

SHERIDAN RURAL FIRE PROTECTION DISTRICT

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

*(Polk and Yamhill County)
Sheridan, Oregon
June 30, 2017*

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**SHERIDAN RURAL FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS**

June 30, 2017

**Scot Breeden
20405 Rosenbalm Road
Sheridan, Oregon 97378**

President

**Dennis Rogers
24700 SW Rogers Road
Sheridan, Oregon 97378**

Vice-President

**Tammy Heidt
21580 Finn Road
Sheridan, Oregon 97378**

Secretary-Treasurer

**Dennis Grauer
23230 SW DeJong Road
Sheridan, Oregon 97378**

Director

**Don Cooley
822 NW Evans Street
Sheridan, Oregon 97378**

Director

Fire Chief: William Alguire

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

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Sheridan Rural Fire Protection District (the District), Sheridan, Oregon as of and for the year then ended June 30, 2017, 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sheridan Rural Fire Protection District as of June 30, 2017 and the respective changes in financial position for the year then ended in conformity with the modified cash basis of

accounting.

Basis of Accounting

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

Other Matters

Report on Supplemental and Other Information

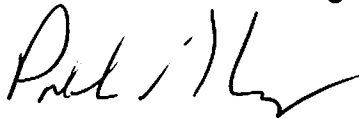
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Management's discussion and analysis and the supplemental information, which are the responsibility of management, are presented for purposes of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

The supplemental information as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in notes to the financial statements.

The management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on such information.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, I have issued my report dated January 8, 2018, on my consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on compliance.



Lake Oswego, Oregon
January 8, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

REPORT LAYOUT

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

Fiscal year 2016-17 saw several changes within the Sheridan Fire District, the most significant may have been the retirement of Chief Alguire at the end of the year. Chief Stearns began on July 1, 2017. Other significant changes will be outlined below.

Local Option Levy -The \$.035 levy passed in 2011 was in its final year in 2016-17. Fortunately, in May of 2017 the voters renewed the levy for an additional five years.

General Fund Revenue - There was a significant reduction in the anticipated revenues due primarily to a \$50,000 reduction in Beginning Fund Balance and a \$230,000 reduction in Grant Income.

General Fund Expenses - Personal Services increased approximately \$150,000 due to across the board wage increases and increases cost of Health Insurance and P.E.R.S.

Materials and Services - The material and services category decreased by approximately \$225,000 due to the prior year budgeted \$222,000 for the purchase of self-contained breathing apparatus and the final payment of the flex-lease.

Capital Outlay - Reduction of \$10,000 reflects reduced anticipated need for equipment purchases.

Transfers to Special Funds - Budgeted transfers were reduced by \$155,000.

Unappropriated Fund Ending Balance - Money that is set aside to assist the District in meeting expenses during the July to November time when no tax revenues are received.

General Equipment Reserve - The planned \$70,000 transfer is a reduction of \$30,000 from the previous budget. This fund is money set aside for future purchase of major equipment.

Building Maintenance Fund – This is money set aside for major repairs to our buildings.

Results of Operations: During 2016-17 budget year the District expended less revenue than it received, thereby increasing the net position of the District as of June 30, 2017.

Economic Factors - The District receives most of its revenue from property taxes, ambulance fees, and a local Option Levy. The assessed valuation of the District is expected to continue modest growth, ambulance calls for service continue to increase at 3-5% per year and the \$.035 five year levy was passed in May..

Overall Financial Position - The District's financial position improved over the past fiscal years and remains stable.

CONDENSED FINANCIAL INFORMATION

Modified Cash Basis

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>Increase (Decrease)</u>
Cash	\$ 1,171,969	\$ 1,285,366	\$ 113,397
Capital assets, net	796,881	619,940	(176,941)
Total assets	<u>1,968,850</u>	<u>1,905,306</u>	<u>(63,544)</u>
Current liabilities	32,020	0	32,020
Long-term liabilities	0	0	0
Total liabilities	<u>32,020</u>	<u>0</u>	<u>32,020</u>
Invested in capital assets	764,861	619,940	(144,921)
Restricted fund balance	607,780	647,408	39,628
Unrestricted fund balance	564,189	637,958	73,769
Total net position	<u>\$ 1,936,830</u>	<u>\$ 1,905,306</u>	<u>\$ (31,524)</u>

