

**SISTERS-CAMP SHERMAN  
RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**BOARD OF DIRECTORS**

**TERM EXPIRATION DATES**

Chuck Newport – President	June 30, 2015
Al McKenzie* – Vice President	June 30, 2015
Don Boyd – Secretary/Treasurer	June 30, 2017
Heather Johnson – Director	June 30, 2017
Roger White – Director	June 30, 2017

All directors receive their mail at the address listed below

\*Resigned from the Board May 20, 2014

**OFFICERS**

Roger Johnson, District Fire Chief

**ADMINISTRATION**

Kay Johnson, Finance Director

Roger Johnson, Registered Agent  
PO Box 1509  
301 S. Elm Street  
Sisters, Oregon 97759  
541-549-0771

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**DESCHUTES COUNTY, OREGON**  
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PAULY, ROGERS AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. ♦ Tigard, OR 97223  
(503) 620-2632 ♦ (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 11, 2014

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Sisters-Camp Sherman Rural Fire Protection District  
Deschutes County, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sisters-Camp Sherman Rural Fire Protection District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of June 30, 2013, were audited by other auditors whose report dated October 10, 2013 issued an unmodified opinion on those statements

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sisters-Camp Sherman Rural Fire Protection District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

The District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.



## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the Management's Discussion and Analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

The listing of board members, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 11, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.



MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2014

The following narrative is an overview of the financial position of the Sisters-Camp Sherman Rural Fire Protection District for the fiscal year ending June 30, 2014.

**Financial Highlights**

- In the Government-Wide financial statements, the assets of the District exceeded its liabilities on June 30, 2014 by \$5,369,831, a decrease over last year of \$158,509. Of this amount, \$3,269,829 represents the District's investments in capital assets, \$150,861 restricted for debt service, and the balance of \$1,949,141 in unrestricted funds for the administration and operation of the Fire District.
- The District's current liabilities total \$241,244 consisting of: accrued vacation \$87,063; payroll liabilities \$1,114; accounts payable \$25,736; accrued interest \$37,331; and current portion of long-term debt \$90,000.
- As of June 30, 2014, the District had long-term bond payable debt of \$2,095,000 less current portion due within one year of \$90,000.
- The District's General Fund fluctuated both in revenue and expenditures. General Fund revenue increased \$8,236 and expenses decreased \$50,541. Expenditures fluctuated by category; Personnel Services was \$211,740 under budget; Materials and Services was \$150,913 under budget; Capital Outlay was \$7,126 under budget.

**Overview of the Financial Statements**

This analysis is designed to provide a broad overview of the District's finances. The District's detailed information is provided in the annual financial statement provided by our independent auditor.

**Government-Wide Financial Statements**

The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of District finances in a manner similar to private-sector business and includes the *Statement of Net Position* and the *Statement of Activities and Changes in Net Position*.

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

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2014

**Government-Wide Financial Statements - Continued**

The *Statement of Activities and Changes in Net Position* presents information on how the District’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, grant receivable, ambulance receivable, earned but unused vacation leave).

In the Government-Wide financial statements, the District’s activities are shown in one category; *governmental funds*. The governmental activities of the District include general government and public safety and are principally supported by property taxes and charges for services.

**Fund Financial Statements**

The *Fund Financial Statements* provide more detailed information about the District’s funds, focusing on its most significant or “major” funds. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: the General Fund and Debt Service Fund. All Funds are Governmental Fund types.

**Governmental Fund**

*Governmental funds* are used to account for all governmental activities focusing on its most significant fund (general fund). This fund shows the District’s operational costs. Direct expenses of operations are reduced by direct program revenue.

**District Funds**

- General Fund: accounts for the financial operations of the District’s fire protection costs not accounted for in other funds.

The Board has designated certain amounts for future appropriations, these funds are:

- Employment Reserve Fund: established for payment of unanticipated employment and employment-related costs, employment contract termination costs and unused vacation and holiday pay-outs. Principal source of revenue and interest are transfers from the General Fund.
- Technology Reserve Fund: established for the purpose of replacement, maintenance and purchasing of advanced technological equipment, accessories and software. Principal source of revenue and interest are transfers from the general fund.

