

SHERIDAN RURAL FIRE PROTECTION DISTRICT

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

*(Polk and Yamhill County)
Sheridan, Oregon
June 30, 2016*

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SHERIDAN RURAL FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS
June 30, 2016

Scot Breeden
20405 Rosenbalm Road
Sheridan, Oregon 97378

President

Dennis Rogers
24700 SW Rogers Road
Sheridan, Oregon 97378

Vice-President

Don Cooley
822 NW Evans Street
Sheridan, Oregon 97378

Secretary-Treasurer

Dennis Grauer
23230 SW DeJong Road
Sheridan, Oregon 97378

Director

Tammy Heidt
21580 Finn Road
Sheridan, Oregon 97378

Director

Fire Chief: William Alguire

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

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the governmental activities 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sheridan Rural Fire Protection District as of June 30, 2016 and the respective

changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

Required Supplementary Information

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

The budgetary comparison information on pages 29-31 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. This budgetary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

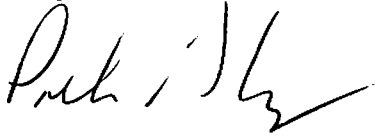
The combining and individual fund financial schedules and the accompanying schedule of property tax transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, I have issued my report dated December 23, 2016, on my consideration of the District's compliance with certain

provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "Paul J. H.", with a stylized flourish at the end.

Lake Oswego, Oregon
December 23, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

REPORT LAYOUT

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

- * **Management's Discussion and Analysis.** This section of the report provides financial highlights affecting the District.

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

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

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

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

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

FINANCIAL HIGHLIGHTS

Reviewing the past year... the Fire District had a good year. We accomplished our mission and goals. We remain in the development stages of a Strategic Plan for the future needs of the community and the fire district. We continue to focus on our infrastructure and services the fire district currently provides. This includes personnel, recruitment and retention, vehicles, equipment, information technology, and fire - medical training requirements. This accounts for the highlighted changes in the budget.

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

General Fund

Personal Services - There was a change to decrease the funds for the "sleeper reimbursement" to \$60,000 this year. This has allowed accommodating a reduction of available funds for this program. And in part, the hiring of a full time firefighter/EMT. This has been a position that existed yet remained open for the past four years. The position of Deputy Chief has been staffed by a part time employee (less than ½). In 2014, it has been filled as a full time position. General Fund expenses in 2014-15 were \$672,685.00. This year will be \$690,611.00

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

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

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

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

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

Transfers - Were implemented to the appropriate funds as budgeted.

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

Reserve Funds

General Equipment Fund had with a transfer of \$100,000.00 – This is money we are setting aside for major equipment and vehicle purchases.

Building Maintenance Fund with a transfer of \$100,000.00 This is money set aside for major repairs to our buildings.

Results of Operations: During 2015-16 budget year the District expended more revenue than it received, thereby decreasing the net position of the District as of June 30, 2016.

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

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

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

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

CONDENSED FINANCIAL INFORMATION

	June 30, 2015	June 30, 2016	Increase (Decrease)
Current assets	\$ 1,368,326	\$ 1,379,128	\$ 10,802
Capital assets, net	858,383	865,365	6,982
Total assets	2,226,709	2,244,493	17,784
Current liabilities	134,479	73,355	(61,124)
Long-term liabilities	32,020	342,211	310,191
Total liabilities	166,499	415,566	249,067
Invested in capital assets	738,381	764,861	26,480
Restricted fund balance	404,051	607,779	203,728
Unrestricted fund balance	917,778	456,287	(461,491)
Total net position	\$ 2,060,210	\$ 1,828,927	\$ (231,283)

CONDENSED FINANCIAL INFORMATION

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2016	Favorable (Unfavorable)
Property tax revenue	\$ 555,462	\$ 593,249	\$ 37,787
Ambulance fee revenue	521,439	603,994	82,555
Other general revenues (expenses)	64,571	48,554	(16,017)
General revenues and (expenses) net	1,141,472	1,245,797	104,325
Personal services	512,035	637,005	(124,970)
Materials and services	92,322	778,572	(686,250)
Depreciation	63,605	61,503	2,102
Total general expenses	667,962	1,477,080	(809,118)
Increase (decrease) in net position	\$ 473,510	\$ (231,283)	\$ (704,793)