CONDENSED FINANCIAL INFORMATION

	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Favorable (Unfavorable)</u>
Property tax revenue	\$ 593,249	\$ 609,350	\$ 16,101
Ambulance fee revenue	603,994	593,206	(10,788)
Other general revenues (expenses)	48,554	58,932	10,378
General revenues and (expenses) net	<u>1,245,797</u>	<u>1,261,488</u>	<u>15,691</u>
Personal services	637,005	708,161	(71,156)
Materials and services	778,572	515,042	263,530
Depreciation	61,503	69,809	(8,306)
Total general expenses	<u>1,477,080</u>	<u>1,293,012</u>	<u>184,068</u>
Increase (decrease) in net position	<u>\$ (231,283)</u>	<u>\$ (31,524)</u>	<u>\$ 199,759</u>

FINANCIAL CONTACT

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
June 30, 2017

Assets:	
Cash and cash equivalents	\$ 1,285,366
Land	21,921
Capital assets, net of accumulated depreciation	598,019
Total Assets	1,905,306
Total Liabilities	
	0
Net Position:	
Invested in capital assets	619,940
Fund balances:	
Restricted for individual awards	5,627
Committed for equipment acquisition	387,525
Committed for building maintenance	254,256
Unassigned	637,958
Total Net Position	\$ 1,905,306

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
Fiscal year ended June 30, 2017

Fire District activities:	<u>Governmental-Type Activities</u>
Personal services	\$ 708,161
Materials and services	515,042
Depreciation	69,809
Total District expenses	<u>1,293,012</u>
General revenues:	
Property taxes	609,350
Ambulance fee revenue	593,206
Interest income	12,781
Fire med	20,342
Miscellaneous revenues	25,809
Total general revenues	<u>1,261,488</u>
Change in net position	(31,524)
Net Position-July 1, 2016 (GAAP basis)	1,828,927
Effect of change in Net Position from GAAP to modified Cash basis	107,903
Net Position- July 1, 2016 (restated to modified cash basis)	<u>1,936,830</u>
Net Position- June 30, 2017	<u>\$ 1,905,306</u>

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Fiscal year ended June 30, 2017

	<u>General Fund</u>	<u>Building Maintenance Fund</u>	<u>Equipment Reserve Fund</u>	<u>John Fancher Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 637,959	\$ 254,256	\$ 387,525	\$ 5,627	\$ 1,285,367
Total Assets	<u>\$ 637,959</u>	<u>\$ 254,256</u>	<u>\$ 387,525</u>	<u>\$ 5,627</u>	<u>\$ 1,285,367</u>
<u>Liabilities and Fund Equity</u>					
Liabilities					
Total liabilities					
Fund Equity					
Unreserved fund balance	\$ 637,959				\$ 637,959
Reserved for equipment			\$ 387,525		387,525
Reserved for building main.		\$ 254,256			254,256
Reserved for individ. awards				\$ 5,627	5,627
Total fund equity	<u>637,959</u>	<u>254,256</u>	<u>387,525</u>	<u>5,627</u>	<u>1,285,367</u>
Total Liabilities and Fund Balances	<u>\$ 637,959</u>	<u>\$ 254,256</u>	<u>\$ 387,525</u>	<u>\$ 5,627</u>	<u>\$ 1,285,367</u>

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS
Fiscal year ended June 30, 2017

Total fund balances	\$ 1,285,367
Capital assets are not financial resources and therefore are not reported in the governmental funds:	
Cost	1,904,344
Accumulated depreciation	(1,284,405)

Total net position	\$ 1,905,306

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
Fiscal year ended June 30, 2017