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2014

**District Funds - Continued**

- Building Reserve Fund: established to reserve funds for the purpose of major repairs on buildings outside of normal maintenance issues and for future additions and improvements to District buildings. Principal revenues and interest are transfers from the General Fund.
- Equipment Reserve Fund: established for future acquisition of equipment and vehicles. Principal source of revenue and interest are transfers from the General Fund.

These funds are reported as “Sub-Funds” of the General Fund.

The other fund of the District is:

- Debt Service Fund: established by the Board of Directors to account for the payment of the District’s general obligation bonds. Principal source of revenue is property taxes and interest. Expenditures are for principal and interest payments on the debt.

The following schedule is a comparative summary of the Statement of Net Position:

	June 30		2013-14
	2014	2013	Over (Under)
			2012-13
Current Assets	\$ 2,251,246	1,982,530	\$ 268,716
Capital Assets	5,364,829	6,007,760	(642,931)
Other Assets	-	37,708	(37,708)
Total Assets	7,616,075	8,027,998	(411,923)
Current Liabilities	241,244	226,859	14,385
Long - Term Debt	2,005,000	2,095,000	(90,000)
Total Liabilities	2,246,244	2,321,859	(75,615)
<b>Net Position</b>			
Net Investment in Capital Assets	3,269,829	3,832,760	(562,931)
Restricted for Debt Service	150,861	144,209	6,652
Unrestricted	1,949,141	1,729,170	219,971
Total Net Position	\$ 5,369,831	5,706,139	\$ (336,308)

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2014

The following is a summary schedule of the Statement of Activities and Changes in Net Position:

	June 30		2013-14
	2014	2013	Over (Under) 2012-13
Expenses			
Public safety	\$ (2,374,463)	\$ (2,537,764)	\$ 163,301
Interest on Long-Term Debt	(111,754)	-	(111,754)
Program Revenues			
Charges for service	335,331	189,151	146,180
Operating grants	3,484	1,020	2,464
Net Revenue (Expense)	(2,147,402)	(2,347,593)	200,191
General Revenues			
Property taxes	2,283,036	2,225,185	57,851
Interest	10,858	10,014	844
Other	12,017	290,990	(278,973)
Total General Revenues	2,305,911	2,526,189	(220,278)
Change in Net Position	\$ 158,509	\$ 178,596	\$ (20,087)

**General Fund Budgetary Highlights**

All fund expenditures were within budget.

	Final Budget	Actual	Variance Over (Under)
Personnel services	\$ 1,890,535	\$ 1,678,795	\$ (211,740)
Materials and services	534,943	384,030	(150,913)
Capital outlay	33,600	26,474	(7,126)
Transfers	300,032	300,032	-
Operating contingency	849,160	-	(849,160)
Total General Fund Expenditures	\$ 3,608,270	\$ 2,389,331	\$ (1,218,939)

Debt Service: In 2007 the District issued general obligation bonds in the amount of \$2,500,000 to build the new fire station. The Bond is payable in annual principal payments together with bi-annual interest payments with an average interest rate of 4.31%. The obligation is scheduled to be retired in the 2026-27 fiscal year. The issue will be retired by tax levy on property within the District.

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2014

The Fire District and the City of Sisters completed the transfer of 4 acres of City property to the District for use as a training facility. The District exchanged a parcel of property in the City that is currently being used as a recycle center. The District plans on building a training facility on the site when funding becomes available.

Retirements of two long-term personnel allowed for a change in administrative staffing. The Executive Assistant position was replaced with a part-time Finance Manager. One of the Shift Commanders retired and the Admin Deputy Chief moved to take that position. The DC Admin position was replaced with a part-time Fire Safety Manager. This was to plan for the addition of a FF/Medic in order to maximize the career staff at 9 (one Shift Commander and two FF/Medics per shift) which will be implemented next fiscal year. The District employed 11 full time employees, one half-time Finance Manager, one half-time Fire Safety Manager and one part-time Mechanic. The District also has a large contingent of volunteer firefighters and emergency medical personnel that do not receive compensation for their services. Volunteers who meet training and response activity levels are eligible to participate in the Length of Service Awards Program (LOSAP). The LOSAP program provides limited retirement benefits for active volunteers.

**Capital Assets:**

The District’s investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and vehicles, furniture, fixtures and equipment and work in progress. The District continually replaces and updates equipment (e.g. SCBA bottles, radios and pagers).