FINANCIAL CONTACT

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

Assets:	
Cash and cash equivalents	\$ 1,171,968
Ambulance fees receivable, net of allowance for uncollectable	155,487
Property taxes receivable	51,673
Land	21,921
Capital assets, net of accumulated depreciation	774,960
Pension contributions	68,484
Total Assets	<u>2,244,493</u>
Liabilities:	
Accounts payable	16,478
Payroll tax liabilities	6,158
Accrued vacation pay	18,699
Current portion of lease obligation	32,020
Net pension liability	<u>262,060</u>
Total Liabilities	<u>335,415</u>
Deferred Inflows of Resources:	
Net pension related deferrals	<u>80,151</u>
Total Liabilities and Deferred Inflows of Resources	<u>415,566</u>
Net Position:	
Invested in capital assets, net of related debt	764,861
Fund balances:	
Restricted for individual awards	5,768
Committed for equipment acquisition	360,951
Committed for building maintenance	241,060
Unassigned	<u>456,287</u>
Total Net Position	<u><u>\$ 1,828,927</u></u>

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
Fiscal year ended June 30, 2016

	Governmental-Type Activities
Fire District activities:	
Personal services	\$ 637,005
Materials and services	778,572
Depreciation	61,503
 Total District expenses	1,477,080
 General revenues:	
Property taxes	593,249
Ambulance fee revenue	603,994
Interest income	2,975
Fire med.	17,820
Miscellaneous revenues	27,759
 Total general revenues	1,245,797
 Change in net position	(231,283)
Net Position- July 1, 2015	2,060,210
 Net Position- June 30, 2016	\$ 1,828,927

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
Fiscal year ended June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 564,189	\$ 607,779	\$ 1,171,968
Property taxes receivable	51,673		51,673
Ambulance fees receivable, net of allowance	155,487		155,487
	\$ 771,349	\$ 607,779	\$ 1,379,128
<u>Liabilities and Fund Equity</u>			
Liabilities			
Accounts payable	\$ 16,478		\$ 16,478
Payroll tax liabilities	6,158		6,158
Accrued vacation pay	18,699		18,699
Deferred property tax revenue	51,673		51,673
Deferred ambulance fee revenue	155,487		155,487
Total liabilities	248,495		248,495
Fund Equity			
Unreserved fund balance	522,854		522,854
Reserved for equipment acquisition		\$ 360,951	360,951
Reserved for building maintenance		241,060	241,060
Reserved for individual awards		5,768	5,768
Total fund equity	522,854	607,779	1,130,633
Total Liabilities and Fund Balances	\$ 771,349	\$ 607,779	\$ 1,379,128

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Fiscal year ended June 30, 2016

Total fund balances	\$ 1,130,633
Capital assets are not financial resources and therefore are not reported in the governmental funds:	
Cost	1,923,144
Accumulated depreciation	(1,126,263)
Net pension liability	(273,727)
Lease obligation	(32,020)
Deferred revenue related to:	
Ambulance fees	155,487
Property taxes	<u>51,673</u>
Total net position	<u>\$ 1,828,927</u>

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Fiscal year ended June 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Current year's taxes	\$ 557,798		\$ 557,798
Prior year's taxes	35,451		35,451
User fees	609,156		609,156
Federal Bureau of Prisons	4,000		4,000
Fire medical	17,820		17,820
Interest income	2,980	\$ 3,928	6,908
Miscellaneous income	23,754		23,754
Total revenues	1,250,959	3,928	1,254,887
Expenditures			
Personal services	637,005		637,005
Materials and services	544,706	200	544,906
Capital outlay	25,000		25,000
Total expenditures	1,206,711	200	1,206,911
Excess of revenues over (under) expenditures	44,248	3,728	47,976
Other Financing Sources (Uses)			
Operating transfers in		200,000	200,000
Operating transfers out	(200,000)		(200,000)
Excess of Revenues and Sources over (under) Expenditures and Other (Uses)	(155,752)	203,728	47,976
Fund balances – July 1, 2015	678,606	404,051	1,082,657
Fund Balances - June 30, 2016	\$ 522,854	\$ 607,779	\$ 1,130,633

