$ 21,921	\$ -	\$ -	\$ 21,921
Capital assets being depreciated				
Buildings	759,460	-	-	759,460
Apparatus	<u>1,122,964</u>	<u>506,605</u>	<u>(20,000)</u>	<u>1,609,569</u>
Total capital assets being depreciated	<u>1,882,424</u>	<u>506,605</u>	<u>(20,000)</u>	<u>2,369,029</u>
Less accumulated depreciation for				
Buildings	(547,243)	(16,342)	-	(563,585)
Apparatus	<u>(737,161)</u>	<u>(67,071)</u>	<u>15,000</u>	<u>(789,232)</u>
Total accumulated depreciation	<u>(1,284,404)</u>	<u>(83,413)</u>	<u>15,000</u>	<u>(1,352,817)</u>
Total capital assets being depreciated, net	<u>598,020</u>	<u>423,192</u>	<u>(5,000)</u>	<u>1,016,212</u>
Governmental activities capital assets, net	<u>\$ 619,941</u>	<u>\$ 423,192</u>	<u>\$ (5,000)</u>	<u>\$ 1,038,133</u>

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

Governmental activities	
Fire suppression	<u>\$ 83,413</u>

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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	\$ 21,921	\$ -	\$ 21,921
Buildings	759,460	(563,585)	195,875
Apparatus	<u>1,609,569</u>	<u>(789,232)</u>	<u>820,337</u>
Total governmental capital assets	<u>\$ 2,390,950</u>	<u>\$ (1,352,817)</u>	<u>\$ 1,038,133</u>

**D. Constraints on Fund Balances**

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

	<u>General Fund</u>	<u>Building Maintenance Fund</u>	<u>Equipment Reserve Fund</u>	<u>John Fancher Fund</u>	<u>Total Governmental Funds</u>
Fund balances:					
Restricted to:					
Individual awards	\$ -	\$ -	\$ -	\$ 5,427	\$ 5,427
Committed to:					
Equipment purchases	-	-	392,525	-	392,525
Future building needs	-	304,256	-	-	304,256
Unassigned	<u>753,534</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>753,534</u>
Total fund balances	<u>\$ 753,534</u>	<u>\$ 304,256</u>	<u>\$ 392,525</u>	<u>\$ 5,427</u>	<u>\$ 1,455,742</u>

**III. 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.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

Description of Benefit Terms

*Plan Benefits – PERS Pension (Chapter 238)*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

*PERS Pension*

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

*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 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

*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:

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

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

*Disability Benefits*

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

*Benefit Changes after Retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

OPSRP Pension Program (OPSRP DB)

*Pension Benefits*

The ORS Chapter 238A Defined Benefit Pension Program 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 percent is multiplied by the number of years of service and the final average salary.

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

A member of the 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 the termination becomes effective.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

*Death Benefits*

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

*Disability Benefits*

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

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

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. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Employer contributions for the year ended June 30, 2018 were \$69,798.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx). For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. 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.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Actuarial Valuations

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Mortality	<p><b>Health 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 health 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>
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts 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 December 31, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.50. 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

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 PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>.

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

<u>Asset Class</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Entity	32.5%	42.5%	37.5%
Private Entity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

**C. Deferred Compensation Plan**

The District offers a Length of Service Award Program (LOSAP) to volunteers as a reward for service to the community. The plan provides tax-deferred income benefits under Internal Revenue Code Section 457 to volunteers through discretionary contributions made by the District. The District is not contingently liable to make contributions based on volunteer service. The District contributed \$17,989 during the year ended June 30, 2018. A portion of the amount contributed was a re-distribution of forfeited funds.

**D. New Pronouncements**

For the fiscal year ended June 30, 2018, the District implemented the following new accounting standards:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

*GASB Statement No. 85, Omnibus 2017* - This statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits.

*GASB Statement No. 86, Certain Debt Extinguishment Issues* - This statement addresses the accounting and financial reporting for in-substance defeasance of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt.



**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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

GASB Statement No. 84, *Fiduciary Activities* - This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases* - This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* - This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for fiscal years beginning after June 15, 2018.