The District conducted a complete inventory of its capital assets and eliminated outdated equipment no longer being used. Depreciation for the year was \$202,838. Other changes included writing off the residual value of the original station which was remodeled. Asset data collection was streamlined to include only items with a value greater than \$5,000 with a useful life of at least one year.

The District has established an equipment replacement program that provides for the periodic replacement of the emergency response fleet. The District is planning to replace an ambulance in FY 2014-2015.

**Long-term debt:**

In 2007 the Board of Directors presented District residents with a request to approve a \$2.5M general obligation bond to construct a new fire station and remodel the current station.

**Debt service payments:**

Bond tax revenue becomes available in November of each year. Tax revenue can be paid all at once, or two or three payments as scheduled by the tax collector. The District works closely with the tax collector to estimate the amount of bond tax to be levied so the District has the required funds for the bond payments. The District must budget to collect enough bond tax revenue to make both payments. The District is required to submit payment for bond interest and principle due in February of each year and an additional interest payment scheduled in August of each year.

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2014

**Economic Factors and Next Year's Budget:**

Local economic trends showed signs of improvement in 2014. The unemployment rate in Deschutes County improved dramatically (7.5%) a full 2.5 percentage points from last year. There also seems to be an improvement in taxable assessed values of real estate. The total taxable value of property within the District is projected to increase 4.0% in fiscal year 2014-2015.

The District continues to provide family health care benefits for full time employees. For the next fiscal year, the District has approved moving to a higher deductible plan and creating a VEBA health savings account for full-time employees. As insurance costs were expected to increase at least 15%, moving to this type of plan should produce cost neutral results.

**Contacting the District's Financial Management:**

This financial report is designed to provide interested citizens with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Fire Chief, Sisters-Camp Sherman R.F.P.D., PO Box 1509, Sisters, Oregon 97759.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**



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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

STATEMENT OF NET POSITION

June 30, 2014

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,075,053
Receivables:	
Property Taxes	102,067
Other - Net of Allowance	74,126
Capital Assets - Nondepreciable	329,000
Capital Assets - Depreciable, Net of Depreciation	<u>5,035,829</u>
 Total Assets	 <u>7,616,075</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	25,736
Payroll Liabilities	1,114
Accrued Vacation	87,063
Interest Payable	37,331
Long-Term Debt Due Within One Year	90,000
Noncurrent Liabilities:	
Long-Term Debt Due in More than One Year	<u>2,005,000</u>
 Total Liabilities	 <u>2,246,244</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,269,829
Restricted for Debt Service	150,861
Unrestricted	<u>1,949,141</u>
 Total Net Position	 <u>\$ 5,369,831</u>

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
 For the Year Ended June 30, 2014

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Public Safety	\$ 2,374,463	\$ 335,331	\$ 3,484	\$ (2,035,648)
Interest on Long-Term Debt	111,754	-	-	(111,754)
Total Governmental Activities	<u>\$ 2,486,217</u>	<u>\$ 335,331</u>	<u>\$ 3,484</u>	<u>(2,147,402)</u>
General Revenues:				
				2,283,036
				10,858
				<u>12,017</u>
			Total General Revenues	<u>2,305,911</u>
			Change in Net Position	158,509
			Prior Period Adjustment	(494,817)
			Net Position - Beginning	<u>5,706,139</u>
			Net Position - Ending	<u>\$ 5,369,831</u>

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,925,783	\$ 149,270	\$ 2,075,053
Property Taxes Receivable	93,113	8,954	102,067
Other Receivables - Net of Allowance	74,126	-	74,126
Total Assets	<u>\$ 2,093,022</u>	<u>\$ 158,224</u>	<u>\$ 2,251,246</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 25,736	\$ -	\$ 25,736
Payroll Liabilities	1,114	-	1,114
Total Liabilities	<u>26,850</u>	<u>-</u>	<u>26,850</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue-Property Taxes	<u>70,864</u>	<u>7,363</u>	<u>78,227</u>
<b>Fund Balances:</b>			
Restricted for Debt Service	-	150,861	150,861
Assigned	462,124	-	462,124
Unassigned	1,533,184	-	1,533,184
Total Fund Balances	<u>1,995,308</u>	<u>150,861</u>	<u>2,146,169</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,093,022</u>	<u>\$ 158,224</u>	<u>\$ 2,251,246</u>