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

**SHERIDAN RURAL FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Fiscal year ended June 30, 2016

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	\$ 47,976
In the Statement of Activities the cost of assets are allocated over their estimated useful lives and reported as depreciation expense. In the governmental fund financial statements, depreciation is not expenditure and is not recorded. Less current year depreciation	(61,503)
Net decrease in the lease liability	62,982
Net increase in pension liability	(273,727)
Decrease in deferred revenue from property taxes and ambulance fees	(32,011)
Decrease in purchase contract liability	25,000
Changes in net position of governmental activities	\$ (231,283)

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

SHERIDAN RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Organization and operation

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

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

Description of the reporting entity

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

Basic Financial Statements

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities were prepared using the economic resources Measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the

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

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

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

Fund Financial Statements

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

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

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

The District reports the following four governmental funds:

General Fund

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

Special Revenue Funds

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

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

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

Cash and Investments

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

Taxes Receivable

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

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

Capital Assets

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

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

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

Asset	Years
Building and improvements	50
Apparatus	7-20

Deferred Outflows/Inflows of Resources

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

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

Accounts Payable

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

Vested Compensated Absences

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

Net Position

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

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

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

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

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

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, 2016 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, 2016, the District had invested \$1,057,543 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, 2016.

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, 2016 was unqualified.

Cash and investments at June 30, 2016, were comprised of the following:

<u>Type of deposit</u>	<u>Total cash balance</u>
First Federal Savings & Loan	\$ 27,392
US Bank	86,987
Oregon Local Government Investment Pool	1,057,543
Petty cash	<u>46</u>
Total cash	<u>\$ 1,171,968</u>

Interest Rate Risk

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

Custodial Credit Risk

At June 30, 2016, the book balance of the District's bank deposits is \$114,379 and the bank balance is \$113,417. The difference is due to transactions in process. The bank deposit balances are insured up to \$250,000 by federal depository insurance at each institution.

Ambulance Fees Receivable

Ambulance fees receivable represents amounts due to the District from ambulance charges. At June 30, 2016 the gross amount of uncollected ambulance charges was \$345,527. An allowance for doubtful accounts of \$190,040 has been provided to reflect an estimate of uncollectible accounts. The net amount of \$155,487 is reflected as a receivable at June 30, 2016.

Capital Assets

Depreciation expense for 2015-2016 was \$61,503. 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, 2016, are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 21,921			\$ 21,921
Buildings	759,460			759,460
Apparatus	1,141,763			1,141,763
Accumulated Depreciation:				
Buildings	(516,721)	\$ (15,261)		(531,982)
Apparatus	(548,039)	(46,242)		(594,281)
	<u>\$ 858,384</u>	<u>\$ (61,503)</u>	<u>\$ 0</u>	<u>\$ 796,881</u>

Long-Term Debt

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

	<u>Beginning Balance</u>	<u>2015-2016 Additions</u>	<u>2016 Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Lease Principal	\$ 95,002	\$ 0	\$ (62,982)	\$ 32,020	\$ 32,020

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

Payment due date	<u>Principal</u>	<u>Interest</u>
August 12, 2016	\$ 32,020	\$ 282
	<u>\$ 32,020</u>	<u>\$ 282</u>

Defined Benefit Pension Plan

Plan Description

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

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

Pension Benefits

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

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

Death Benefits

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

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

Disability Benefits

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

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 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.

