
FINANCIAL STATEMENTS

JUNE 30, 2012



**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

DISTRICT OFFICIALS

June 30, 2012

Board Members

Chuck Newport - President
Sisters, Oregon

Al McKenzie - Vice President
Sisters, Oregon

Don Boyd - Secretary/Treasurer
Sisters, Oregon

Peter Storton
Sisters, Oregon

Dave Elliott (Resigned June 6, 2011)
Sisters, Oregon

Fire Chief

Roger Johnson

Registered Agent

Roger Johnson
P.O. Box 1509
301 S. Elm Street
Sisters, Oregon 97759
541-549-0771

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Sisters - Camp Sherman RFPD
Deschutes County, Oregon

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sisters - Camp Sherman RFPD, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the Sisters - Camp Sherman RFPD's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sisters - Camp Sherman RFPD's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my 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 the Sisters - Camp Sherman RFPD, Oregon, as of June 30, 2012, and the respective changes in the financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10, 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 statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis 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.

INDEPENDENT AUDITOR'S REPORT – CONTINUED

Accounting principles generally accepted in the United States of America also require that the Budget Comparison Information of the Sisters - Camp Sherman RFPD, Oregon's major fund on page 29 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 statements in an appropriate operational, economic, or historical context. This information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sisters - Camp Sherman RFPD, Oregon's financial statements as a whole. The schedules listed in the Table of Contents as "Additional Supplemental Information" are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The Additional Supplemental Information is the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

September 10, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2012

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, 2012.

Financial Highlights

- In the Government-Wide financial statements, the assets of the District exceeded its liabilities on June 30, 2012 by \$5,527,543, an increase over last year of \$21,123. Of this amount, \$3,823,295 represents the District's investments in capital assets, \$142,831 restricted for debt service, and the balance of \$1,561,417 in unassigned funds for the administration and operation of the Fire District.
- The District's current liabilities total \$218,696 consisting of: accrued vacation \$93,302; accounts payable \$30,178; accrued interest \$20,216; and current portion of long-term debt \$75,000.
- As of June 30, 2012, the District had long-term bond payable debt of \$2,250,000 less current payment of \$75,000.
- The District's net changes fluctuated both in revenue and expenditures. District revenue decreased \$30,183. Expenses decreased \$100,971. Expenditures fluctuated by category; Personal Services was \$209,758 under budget; Materials and Services was \$79,899 under budget; Capital Outlay was \$4,221 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 Assets* and the *Statement of Activities*.

The *Statement of Net Assets* presents information on the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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, 2012

Government-Wide Financial Statements - Continued

The *Statement of Activities* presents information on how the District’s net assets changed during the fiscal year. All changes in net assets 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 three categories: the General Fund, Capital Project Fund, and Debt Service. All Funds are Governmental Fund types.

Governmental Fund

Governmental funds are used to account for essentially 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 – the 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.

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

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2012

District Funds - Continued

The other funds of the District are:

- **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.
- **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 Assets:

	June 30	
	2012	2011
Current Assets	\$ 1,807,542	\$ 1,772,225
Capital Assets	6,073,295	6,277,684
Other Assets	40,402	43,096
Total Assets	7,921,239	8,093,005
Current Liabilities	218,696	336,585
Long - Term Debt	2,175,000	2,250,000
Total Liabilities	2,393,696	2,586,585
Net Assets		
Invested in Capital Assets - net	3,823,295	3,962,684
Restricted for Debt Service	142,831	122,150
Assigned by the Board	99,266	70,561
Unassigned	1,462,151	1,351,025
Total Net Assets	\$ 5,527,543	\$ 5,506,420

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED
June 30, 2012

The following is a summary schedule of the Statement of Activities:

	June 30	
	2012	2011
Expenses		
Public safety	\$ 2,470,641	\$ 2,676,136
Program Revenues		
Charges for service	(242,794)	(236,862)
Refunds paid for cost	-	(241,610)
Net Expense	2,227,847	2,197,664
General Revenues		
Property taxes	2,181,983	2,140,942
Interest	8,023	6,966
Capital grants	22,148	189,363
Other	36,816	12,670
	2,248,970	2,349,941
Change in Net Assets	\$ 21,123	\$ 152,277

General Fund Budgetary Highlights

During the year, all fund expenditures were within budget.