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2014

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Total Fund Balances - Governmental Funds	\$	2,146,169
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental accounting. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>		
Net Capital Assets		5,364,829
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.</p>		
Interest Payable	\$	(37,331)
Bonds Payable		<u>(2,095,000)</u>
		(2,132,331)
Accrued Vacation		(87,063)
Unavailable Revenue related to Property Taxes		<u>78,227</u>
Net Position of Governmental Activities	\$	<u><u>5,369,831</u></u>

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2014

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TOTALS</u>
<b>REVENUES</b>			
Local Sources			
Current Property Taxes	\$ 2,044,730	\$ 163,407	\$ 2,208,137
Prior Property Taxes	72,996	16,837	89,833
Interest	10,436	422	10,858
Charges for Services	335,331	-	335,331
Grants	3,484	-	3,484
Other	12,017	-	12,017
	<u>2,478,994</u>	<u>180,666</u>	<u>2,659,660</u>
Total Revenues			
<b>EXPENDITURES</b>			
Personnel Services	1,725,540	-	1,725,540
Materials and Services	397,791	-	397,791
Capital Outlay	76,697	-	76,697
Debt Service	-	174,014	174,014
	<u>2,200,028</u>	<u>174,014</u>	<u>2,374,042</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	278,966	6,652	285,618
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	300,032	-	300,032
Transfers Out	(300,032)	-	(300,032)
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	278,966	6,652	285,618
Beginning Fund Balance	<u>1,716,342</u>	<u>144,209</u>	<u>1,860,551</u>
Ending Fund Balance	<u>\$ 1,995,308</u>	<u>\$ 150,861</u>	<u>\$ 2,146,169</u>

See accompanying notes to basic financial statements

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2014

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Net Change in Fund Balances - Total Governmental Funds \$ 285,618

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to bond principal is an expense for the Statement of Net Position, but not the governmental funds.

Principal on G.O. Bonds 80,000

Bond Issuance Costs (37,708)

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation:

Capital Asset Additions	\$ 54,724	
Less Depreciation Expense	<u>(202,838)</u>	(148,114)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. (17,740)

Change in Accrued Vacation 30,195

Prepaid Expenses (18,808)

Property tax in the Statement of Activities differs from the amount reported on the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes unearned revenue for all property taxes levied but not received; however, in the Statement of Activities, there is no unavailable revenue and the full property tax receivable is accrued. (14,934)

Change in Net Position of Governmental Activities \$ 158,509

See accompanying notes to basic financial statements

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity 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 standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. THE FINANCIAL REPORTING ENTITY**

The District was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. The Sisters-Camp Sherman Rural Fire Protection District is a municipal corporation governed by an elected five member board. As required by accounting principles generally accepted in the United States of America, these financial statements present Sisters-Camp Sherman Rural Fire Protection District (the primary government) and any component units. Component units, as established by GASB 61, are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. The District has no component units.

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)**

The Statement of Net Position and the Statement of Activities and Changes in Net Position 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 No. 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.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities and Changes in Net Position, 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.



**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENTAL FUND TYPES**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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, franchise taxes, licenses, and interest associated with the current fiscal period are all 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 District.

**C. DESCRIPTION OF FUNDS**

The District reports the following major funds:

**GENERAL FUND**

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The primary source of revenue is property taxes and the primary expenditures are for fire protection and administration.

**DEBT SERVICE FUND**

This fund accounts for the revenues collected and the payment of the general obligation issue. Resources are from property taxes. Expenditures are for the payment of principal and interest on the issue.

**D. BUDGET**

A budget is prepared and legally adopted for each fund on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund: Personnel Services, Materials and Services, Capital Outlay, Interfund Transactions, Debt Service, and Operating Contingency.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BUDGET (CONTINUED)**

Expenditures cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists but could not be determined at the time the budget was adopted. Budget amounts shown in the basic financial statements reflect the original appropriations and a supplemental budget. Expenditures of the various funds were within authorized appropriation levels.