Benefits provided under Chapter 238A-OPSRP Pension Program

Pension Benefits

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

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes after Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 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, 2013 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. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2016 were \$68,484, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2016 were: (1) Tier 1/Tier 2 - 16.64%, (2) OPSRP general service - 7.75%, and (3) OPSRP uniformed - 10.48%.

Actuarial assumptions

The employer contribution rates effective July 1, 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.

Valuation Date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, published September 18, 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	2.75 percent
Investment Rate of Return	7.75 percent
Projected Salary Increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	Health retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.

	Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.
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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 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%

Commodities	7.71%	6.07%
Assumed Inflation - Mean		2.75%

Pension Plan Fiduciary Net Position

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

Property Tax Limitation

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Cash Receipts				
Yamhill property taxes - current	\$ 315,893	\$ 315,893	\$ 323,771	\$ 7,878
Polk property taxes – current	92,247	92,247	100,292	8,045
Polk local option – current taxes	28,879	28,879	31,394	2,515
Yamhill local option – current taxes	98,893	98,893	102,341	3,448
Yamhill taxes – prior	22,173	22,173	22,996	823
Polk taxes – prior	4,720	4,720	5,556	836
Interest on taxes	2,000	2,000	6,899	4,899
Grant revenue	287,200	287,200	12,322	(274,878)
User fees	400,000	400,000	603,994	203,994
Fire medical	16,000	16,000	17,820	1,820
Federal Bureau of Prisons	4,000	4,000	4,000	0
Address markers	200	200	345	145
Interest income	5	5	2,980	2,975
Miscellaneous revenue	5,000	5,000	9,795	4,795
Public education	2,000	2,000	1,292	(708)
Total Cash Receipts	<u>1,279,210</u>	<u>1,279,210</u>	<u>1,245,797</u>	<u>(33,413)</u>
Cash Expenditures				
Personal services – page 30	690,611	690,611	617,005	73,606
Materials and services - page 31	676,670	676,670	564,706	111,964
Capital outlay – page 30	25,000	25,000	25,000	0
Contingencies - page 30	12,019	12,019	0	12,019
Total Cash Expenditures	<u>1,404,300</u>	<u>1,404,300</u>	<u>1,206,711</u>	<u>197,589</u>
Excess of receipts over (under) cash expenditures	(125,090)	(125,090)	39,086	164,176
Other Financing Sources (Uses)				
Operating transfers in				
Operating transfers out	(200,000)	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources over Cash Expenditures and Other Financing (Uses)	(325,090)	(325,090)	(160,914)	164,176
Cash Balance - July 1, 2015	<u>450,000</u>	<u>450,000</u>	<u>725,103</u>	<u>275,103</u>
Cash Balance - June 30, 2016	<u>\$ 124,910</u>	<u>\$ 124,910</u>	<u>\$ 564,189</u>	<u>\$ 439,279</u>

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, 2016

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Personal services:				
Fire Chief	\$ 68,250	\$ 68,250	\$ 68,250	\$ 0
Deputy Chief	62,370	62,370	62,370	0
Paramedics	160,000	160,000	187,994	(27,994)
Over-time	30,000	30,000	19,012	10,988
Part-time	10,000	10,000	1,250	8,750
Sleeper reimbursement	60,000	60,000	37,161	22,839
District Clerk	35,648	35,648	36,539	(891)
Workers compensation	23,100	23,100	13,664	9,436
Health insurance	133,243	133,243	91,428	41,815
FICA	32,500	32,500	30,471	2,029
PERS	75,000	75,000	68,484	6,516
Unemployment insurance	500	500	382	118
Total personal services	690,611	690,611	617,005	73,606
Materials and services - page 31	676,670	676,670	564,706	111,964
Capital Outlay:				
Equipment purchase	25,000	25,000	25,000	0
Contingency	12,019	12,019	0	12,019
Total cash expenditures	\$ 1,404,300	\$ 1,404,300	\$ 1,206,711	\$ 197,589