	Final Budget	Actual	Variance Over (Under)
Personal services	\$ 1,833,391	\$ 1,623,633	\$ (209,758)
Materials and services	510,741	430,842	(79,899)
Capital outlay	50,923	46,702	(4,221)
Transfers	129,000	129,000	-
Operating contingency	721,969	-	(721,969)
Total General Fund Expenditures	\$ 3,246,024	\$ 2,230,177	\$ (1,015,847)

Debt Service: 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, 2012

The Fire District and the City are nearing completion of the transfer of 4 acres of City property to the District for use as a training facility. The final plat is being prepared and should be ready for signatures by November 1, 2012. The District has been collecting fill material to be used to construct a visual screening berm. The visual screening berm was required to reduce the impact of the proposed training facility on adjoining properties. The visual screening berm will be constructed in the fall of 2012. The District plans on building a training facility on the site when funding becomes available.

The District received a State Homeland Security Program grant in the 2011-2012 fiscal year for \$21,833.00. The grant was used to upgrade radio equipment and repeaters to be narrowband compliant. The District also acquired a type 3 fire engine and pressurized foam extinguishing system through the Federal Excess Personal Property Program (FEPP). The FEPP program refers to Forest Service-owned property that is on loan to State Foresters for the purpose of wild land and rural firefighting. Most of the property originally belonged to the Department of Defense (DoD). Once acquired by the Forest Service, it is loaned to State Cooperators for fire-fighting purposes.

There were several personnel changes in the 2011-2012 fiscal year including the retirement of Fire Chief Taylor Robertson. The District employs 13 full time employees and line staffing remained at 8 personnel. Line staffing consists of two shifts staffed with three personnel and one shift with two personnel. Volunteers and students continue to augment daily staffing levels and are critical to the District’s emergency operations.

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).

Long-term debt:

In 2007 the Board of Directors presented District residents with a request to approve a \$2,500,000 general obligation bond to construct a new fire station and re-model 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 all three 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, 2012

Economic Factors and Next Year’s Budget:

Local economic trends showed some signs of improvement in 2012. The unemployment rate in Deschutes County is still high (11.4%) but has improved a full percentage point 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 2.5% in fiscal year 2012-2013. New residential building permits within the City of Sisters continue to improve from a low of 10 permits issued in fiscal year 2009-2010 to 19 permits issued in 2011-2012.

Foreclosure activity will be difficult to forecast for the next year due to legislative changes which went into effect in July of 2012. Oregon Senate Bill 1552 requires extended notice periods and mediation sessions for non-judicial foreclosures. There seems to be a shift from non-judicial foreclosure activity to the process of judicial foreclosure. It is unclear at this time what the effect of the changes may have on future tax collections. These trends indicate a need for close monitoring of tax revenue and expenditures in the next fiscal year and beyond. Recent analysis of the current economic condition statewide indicates the recession has bottomed out, there is also consensus that there will be an extended recovery period, particularly in Central Oregon which the District will monitor closely.

The Public Employee Retirement System continues to be under significant legislative and public scrutiny. Although the size of the increase is not known at this time, the District will receive another PERS rate increase in July 2013. The District continues to provide employer/employee PERS benefits to all full-time employees.

The health insurance plan that the District maintains for employees has been effective and 2012-2013 will see premium costs remain flat.

Other economic elements that may affect revenue are a continued or increased national economic crisis, national and local recession, local flooding, Carver Lake dam failure, and the local impacts and influx of people from other natural disasters including tsunamis, volcanic eruption, pandemics, terrorism, other diseases and or viruses, etc.

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.