**E. PROPERTY TAXES RECEIVABLE**

In the Government-Wide Financial Statements uncollected property taxes are recorded on the Statement of Net Position. In the Fund Financial Statements property taxes that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unavailable revenue because it is not deemed available to finance operation of the current period. An allowance for doubtful accounts is not deemed necessary by management, as uncollectible taxes become a lien on the property. Property taxes are levied on all taxable property as of July 1, the beginning of the fiscal year, and become a lien on that date. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

**F. CAPITAL ASSETS**

Capital assets are recorded at the original or estimated cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction, maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives: 5 to 40 years.

**G. RETIREMENT PLANS**

All of the District's full time employees are participants in Public Employees' Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures.

**H. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. 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.

**J. NET POSITION**

Net Position comprises the various net earnings 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, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of all other assets that are not included in the other categories previously mentioned.

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

**K. LONG-TERM OBLIGATIONS**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. FUND BALANCE**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Authority to classify portions of ending fund balance as Assigned has been given to the Fire Chief and Finance Director.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed, assigned, and unassigned.

**M. DEFERRED OUTFLOWS/INFLOW OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. There are no deferred outflows.

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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item which 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 for property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS**

Oregon Revised Statutes (294.035) and District policy authorize investing in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method, which approximates fair value.

Cash and Investments at June 30 (recorded at cost) consisted of:

Demand Deposits	\$	160,335
Investments		1,914,432
Petty Cash		286
Total	<u>\$</u>	<u>2,075,053</u>

**Investments**

The State Treasurer's Local Government Investment Pool 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 State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. 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 Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2014. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. As of June 30, 2014 the fair value of the position in the LGIP approximates 100% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

The District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 1,914,432	\$ 1,914,432	\$ -
Total	<u>\$ 1,914,432</u>	<u>\$ 1,914,432</u>	<u>\$ -</u>

**Deposits**

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**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.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONTINUED)**

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit/Deposit Risk

At year-end, the total bank balance was \$184,488, all of which was covered by federal depository insurance or collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

**3. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2014 are as follows:

	<u>July 1, 2013</u>	<u>Prior Period Adjustment</u>	<u>Additions</u>	<u>June 30, 2014</u>
Capital Assets				
Land	\$ 329,000	\$ -	\$ -	\$ 329,000
Buildings	5,518,578	(721,919)	-	4,796,659
Equipment	877,483	(449,268)	4,500	432,715
Vehicles	3,101,010	(409,466)	50,224	2,741,768
Total Capital Assets	<u>9,826,071</u>	<u>(1,580,653)</u>	<u>54,724</u>	<u>8,300,142</u>
Less: Accumulated Depreciation				
Buildings	1,177,376	(453,990)	95,933	819,319
Equipment	449,401	(227,402)	27,634	249,633
Vehicles	2,191,534	(404,444)	79,271	1,866,361
Total Accumulated Depreciation	<u>3,818,311</u>	<u>(1,085,836)</u>	<u>202,838</u>	<u>2,935,313</u>
Capital Assets, Net	<u>\$ 6,007,760</u>	<u>\$ (494,817)</u>	<u>\$ (148,114)</u>	<u>\$ 5,364,829</u>

Adjustments were made to include deletions that should have been removed in prior years, and the difference of \$494,817 was treated as a prior period adjustment. See Note 9 for further information.

**4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM**

Plan Description

The District is a participating employer in the State of Oregon Public Employees Retirement System Plan. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who returned to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. STATEWIDE LOCAL GOVERNMENT RETIREMENT SYSTEM (CONTINUED)**

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (“OPERB”). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at [www.state.or.us](http://www.state.or.us).

**Funding Policy**

Covered employees are required by State statute to contribute 6% of their salary to the plan. The District is required to contribute at actuarially determined rates, as adopted by the PERS Board. The OPERF rate and OPSRP rates were 17.13% and 11.67%, respectively for the two year period beginning July 1, 2013. The District's contribution to the plan for the years ending June 30, 2014, 2013, and 2012 were \$215,385, \$213,191, and \$190,152, respectively, and were equal to the required contributions for each year.