	General Fund	Building Maintenance Fund	Equipment Reserve Funds	John Fancher Fund	Total Governmental Funds
Revenues					
Current year's taxes	\$ 583,443				\$ 583,443
Prior year's taxes	25,907				25,907
User fees	593,206				593,206
Federal Bureau of Prisons	4,000				4,000
Fire medical	20,342				20,342
Interest income	5,975	\$ 2,673	\$ 4,074	\$ 59	12,781
Miscellaneous income	19,617				19,617
Total revenues	<u>1,252,490</u>	<u>2,673</u>	<u>4,074</u>	<u>59</u>	<u>1,259,296</u>
Expenditures					
Personal services	708,161				708,161
Materials and services	410,559	11,977		200	422,736
Capital outlay	15,000				15,000
Total expenditures	<u>1,133,720</u>	<u>11,977</u>			<u>1,145,897</u>
Excess of revenues over (under) expenditures	118,770	(9,304)	4,074	(141)	113,399
Other Financing Sources (Uses)					
Operating transfers in		22,500	22,500		45,000
Operating transfers out	(45,000)				(45,000)
Excess of Revenues and Sources over(under) Expenditures and Other (Uses)	73,770	13,196	26,574	(141)	113,399
Fund balance July 1, 2016 (GAAP basis)	522,854	241,060	360,951	5,768	1,130,633
Effect of change in fund balance from GAAP to modified cash basis	41,335	0	0	0	41,335
Fund balance July 1, 2016 (modified cash basis)	<u>564,189</u>	<u>241,060</u>	<u>360,951</u>	<u>5,768</u>	<u>1,171,968</u>
Fund Balances June 30, 2017	<u>\$ 637,959</u>	<u>\$ 254,256</u>	<u>\$ 387,525</u>	<u>\$ 5,627</u>	<u>\$1, 285,367</u>

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
Fiscal year ended June 30, 2017

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

Net changes in fund balances – total governmental funds	\$ 113,399
Decrease in debt	32,020
<p>In the Statement of Activities the cost of assets are allocated over their estimated useful lives and reported as depreciation expense. In the governmental fund financial statements, depreciation is not expenditure and is not recorded.</p>	
Less current year depreciation	(69,809)
Adjustment to accumulated depreciation	(107,134)
Changes in net position of governmental activities	\$ (31,524)

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared on a modified cash basis of accounting, whereby revenue is recognized when received and expenditures are recognized when paid. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Although not in conformity with accounting principles generally accepted in the United States of America, this is permissible under the laws of the State of Oregon.

The cash basis differs from the modified accrual basis as prescribed by accounting principles generally accepted in the United States of America for governmental funds. Under the modified accrual basis, revenues are recognized when they become measurable and available as current assets. Expenditures, with certain exceptions, are recognized when the related liability is incurred.

Organization and operation

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

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

Description of the reporting entity

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

Basic Financial Statements

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities were prepared using the economic resources Measurement focus and the modified cash basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 "Accounting and Financial Reporting for Non-exchange Transactions."

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

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

Fund Financial Statements

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

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

All other revenue items are considered to be measurable and available only when cash is received by the government by June 30th.

The District reports the following four governmental funds:

General Fund

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

Special Revenue Funds

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

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

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

Cash and Investments

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

Property Tax Collections

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

Capital Assets

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

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

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

Asset	Years
Building and improvements	50
Apparatus	7-20

Net Position

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

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

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

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

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

Retirement Plan

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

Use of Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

The Board of Directors may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers and approval by the District. Expenditure appropriations may not be legally over-expended except in the case of receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control. During the fiscal year ended June 30, 2017 the Board did not authorize a transfer of appropriation between levels of control and did not adopt a supplemental budget.

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

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

At June 30, 2017, the District had invested \$1,200,175 with the Oregon Short-Term Fund, which is a cash and investment pool available for use by all state funds and local governments and is maintained by the State Treasurer. The Local Government Investment Pool (LGIP) is an open-ended, no load diversified portfolio offered to eligible participants, including any municipality, political subdivision, or public corporation of the state. Currently, there are more than 1,500 participants in the Pool. Local government pooled assets are reported as an Investment Trust Fund in Oregon's Comprehensive Annual financial Report. The Oregon Short-Term Fund board, established by the Oregon Legislature, advises the Oregon Investment Council and the Oregon State Treasury in the management and investments of the LGIP. The carrying value of this investment (cost) approximates the market value at June 30, 2017.

The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the LGIP and it is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon short-term funds Board, which establish diversification percentages and specify the types and maturities of investments. The overall credit quality of the pool is not rated. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the LGIP as of and for the year ended June 30, 2017 was unqualified.