**E. Restatement of Previously Issued Financial Statements**

<u>Government-wide basis</u>	<u>Governmental Activities</u>
Net position - beginning, as originally reported	\$ 1,905,306
To record accounts receivable	1,235
To record accounts payable	(23,661)
To record credit card accounts	(6,515)
To correct accumulated depreciation	15,000
Net position - beginning, as restated	<u>\$ 1,891,365</u>
<u>Modified cash basis</u>	<u>General Fund</u>
Fund balance - beginning, as originally reported	\$ 637,959
To record accounts receivable	1,233
To record accounts payable	(23,661)
To record credit card accounts	(6,515)
Fund balance - beginning, as restated	<u>\$ 609,016</u>

**F. Subsequent Events**

Management has evaluated subsequent events through December 5, 2018, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual		Modified Cash Basis
				Budget Basis	Adjustments	
<b>REVENUES</b>						
Property taxes	\$ 650,885	\$ 650,885	\$ (28,581)	\$ 622,304	\$ -	\$ 622,304
Investment earnings	2,005	2,005	19,652	21,657	-	21,657
Conflagration	-	-	51,041	51,041	-	51,041
User fees	400,000	400,000	242,966	642,966	-	642,966
Miscellaneous	27,200	27,200	(13,729)	13,471	-	13,471
Total revenues	<u>1,080,090</u>	<u>1,080,090</u>	<u>271,349</u>	<u>1,351,439</u>	<u>-</u>	<u>1,351,439</u>
<b>EXPENDITURES</b>						
Current						
Personnel services	617,346	642,346	(73,385)	568,961	-	568,961
Materials and services	569,724	595,764	(82,390)	513,374	(29,841)	483,533
Capital outlay	70,000	70,000	(11,895)	58,105	-	58,105
Contingency	27,340	27,340	(27,340)	-	-	-
Total expenditures	<u>1,284,410</u>	<u>1,335,450</u>	<u>(195,010)</u>	<u>1,140,440</u>	<u>(29,841)</u>	<u>1,110,599</u>
Excess (deficiency) of revenues over (under) expenditures	(204,320)	(255,360)	466,359	210,999	29,841	240,840
<b>OTHER FINANCING SOURCES (USES)</b>						
Loan proceeds	29,320	29,320	(25,642)	3,678	-	3,678
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	(275,000)	(326,040)	440,717	114,677	29,841	144,518
Fund balance - beginning, as restated	<u>400,000</u>	<u>400,000</u>	<u>209,016</u>	<u>609,016</u>	<u>-</u>	<u>609,016</u>
Fund balance - ending	<u>\$ 125,000</u>	<u>\$ 73,960</u>	<u>\$ 649,733</u>	<u>\$ 723,693</u>	<u>\$ 29,841</u>	<u>\$ 753,534</u>

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

BUILDING MAINTENANCE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>			
Investment earnings	\$ 100	\$ (100)	\$ -
<b>EXPENDITURES</b>	30,000	(30,000)	-
Excess (deficiency) of revenues over (under) expenditures	(29,900)	29,900	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	50,000	-	50,000
Net change in fund balance	20,100	29,900	50,000
Fund balance - beginning	241,060	13,196	254,256
Fund balance - ending	\$ 261,160	\$ 43,096	\$ 304,256

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Cash Basis
<b>REVENUES</b>				
Investment earnings	\$ 350	\$ 350	\$ (350)	\$ -
<b>EXPENDITURES</b>				
Capital outlay	-	50,000	(5,000)	45,000
Excess (deficiency) of revenues over (under) expenditures	350	(49,650)	4,650	(45,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	50,000	50,000	-	50,000
Net change in fund balance	50,350	350	4,650	5,000
Fund balance - beginning	360,951	360,951	26,574	387,525
Fund balance - ending	\$ 411,301	\$ 361,301	\$ 31,224	\$ 392,525

**SHERIDAN FIRE DISTRICT**  
**Sheridan, Oregon**

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

JOHN FANCHER FUND

For the Year Ended June 30, 2018

	<u>Original and Final Budget</u>	<u>Variance with Final Budget Over (Under)</u>	<u>Actual Cash Basis</u>
<b>REVENUES</b>			
Investment earnings	\$ 50	\$ -	\$ -
<b>EXPENDITURES</b>			
Current			
Fire Suppression	<u>200</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	(150)	(50)	(200)
Fund balance - beginning	<u>5,768</u>	<u>(141)</u>	<u>5,627</u>
Fund balance - ending	<u>\$ 5,618</u>	<u>\$ (191)</u>	<u>\$ 5,427</u>

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



# Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Sheridan Fire District  
Sheridan, Oregon 97378

We have audited the basic financial statements of Sheridan Fire District as of and for the year ended June 30, 2018, and have issued our report thereon dated December 5, 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 Sheridan Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 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:

**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)**

In connection with our testing, nothing came to our attention that caused us to believe that 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.



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

In planning and performing our audit, we considered Sheridan Fire District'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 Sheridan Fire District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sheridan Fire District'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 December 5, 2018.

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

A handwritten signature in blue ink that reads "Accuity, LLC". The signature is written in a cursive style with a large, stylized "A" and "C".

Accuity, LLC

December 5, 2018