**5. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2014 is comprised of the following:

	<u>Outstanding July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2014</u>	<u>Due Within One Year</u>
GO Bond, Series 2007	\$ 2,175,000	\$ -	\$ 80,000	\$ 2,095,000	90,000
Accrued Compensated Absences	117,258	87,063	117,258	87,063	87,063
Totals	<u>\$ 2,292,258</u>	<u>\$ 87,063</u>	<u>\$ 197,258</u>	<u>\$ 2,182,063</u>	<u>\$ 177,063</u>

Future debt service requirements for bonds payable and loans payable are as follow:

<u>Year Ending</u>	<u>GO Bond Series 2007</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 90,000	\$ 90,838
2016	100,000	87,012
2017	110,000	82,762
2018	120,000	78,088
2019	130,000	72,688
2020-2024	855,000	264,002
2025-2028	690,000	59,924
Totals	<u>\$ 2,095,000</u>	<u>\$ 735,314</u>

The Accrued Compensated Absences are considered to be current liabilities.

**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. INTERFUND TRANSFERS**

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 300,032	\$ -
Building Reserve	-	25,000
Equipment Reserve	-	260,032
Technology Reserve	-	15,000
	<u>\$ 300,032</u>	<u>\$ 300,032</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**7. RISK MANAGEMENT**

The Fire District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Fire District purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three years.

**8. PROPERTY TAX LIMITATION**

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

**9. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to remove capital assets that should have been deleted in prior years. The net effect of the adjustment is in the amount of \$494,817.



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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

<u>GENERAL FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources				
Current Property Taxes	\$ 1,984,777	\$ 1,984,777	\$ 2,044,730	\$ 59,953
Prior Property Taxes	59,300	59,300	72,996	13,696
Interest	7,215	7,215	10,436	3,221
Charges for Services	253,170	253,170	335,331	82,161
Grants	-	-	3,484	3,484
Other	9,500	9,500	10,489	989
Total Revenue	<u>2,313,962</u>	<u>2,313,962</u>	<u>2,477,466</u>	<u>163,504</u>
<b>EXPENDITURES</b>				
Personnel Services	1,890,535	1,890,535 (1)	1,678,795	211,740
Materials and Services	534,943	534,943 (1)	384,030	150,913
Capital Outlay	33,600	33,600 (1)	26,474	7,126
Contingency	849,160	849,160 (1)	-	849,160
Total Expenditures	<u>3,308,238</u>	<u>3,308,238</u>	<u>2,089,299</u>	<u>1,218,939</u>
Excess of Revenues Over (Under) Expenditures	(994,276)	(994,276)	388,167	(1,055,435)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(300,032)	(300,032) (1)	(300,032)	-
Net Change in Fund Balance	(1,294,308)	(1,294,308)	88,135	1,382,443
Beginning Fund Balance	<u>1,294,308</u>	<u>1,294,308</u>	<u>1,445,049</u>	<u>150,741</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,533,184</u>	<u>\$ 1,533,184</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending Fund Balance:

Employment Reserve	60,847
Equipment Reserve	309,055
Building Reserve	74,196
Technology Reserve	18,026
	<u>\$ 1,995,308</u>

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

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SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

<u>DEBT SERVICE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources				
Current Property Taxes	\$ 166,000	\$ 166,000	\$ 163,407	\$ (2,593)
Prior Property Taxes	18,000	18,000	16,837	(1,163)
Interest	-	-	422	422
	<u>184,000</u>	<u>184,000</u>	<u>180,666</u>	<u>(3,334)</u>
<b>EXPENDITURES</b>				
Debt Service	<u>174,038</u>	<u>174,038 (1)</u>	<u>174,014</u>	<u>24</u>
Net Change in Fund Balance	9,962	9,962	6,652	(3,310)
Beginning Fund Balance	<u>133,000</u>	<u>133,000</u>	<u>144,209</u>	<u>11,209</u>
Ending Fund Balance	<u>\$ 142,962</u>	<u>\$ 142,962</u>	<u>\$ 150,861</u>	<u>\$ 7,899</u>

(1) Appropriation Level



SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

EMPLOYMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 58,182	\$ 58,182	\$ 1,528	\$ (56,654)
EXPENDITURES				
Personnel Services	168,407	168,407 (1)	46,745	121,662
Net Change in Fund Balance	(110,225)	(110,225)	(45,217)	65,008
Beginning Fund Balance	110,225	110,225	106,064	(4,161)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,847</u>	<u>\$ 60,847</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to it's financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

EQUIPMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
EXPENDITURES				
Capital Outlay	\$ 366,028	\$ 366,028	(1) \$ 50,223	\$ 315,805
OTHER FINANCING SOURCES (USES)				
Transfers In	260,032	260,032	260,032	-
Net Change in Fund Balance	(105,996)	(105,996)	209,809	315,805
Beginning Fund Balance	105,996	105,996	99,246	(6,750)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,055</u>	<u>\$ 309,055</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

BUILDING RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES				
Materials and Services	\$ 30,151	\$ 30,151 (1)	\$ 2,956	\$ 27,195
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	25,000	25,000	-
Net Change in Fund Balance	(5,151)	(5,151)	22,044	27,195
Beginning Fund Balance	5,151	5,151	52,152	47,001
Ending Fund Balance	\$ -	\$ -	\$ 74,196	\$ 74,196

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 ACTUAL AND BUDGET  
 For the Year Ended June 30, 2014

TECHNOLOGY RESERVE FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES				
Materials and Services	\$ 20,390	\$ 20,390 (1)	\$ 10,805	\$ 9,585
OTHER FINANCING SOURCES (USES)				
Transfers In	15,000	15,000	15,000	-
Net Change in Fund Balance	(5,390)	(5,390)	4,195	9,585
Beginning Fund Balance	5,390	5,390	13,831	8,441
Ending Fund Balance	\$ -	\$ -	\$ 18,026	\$ 18,026

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
 For the Year Ended June 30, 2014

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED June 30, 2014
<u>GENERAL FUND</u>						
CURRENT						
2013-14	\$ 2,167,558	\$ 53,751	\$ (2,283)	\$ 1,182	\$ 2,064,662	\$ 48,044
PRIOR YEARS						
2012-13	53,936	1	(1,545)	2,516	31,850	23,056
2011-12	25,911	(1)	(1,321)	2,649	13,797	13,443
2010-11	15,625	-	(2,700)	3,336	10,700	5,561
2009-10	5,560	-	(770)	1,678	4,753	1,715
2008-09 & Prior	2,346	-	(864)	470	658	1,294
Total Prior	103,378	-	(7,200)	10,649	61,758	45,069
Total	\$ 2,270,936	\$ 53,751	\$ (9,483)	\$ 11,831	\$ 2,126,420	\$ 93,113

RECONCILIATION OF REVENUE

	GENERAL FUND
Cash Collections by County Treasurer, Above	\$ 2,126,420
Accrual of Receivables	
June 30, 2013	(17,580)
June 30, 2014	22,249
Payments in lieu of Property Taxes	(13,363)
Total Revenue	\$ 2,117,726

SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
DESCHUTES COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
 For the Year Ended June 30, 2014

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2013	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED/ June 30, 2014
<u>DEBT SERVICE</u>						
CURRENT						
2013-14	\$ 184,043	\$ 4,564	\$ 790	\$ 100	\$ 175,310	\$ 5,059
PRIOR YEARS						
2012-13	4,447	-	(129)	208	2,626	1,900
2011-12	2,372	-	(121)	243	1,263	1,231
2010-11	1,427	-	(248)	305	977	507
2009-10	543	-	(75)	164	464	168
2008-09 & Prior	165	-	(63)	34	47	89
Total Prior	8,954	-	(636)	954	5,377	3,895
Total	<u>\$ 192,997</u>	<u>\$ 4,564</u>	<u>\$ 154</u>	<u>\$ 1,054</u>	<u>\$ 180,687</u>	<u>\$ 8,954</u>

RECONCILIATION OF REVENUE

	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer, Above	\$ 180,687
Accrual of Receivables	
June 30, 2013	(1,592)
June 30, 2014	1,591
Payments in lieu of Property Taxes	<u>(442)</u>
Total Revenue	<u>\$ 180,244</u>

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**SISTERS-CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT**  
**DESCHUTES COUNTY, OREGON**

**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**



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November 11, 2014

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Sisters-Camp Sherman Rural Fire Protection District as of and for the year ended June 30, 2014, and have issued our report thereon dated November 11, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

#### **Compliance**

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our 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 our audit, and accordingly, we do not express such an opinion.

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

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


In connection with our testing nothing came to our attention that caused us to believe the Sisters-Camp Sherman Rural Fire Protection 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 our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated November 11, 2014.

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

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

**Roy R. Rogers, CPA  
PAULY, ROGERS AND CO., P.C.**