BASIC FINANCIAL STATEMENTS

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**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

STATEMENT OF NET ASSETS

June 30, 2012

Assets	
Current Assets	
Cash and cash equivalents	\$ 1,627,933
Property taxes receivable	149,071
Accounts receivable - net of allowance for bad debts	13,133
Prepaid expenses	17,405
Total Current Assets	<u>1,807,542</u>
Capital Assets	
Assets not being depreciated	
Land	329,000
Assets being depreciated	9,320,300
Accumulated depreciation	<u>(3,576,005)</u>
Total Capital Assets	<u>6,073,295</u>
Other Assets	
Bond Issuance cost	<u>40,402</u>
Total Assets	<u>7,921,239</u>
Liabilities	
Current Liabilities	
Accounts payable	30,178
Accrued vacation	93,302
Accrued interest	20,216
Current portion of long-term debt	75,000
Total Current Liabilities	<u>218,696</u>
Long-Term Debt	
Bonds payable	2,250,000
Less current portion	<u>(75,000)</u>
Net Long-Term Debt	<u>2,175,000</u>
Total Liabilities	<u>2,393,696</u>
Net Assets	
Invested in capital assets	3,823,295
Restricted for:	
Debt Service	142,831
Unrestricted	<u>1,561,417</u>
Total Net Assets	<u>\$ 5,527,543</u>

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

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

STATEMENT OF ACTIVITIES

For The Year Ended June 30, 2012

	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expense) Revenue</u>
Governmental Activities			
Public safety	<u>\$ 2,470,641</u>	<u>\$ 242,794</u>	<u>\$ (2,227,847)</u>
General Revenues			
Property taxes			2,181,983
Interest			8,023
Capital grants			22,148
Other			<u>36,816</u>
Total General Revenue			<u>2,248,970</u>
Change in Net Assets			21,123
Net Assets - Beginning of Year			<u>5,506,420</u>
Net Assets - End of Year			<u>\$ 5,527,543</u>

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

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

Assets	<u>General Funds</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Totals</u>
Cash	\$ 1,428,315	\$ 59,084	\$ 140,534	\$ 1,627,933
Property taxes receivable	136,505	-	12,566	149,071
Accounts receivable - net of allowance for bad debts	<u>13,133</u>	<u>-</u>	<u>-</u>	<u>13,133</u>
Total Assets	<u>\$ 1,577,953</u>	<u>\$ 59,084</u>	<u>\$ 153,100</u>	<u>\$ 1,790,137</u>
Liabilities and Fund Balances				
Accounts payable	\$ 30,178	\$ -	\$ -	\$ 30,178
Deferred revenue	<u>110,706</u>	<u>-</u>	<u>10,269</u>	<u>120,975</u>
Total Liabilities	<u>140,884</u>	<u>-</u>	<u>10,269</u>	<u>151,153</u>
Fund Balance				
Restricted				
Debt Service	-	-	142,831	142,831
Assigned	40,182	59,084	-	99,266
Unassigned	<u>1,396,887</u>	<u>-</u>	<u>-</u>	<u>1,396,887</u>
Total Fund Balances	<u>1,437,069</u>	<u>59,084</u>	<u>142,831</u>	<u>1,638,984</u>
Total Liabilities and Fund Balances	<u>\$ 1,577,953</u>	<u>\$ 59,084</u>	<u>\$ 153,100</u>	<u>\$ 1,790,137</u>
Reconciliation of the Governmental Fund Balance Sheet To Statement of Net Assets				
Total Fund Balances - Governmental Funds				\$ 1,638,984
Reconciling Items				
Assets (Liabilities) not reported on the Governmental Balance Sheet				
Capital assets			\$ 6,073,295	
Long-Term General Obligation Bonds			<u>(2,250,000)</u>	3,823,295
Prepaid expenses				17,405
Bond issuance cost				40,402
Accrued interest payable				(20,216)
Deferred revenues				120,975
Accrued vacation				<u>(93,302)</u>
Total Net Assets - Government-Wide Statements				<u>\$ 5,527,543</u>

The accompanying notes are an integral part of these 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, 2012