Cash and investments at June 30, 2017, were comprised of the following:

Type of deposit	Total cash balance
First Federal Savings & Loan	\$ 25,202
US Bank	59,791
Oregon Local Government Investment Pool	1,200,175
Petty cash	198
	\$ 1,285,366

Interest Rate Risk

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

Custodial Credit Risk

At June 30, 2017, the book balance of the District's bank deposits is \$84,993 and the bank balance is \$107,571. The difference is due to transactions in process. The bank deposit balances are insured up to \$250,000 by federal depository insurance at each institution.

Capital Assets

Depreciation expense for 2016-2017 was \$69,809. One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

Fixed assets by major classes and changes in those classes for the fiscal year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Land	\$ 21,921			\$ 21,921
Buildings	759,460			759,460
Apparatus	1,141,763		\$ (18,800)	1,122,963
Accumulated Depreciation:				
Buildings	(531,982)	\$ (15,261)		(547,243)
Apparatus	(594,281)	(54,548)	(88,332)	(737,161)
	\$ 796,881	\$ (69,809)	\$ (107,132)	\$ 619,940

Long-Term Debt

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

	<u>Beginning Balance</u>	<u>2016-2017 Additions</u>	<u>2017 Reductions</u>	<u>Ending Balance</u>
Lease Principal	\$ 32,020	\$ 0	\$ (32,020)	\$ 0

Defined Benefit Pension Plan

Plan Description

The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan. Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report. This report can be obtained at the PERS website: <http://www.oregon.gov/pers>

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes after Retirement

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. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Benefits provided under OPSRP Pension Program

Pension Benefits

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

Contributions

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

Employer contribution rates during the period were based on the December 31, 2014 actuarial valuation, as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2015.

Employer contributions for the year ended June 30, 2017 were \$71,830, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2017 were: (1) Tier 1/Tier 2 – 17.78%, (2) OPSRP general service – 7.49%, and (3) OPSRP uniformed – 11.60%.

Actuarial assumptions

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.

Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation rate	2.50 percent
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.50 percent overall payroll growth
Mortality	<p>Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct 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 ending on December 31, 2014.

Discount rate

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

Long-term expected rate of return

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

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Intermediate Term Bonds	3.00%	5.42%
High Yield Bonds	1.00%	6.20%

Large 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 Foreign Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	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	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
Assumed Inflation – Mean		2.50%

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 District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$ 840,557	\$ 520,576	\$ 253,128

Pension Plan Fiduciary Net Position

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

Property Tax Limitation

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

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

SUPPLEMENTARY INFORMATION

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

Fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Yamhill property taxes - current	\$ 332,306	\$ 332,306	\$ 341,029	\$ 8,723
Polk property taxes – current	100,884	100,884	101,690	806
Polk local option – current taxes	31,583	31,583	32,187	604
Yamhill local option – current taxes	104,032	104,032	108,537	4,505
Yamhill taxes – prior	21,461	21,461	22,072	611
Polk taxes – prior	5,071	5,071	3,835	(1,236)
Interest on taxes	2,000	2,000	0	(2,000)
Grant revenue	57,200	57,200	10,000	(47,200)
User fees	400,000	400,000	593,206	193,206
Fire medical	16,000	16,000	20,342	4,342
Conflagration	8,000	8,000	0	(8,000)
Federal Bureau of Prisons	4,000	4,000	4,000	0
Address markers	200	200	305	105
Interest income	5	5	5,975	5,970
Miscellaneous revenue	5,000	5,000	7,354	2,354
Public education	2,000	2,000	1,958	(42)
Total Cash Receipts	1,089,742	1,089,742	1,252,490	162,748
Cash Expenditures				
Personal services – page 27	835,546	835,546	708,161	127,385
Materials and services - page 28	451,166	451,166	410,559	40,607
Capital outlay – page 27	15,000	15,000	15,000	0
Contingencies - page 27	18,030	18,030	0	18,030
Total Cash Expenditures	1,319,742	1,319,742	1,133,720	186,022
Excess of receipts over (under) cash expenditures	(230,000)	(230,000)	118,770	348,770
Other Financing Sources (Uses)				
Operating transfers in				
Operating transfers out	(45,000)	(45,000)	(45,000)	0
Total Other Financing Sources (Uses)				
Excess of Cash Receipts and Other Financing Sources over Cash Expenditures and Other Financing (Uses)	(275,000)	(275,000)	73,770	348,770
Cash Balance - July 1, 2016	400,000	400,000	564,189	164,189
Cash Balance - June 30, 2017	\$ 125,000	\$ 125,000	\$ 637,959	\$ 512,959