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, 2016

	<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:				
Management training	\$ 7,000	\$ 7,000	\$ 4,229	\$ 2,771
Fire training	4,000	4,000	4,014	(14)
EMS training	3,000	3,000	2,159	841
Radio maintenance	8,400	8,400	14,423	(6,023)
Turnouts, hose, mask	20,000	20,000	15,908	4,092
SCBA	222,000	222,000	160,711	61,289
Fuel and oil	32,000	32,000	26,985	5,015
Fire supplies and rehabilitation	2,500	2,500	572	1,928
Fire equipment and hose	8,500	8,500	6,694	1,806
EMS supplies	20,000	20,000	21,004	(1,004)
EMS Equipment	12,000	12,000	12,000	0
Equipment maintenance	12,000	12,000	6,584	5,416
Vehicle maintenance	32,000	32,000	25,886	6,114
Insurance	36,750	36,750	31,575	5,175
Professional services and elections	15,000	15,000	8,526	6,474
Contract services	16,000	16,000	19,280	(3,280)
Water and sewer	3,500	3,500	3,854	(354)
Natural gas	6,000	6,000	4,531	1,469
Electricity	10,000	10,000	8,331	1,669
Telephone	8,000	8,000	7,368	632
Dispatch	26,716	26,716	24,494	2,222
Uniforms	5,000	5,000	4,536	464
Flex-lease payment	64,604	64,604	64,603	1
Office supplies and postage	9,000	9,000	8,224	776
Building maintenance	13,000	13,000	11,525	1,475
Janitorial and house supplies	7,000	7,000	7,261	(261)
Chief's expense account	1,000	1,000	343	657
Dues and subscriptions	3,500	3,500	4,370	(870)
Garbage collection	2,300	2,300	2,139	161
Physicals	6,500	6,500	837	5,663
Advertising	2,400	2,400	2,487	(87)
Ambulance O/P refunded	3,000	3,000	5,987	(2,987)
Volunteer LOSAP	20,000	20,000	20,000	0
Computer programs and maintenance	25,000	25,000	16,721	8,279
Address markers	500	500	381	119
Public education	1,500	1,500	1,046	454
Mapping	1,000	1,000	0	1,000
Awards and incentives	2,500	2,500	1,832	668
Fire prevention	1,500	1,500	1,585	(85)
Payroll processing	2,000	2,000	1,701	299
Total materials and services	\$ 676,670	\$ 676,670	\$ 564,706	\$ 111,964

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

SUPPLEMENTARY INFORMATION

SHERIDAN RURAL FIRE PROTECTION DISTRICT
COMBINING BALANCE SHEET – NON-MAJOR
GOVERNMENTAL FUNDS
Fiscal year ended June 30, 2016

	Building Maintenance Fund	John Fancher Memorial Fund	Equipment Reserve Fund	Total Other Governmental Funds
ASSETS				
Cash	\$ 241,060	\$ 5,768	\$ 360,951	\$ 607,779
Total Assets	\$ 241,060	\$ 5,768	\$ 360,951	\$ 607,779
LIABILITIES & FUND BALANCE				
Total Liabilities				
Fund equity:				
Fund balance reserved for building maintenance	\$ 241,060			\$ 241,060
Fund balance reserved for individual awards		\$ 5,768		5,768
Fund balance reserved for equipment			\$ 360,951	360,951
Total Fund equity	241,060	5,768	360,951	607,779
Total Liabilities & Fund Balance	\$ 241,060	\$ 5,768	\$ 360,951	\$ 607,779

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

For the fiscal year ended June 30, 2016

	Building Maintenance Fund	John Fancher Memorial Fund	Equipment Reserve Fund	Total Other Governmental Funds
REVENUES				
Interest income	\$ 1,562	\$ 27	\$ 2,339	\$ 3,928
Total Revenues				
EXPENDITURES				
Individual awards		200		200
Total Expenditures	0	200	0	200
Excess of Revenues Over/(Under) Expenditures	1,562	(173)	2,339	3,728
Other Financing Sources (Uses)	100,000		100,000	200,000
Operating transfers in				
Operating transfers out				
Excess of Revenues and Sources over (under) Expenditures and Other (Uses)	101,562	(173)	102,339	203,728
Fund Balance - July 1, 2015	139,498	5,941	258,612	404,051
Fund Balance – June 30, 2016	\$ 241,060	\$ 5,768	\$ 360,951	\$ 607,779