	<u>General Funds</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Totals</u>
Revenues				
Local				
Property taxes	\$ 2,014,906	\$ -	\$ 184,977	\$ 2,199,883
Interest	7,681	-	342	8,023
Charges for service	242,794	-	-	242,794
Other	36,816	-	-	36,816
Intergovernmental				
Grants	20,813	1,335	-	22,148
Total Revenues	<u>2,323,010</u>	<u>1,335</u>	<u>185,319</u>	<u>2,509,664</u>
Expenditures				
Current				
Public safety	2,146,426	6,966	-	2,153,392
Capital outlay	46,702	2,713	-	49,415
Debt service				
Principal	-	-	65,000	65,000
Interest	-	-	99,638	99,638
Total Expenditures	<u>2,193,128</u>	<u>9,679</u>	<u>164,638</u>	<u>2,367,445</u>
Excess of Revenues Over (Under) Expenditures	<u>129,882</u>	<u>(8,344)</u>	<u>20,681</u>	<u>142,219</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	(35,000)	35,000	-	-
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>35,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	94,882	26,656	20,681	142,219
Fund Balances - Beginning of Year	<u>1,342,187</u>	<u>32,428</u>	<u>122,150</u>	<u>1,496,765</u>
Fund Balances - End of Year	<u>\$ 1,437,069</u>	<u>\$ 59,084</u>	<u>\$ 142,831</u>	<u>\$ 1,638,984</u>

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

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds
To Statement of Activities

June 30, 2012

Net Changes in Fund Balances - Total Governmental Funds		\$ 142,219
Items to Reconcile Changes in Net Assets		
Revenues		
Property taxes accrual		
Reported on the full accrual method	\$ 2,181,983	
Reported on the modified accrual method	<u>(2,199,883)</u>	(17,900)
Expenses		
Prepaid expenses	\$ 17,405	
Change in accrued vacation	20,940	
Accrued interest payable	542	
Capital outlay	33,463	
Debt payment	65,000	
Bond cost amortization	(2,694)	
Depreciation	<u>(237,852)</u>	<u>(103,196)</u>
Changes in Net Assets - Statement of Activities		<u>\$ 21,123</u>

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

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The Sisters-Camp Sherman Rural Fire Protection District is a municipal corporation governed by a five member Board of Directors elected at-large.

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

Government-Wide and Fund Financial Statements

The Government-Wide financial statements are the Statement of Net Assets and the Statement of Activities. These statements report information on all activities of the District. The effect of interfund activity has been removed from these statements.

The Statement of Activities show the District's cost for operations of fire protection in the district. Direct expenses of operations are reduced by direct program revenue which include charges for services and services provided by other agencies.

Measurement Focus, Basis of Accounting

The Government-Wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar revenues are recognized if all eligibility requirements imposed by the provider have been met.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available if they are received during the current period or soon enough thereafter to pay liabilities of the current period. The District considers this to be revenues collected within 60 days after the end of the current fiscal year. Expenditures are generally recorded when incurred, except interest on long-term debt and compensated absences are recorded at the time the payment is due.

District Funds

The District's only major fund is the General Fund.

General Fund - the General Fund accounts for the financial operations of the District's fire protections costs not accounted for in other funds. Principal sources of revenues are property taxes and ambulance revenues. Expenditures are for fire protections and ambulance services.

Non-Major Funds

Employment Reserve - This fund is used to accumulate resources for payment of compensated absences upon an employee retirement. Resources are from cash transfers from the General Fund. Expenditures are for payment of compensated absences upon retirement. This fund is reported as a sub-fund of the General Fund.

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 1 - Summary of Significant Accounting Policies - Continued

District Funds - continued

Technology Reserve - This fund is used to accumulate resources for cost of technology equipment and supplies for the District. Resources are cash transfers from the General Fund. This fund is reported as a sub-fund of the General Fund.

Capital Project Funds

Building Reserve Fund - This fund was established to accumulate resources for future acquisition of buildings in the District. Resources are cash transfers from the General Fund. Expenditures are for additions or improvements to the District's buildings.

Equipment Reserve - This fund was established to accumulated resources for the acquisition of equipment for the District. Resources are from transfers form the General Fund. Expenditures are for cost of equipment.

Debt Service Fund

The District established a debt service fund to account for the revenues collected and the payment of the District's general obligation issue. Resources are from property taxes. Expenditures are for the payment of principal and interest on the issue.