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

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

Fiscal year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Personal services:				
Fire Chief	\$ 73,656	\$ 73,656	\$ 76,686	\$ (3,030)
Deputy Chief	66,170	66,170	64,241	1,929
Paramedics	208,000	208,000	213,118	(5,118)
Over-time	38,000	38,000	20,621	17,379
Part-time	10,000	10,000	0	10,000
RV reimbursement	60,000	60,000	55,619	4,381
District Clerk	37,787	37,787	37,818	(31)
Workers compensation	16,410	16,410	15,057	1,353
Health insurance	146,568	146,568	118,746	27,822
FICA	35,750	35,750	33,990	1,760
PERS	142,705	142,705	71,830	70,875
Unemployment insurance	500	500	435	65
Total personal services	835,546	835,546	708,161	127,385
Materials and services - page 31	451,166	451,166	410,559	40,607
Capital Outlay:				
Equipment purchase	15,000	15,000	15,000	0
Contingency	18,030	18,030	0	18,030
Total cash expenditures	\$ 1,319,742	\$ 1,319,742	\$ 1,133,720	\$ 186,022

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

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

Fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Materials and Services:				
Fire training	\$ 4,000	\$ 4,000	\$ 745	\$ 3,255
EMS training	5,000	5,000	3,878	1,122
Management training	6,000	6,000	4,947	1,053
Radio maintenance	7,000	7,000	666	6,334
Turnouts, hose, mask	20,000	20,000	16,058	3,942
SCBA	38,000	38,000	21,048	16,952
Fuel and oil	30,000	30,000	18,355	11,645
Fire supplies and rehabilitation	10,400	10,400	155	10,245
Fire equipment and hose	3,500	3,500	10,497	(6,997)
EMS supplies	20,000	20,000	18,045	1,955
EMS Equipment	14,064	14,064	27,882	(13,818)
Vehicle maintenance	32,000	32,000	38,978	(6,978)
Equipment maintenance	12,000	12,000	10,864	1,136
Insurance	23,900	23,900	35,100	(11,200)
Professional services and elections	17,000	17,000	15,396	1,604
Contract services	18,500	18,500	19,560	(1,060)
Water and sewer	3,500	3,500	3,409	91
Natural gas	6,000	6,000	5,100	900
Electricity	10,000	10,000	8,678	1,322
Telephone	8,000	8,000	8,572	(572)
Dispatch	27,800	27,800	27,795	5
Uniforms	5,000	5,000	1,597	3,403
Flex-lease payment	32,302	32,302	32,302	0
Office supplies and postage	10,000	10,000	6,038	3,962
Building maintenance	13,000	13,000	19,641	(6,641)
Janitorial and house supplies	15,500	15,500	6,670	8,830
Chief's expense account	1,000	1,000	663	337
Dues and subscriptions	4,500	4,500	4,161	339
Garbage collection	2,300	2,300	2,439	(139)
Physicals	6,500	6,500	4,805	1,695
Advertising	2,400	2,400	2,694	(294)
Ambulance O/P refunded	3,000	3,000	1,903	1,097
Volunteer LOSAP	20,000	20,000	20,000	0
Computer programs and maintenance	10,000	10,000	5,332	4,668
Awards and incentives	2,500	2,500	1,749	751
Public education	1,500	1,500	2,151	(651)
Fire prevention	1,500	1,500	362	1,138
Mapping	1,000	1,000	0	1,000
Address markers	500	500	455	45
Payroll processing	2,000	2,000	1,869	131
Total materials and services	\$ 451,166	\$ 451,166	\$ 410,559	\$ 40,607