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, 2016

	<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>\$ 2,339</u>	<u>\$ 1,989</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	2,339	1,989
Other Financing Sources (Uses)				
Operating transfers in	100,000	100,000	100,000	0
Operating transfers out	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources over (under) Cash Expenditures and Other Financing (Uses)	100,350	100,350	102,339	1,989
Cash Balance - July 1, 2015	<u>257,239</u>	<u>257,239</u>	<u>258,612</u>	<u>1,373</u>
Cash Balance – June 30, 2016	<u>\$ 357,589</u>	<u>\$ 357,589</u>	<u>\$ 360,951</u>	<u>\$ 3,362</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, 2016

	<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	\$ 27	\$ (23)
Cash Expenditures				
Individual awards	<u>200</u>	<u>200</u>	<u>200</u>	<u>0</u>
Excess of Cash Receipts Over/Under Cash Expenditures	(150)	(150)	(173)	(23)
Cash Balance – July 1, 2015	<u>6,002</u>	<u>6,002</u>	<u>5,941</u>	<u>(61)</u>
Cash Balance - June 30, 2016	<u>\$ 5,852</u>	<u>\$ 5,852</u>	<u>\$ 5,768</u>	<u>\$ (84)</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, 2016

	<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	\$ 1,562	\$ 1,472
Cash Expenditures				
Repair & upkeep bldg & grounds	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Excess of Cash Receipts Over/Under Cash Expenditures	(49,910)	(49,910)	1,562	51,472
Other Financing Sources (Uses)				
Operating transfers in	100,000	100,000	100,000	0
Operating transfers out	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	100,000	100,000	100,000	0
Excess of Cash Receipts and Other Financing Sources over Cash Expenditures and Other Financing (Uses)	50,090	50,090	101,562	51,472
Cash Balance – July 1, 2015	<u>138,893</u>	<u>138,893</u>	<u>139,498</u>	<u>605</u>
Cash Balance - June 30, 2016	<u>\$ 188,983</u>	<u>\$ 188,983</u>	<u>\$ 241,060</u>	<u>\$ 52,077</u>

SHERIDAN RURAL FIRE PROTECTION DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
Fiscal year ended June 30, 2016

Yamhill County

Tax Year	Taxes Receivable July 1, 2015	2015-2016 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2016
2015-16		\$ 460,991	\$ (429,119)	\$ (15,403)	\$ 16,469
2014-15	\$ 17,866		(8,406)	(383)	9,077
2013-14	10,306		(3,512)	(72)	6,722
2012-13	6,728		(2,333)	(63)	4,332
Prior	8,082		(1,051)	(348)	6,683
	<u>\$ 42,982</u>	<u>\$ 460,991</u>	<u>\$ (444,421)</u>	<u>\$ (16,269)</u>	<u>\$ 43,283</u>

Polk County

Tax Year	Taxes Receivable July 1, 2015	2015-2016 Levy	Collections	Interest Discounts Adjustments	Taxes Receivable June 30, 2016
2015-16		\$ 139,847	\$ (132,412)	\$ (3,716)	\$ 3,719
2014-15	\$ 3,627		(1,793)	(9)	1,825
2013-14	2,015		(907)	(9)	1,099
2012-13	1,308		(616)	(6)	686
Prior	1,608		(470)	(76)	1,062
	<u>\$ 8,558</u>	<u>\$ 139,847</u>	<u>\$ (136,847)</u>	<u>\$ (3,816)</u>	<u>\$ 8,391</u>

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CERTIFIED PUBLIC ACCOUNTANT

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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, 2016 and have issued my report dated December 23, 2016. 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