Budget Policy

The District prepares a budget for each fund on the modified basis of accounting. State Statutes require a budget be prepared for each fund. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal service, materials and services, capital outlay, and other expenditures are the levels of control established by resolution. The detail budget document contains more specific detailed information for the expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval of the Board of Directors. Appropriations lapse at the end of each year.

Cash and Investments

Cash and investments include amounts in demand deposits as well as short-term investments. Investments with maturities over three months are not considered to be cash. The cash balances of all funds are pooled and invested according to the Board's direction.

Capital Assets

Capital assets include property, buildings and improvements, and equipment and are reported in the governmental column in the Government-Wide statement of Net Assets. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their fair market value at the date of donation.

Buildings and equipment are depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful life is 50 years for buildings, 5 years for equipment, and 15 years for vehicles.

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 1 - Summary of Significant Accounting Policies - Continued

Accrued Compensated Absences

The District employees are allowed to accumulate earned but unused vacation leave. A liability for the vested portion of such leave is reported in the Government-Wide funds.

Long-Term Debt

In the Government-Wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are capitalized in the year of issue and are amortized over the life of the bond.

In the fund financial statements, Governmental Fund types recognize bond premium and discounts as well as issuance costs during the current period. The face amount of the debt issued, less issuance costs, is reported as other financing sources.

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 certain amounts and disclosures. Actual results could differ from those estimates.

Fund Structure

Major Funds

General Fund - The General Fund accounts for the financial operations of the District's fire protection costs not accounted for in other funds. Principal sources of revenues are property taxes and ambulance revenues. Expenditures are for the fire protection and ambulance services.

For reporting purposes for the basic financial statements, the General Fund is combined with the funds designated by the Board. For budgetary reporting, all funds are reported separately.

Capital Project Fund - This fund was established to account for the bond proceeds and the construction of the District Fire Hall. The fund holds the remaining retainage due the contractor upon completion of the project. The Fund had no revenue or expenditures during the year.

Debt Service Fund - This fund was establish to account for the property tax collection dedicated to the retirement of the general obligation bond issue.

Fund Balance Reporting

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 1 - Summary of Significant Accounting Policies - Continued

Fund Balance Reporting - Continued

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories as follows:

1) Nonspendable:

These are items such as fund balance associated with inventories, prepaids, long-term loans and notes receivables and property held for resale (unless proceeds are restricted, committed or assigned).

2) Restricted:

This fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.

3) Committed:

This fund balance classification includes amounts that can be used only for the specific purpose determined by a formal action of the District's governing board (the District's highest level of decision-making authority).

4) Assigned:

This fund balance classification is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed.

5) Unassigned:

This fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Note 2 - Budget Compliance

The District's management submits requests for appropriations to the Budget Officer appointed by the Board of Directors. The budget is prepared by fund, function, and activity. The budget document includes information on the prior three years as well as estimated revenue and requested appropriations for the ensuing fiscal year.

The proposed budget is presented to the Budget Committee by the Budget Officer. Public hearings are held by the Budget Committee and the Committee may make changes to the original document. The Budget Committee will approve the budget document to be submitted to the governing body of the District. The governing body will hold a public hearing on a published date. After the public hearing, the governing body will give considerations to matters discussed and may make changes to the budget document prior to adoption. State statutes do not allow the governing body to increase expenditures for each fund by more than 10 percent, and the amount of the ad valorem tax to be certified by the District cannot be increased by the governing body.

The governing body is then required by State Statutes to adopt the budget, make appropriations, and to certify the levy of ad valorem taxes for each fund. Except for the allowance of appropriation transfers, expenditures cannot be made in excess of the appropriations.

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 3 - Cash and Cash Equivalents

Deposits with Financial Institutions

Deposits with financial institutions are comprised of demand checking accounts and money market deposits. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization Program (OPFCP) under ORS 295. The OPFCP creates a state-wide pool of qualified bank depositories for local governments, provides collateralization for bank balances that exceed the limits of the Federal Depository Insurance Corporation (FDIC), and eliminates the need for certificates of participation. As of June 30, 2012, the District had a total bank balance of \$283,616 that was covered by FDIC coverage and collateralized by the OPFCP.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to the government. The District's policy, in compliance with State Statutes, requires that deposits be covered by FDIC and deposited in a bank that is qualified in the OPFCP.