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

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

Fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Interest	<u>\$ 350</u>	<u>\$ 350</u>	<u>\$ 4,074</u>	<u>\$ 3,724</u>
Cash Expenditures				
Equipment purchase	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts Over/Under Cash Expenditures	350	350	4,074	3,724
Other Financing Sources (Uses)				
Operating transfers in	22,500	22,500	22,500	0
Operating transfers out	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>0</u>
Total Other Financing Sources (Uses)	22,500	22,500	22,500	0
Excess of Cash Receipts and Other Financing Sources over (under) Cash Expenditures and Other Financing (Uses)	22,850	22,850	26,574	3,724
Cash Balance - July 1, 2016	<u>357,589</u>	<u>357,589</u>	<u>360,951</u>	<u>3,362</u>
Cash Balance – June 30, 2017	<u>\$ 380,439</u>	<u>\$ 380,439</u>	<u>\$ 387,525</u>	<u>\$ 7,086</u>

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

Fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Interest	\$ 50	\$ 50	\$ 59	\$ 9
Cash Expenditures				
Individual awards	200	200	200	0
Excess of Cash Receipts Over/Under Cash Expenditures	(150)	(150)	(141)	9
Cash Balance – July 1, 2016	6,052	6,052	5,768	(284)
Cash Balance - June 30, 2017	<u>\$ 5,902</u>	<u>\$ 5,902</u>	<u>\$ 5,627</u>	<u>\$ (275)</u>

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

Fiscal year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cash Receipts				
Interest	\$ 90	\$ 90	\$ 2,673	\$ 2,583
Cash Expenditures				
Repair & upkeep bldg & grounds	<u>60,000</u>	<u>60,000</u>	<u>11,977</u>	<u>48,023</u>
Excess of Cash Receipts Over/Under Cash Expenditures	(59,910)	(59,910)	(9,304)	50,606
Other Financing Sources (Uses)				
Operating transfers in	22,500	22,500	22,500	0
Operating transfers out	<u>22,500</u>	<u>22,500</u>	<u>22,500</u>	<u>0</u>
Total Other Financing Sources (Uses)	22,500	22,500	22,500	0
Excess of Cash Receipts and Other Financing Sources over Cash Expenditures and Other Financing (Uses)	(37,410)	(37,410)	13,196	50,606
Cash Balance – July 1, 2016	<u>238,983</u>	<u>238,983</u>	<u>241,060</u>	<u>2,077</u>
Cash Balance - June 30, 2017	<u>\$ 201,573</u>	<u>\$ 201,573</u>	<u>\$ 254,256</u>	<u>\$ 52,683</u>

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
Fiscal year ended June 30, 2017

Yamhill County

Tax Year	Taxes Receivable July 1, 2016	2016-2017 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2017
2016-17		\$ 475,175	\$ (445,940)	\$ (13,986)	\$ 15,249
2015-16	\$ 16,469		(7,633)	(704)	8,132
2014-15	9,077		(3,683)	(180)	5,214
2013-14	6,722		(2,928)	(189)	3,605
Prior	11,015		(2,303)	(602)	8,110
	<u>\$ 43,283</u>	<u>\$ 475,175</u>	<u>\$ (462,487)</u>	<u>\$ (15,661)</u>	<u>\$ 40,310</u>

Polk County

Tax Year	Taxes Receivable July 1, 2016	2016-2017 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2017
2016-17		\$ 128,610	\$ (121,377)	\$ (3,624)	\$ 3,609
2015-16	\$ 3,719		(1,760)	(20)	1,939
2014-15	1,825		(586)	(14)	1,225
2013-14	1,099		(385)	(13)	701
Prior	1,748		(359)	(26)	1,363
	<u>\$ 8,391</u>	<u>\$ 128,610</u>	<u>\$ (124,467)</u>	<u>\$ (3,697)</u>	<u>\$ 8,837</u>

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Independent Auditor's Report Required by Oregon State Regulations

I have audited the basic financial statements of the Sheridan Rural Fire Protection District, Sheridan, Oregon, as of and for the year ended June 30, 2017 and have issued my report dated January 8, 2018. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Sheridan Rural Fire Protection District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, my audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

Budgets legally required (ORS Chapter 294).

Insurance and fidelity bonds in force or required by law.

Authorized investment of surplus funds (ORS Chapter 294).

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

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

OAR 162-10-0230 Internal Control

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

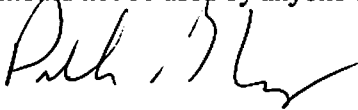
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the following deficiency in the District's internal control to be a significant deficiency:

Inadequate Segregation of Accounting Duties

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

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



Patrick G. Carney
Certified Public Accountant
January 8, 2018