Investments

The District's investments are deposited with the Local Governmental Investment Pool (LGIP). The District does not invest in other types of investments.

The 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 LGIP's investment policies. The State Treasurer is the investment officer for the LGIP and is responsible for 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 LGIP 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 Oregon Audits Division of the Secretary of State's office audits the LGIP annually. The LGIP does not have a credit quality rating.

The fair-market value of the District's position in the LGIP at June 30, 2012, was equivalent to the District's carrying amount.

As of June 30, 2012, the cash consisted of:

Cash on hand	\$ 183
Demand checking accounts	283,616
LGIP	<u>1,344,134</u>
Totals	<u>\$ 1,627,933</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 4 - Property Taxes Receivable

The tax levy is certified by the District Board annually to the Deschutes County Assessor. The property tax rate is calculated by the Assessor for each taxing district based on the assessed valuation as of July 1. The tax levy becomes a lien on the property as of July 1 of each year. The taxes may be paid by the property owner by November 15 to receive a three-percent discount. The installment method can also be used by the property owner to pay the taxes if they pay, following the date of the lien, one-third by November 15, February 15, and May 15.

Unpaid taxes become subject to foreclosure four years after they become a lien on the property. The collections and foreclosures are the responsibility of the County Tax Collector and Treasurer.

Governmental funds report deferred revenue in connection with property taxes that are not considered to be available to liquidated liabilities of the current period. As of June 30, 2012, the District reported \$149,071 of property taxes receivable and reported \$28,096 as earned in the current period. Deferred revenue is \$120,975 on the Governmental Funds financial statements.

Note 5 - Capital Assets

Capital asset activity for the year was as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital Assets				
Assets not being depreciated				
Land	\$ 329,000	\$ -	\$ -	\$ 329,000
Assets being depreciated				
Buildings	5,489,884	-	-	5,489,884
Equipment	844,020	33,463	-	877,483
Vehicles	<u>2,952,933</u>	<u>-</u>	<u>-</u>	<u>2,952,933</u>
Totals	9,615,837	<u>\$ 33,463</u>	<u>\$ -</u>	<u>9,649,300</u>
Accumulated Depreciation	<u>(3,338,153)</u>	<u>\$ (237,852)</u>	<u>\$ -</u>	<u>(3,576,005)</u>
Net Book Value	<u>\$ 6,277,684</u>			<u>\$ 6,073,295</u>

Accumulated Depreciation is summarized as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Buildings	\$ 957,493	\$ 109,798	\$ -	\$ 1,067,291
Equipment	344,434	51,881	-	396,315
Vehicles	<u>2,036,226</u>	<u>76,173</u>	<u>-</u>	<u>2,112,399</u>
Totals	<u>\$ 3,338,153</u>	<u>\$ 237,852</u>	<u>\$ -</u>	<u>\$ 3,576,005</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 5 - Capital Assets - Continued

Depreciation is computed using the straight-line method over the estimated useful life of the asset. The following is a summary of the depreciation:

	<u>Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Expense 2011-12</u>
Assets not being depreciated					
Land		\$ 329,000	\$ -	\$ 329,000	\$ -
Assets being depreciated					
Buildings	50	5,489,884	1,067,291	4,422,593	109,798
Equipment	5	877,483	396,315	481,168	51,881
Vehicles	15	<u>2,952,933</u>	<u>2,112,399</u>	<u>840,534</u>	<u>76,173</u>
Total Assets Being Depreciated		<u>9,320,300</u>	<u>3,576,005</u>	<u>5,744,295</u>	<u>237,852</u>
Total Capital Assets		<u>\$ 9,649,300</u>	<u>\$ 3,576,005</u>	<u>\$ 6,073,295</u>	<u>\$ 237,852</u>

Note 6 - Long-Term Debt

The District issued general obligation bonds in the amount of \$2,500,000 in the 2006-07 fiscal year. The bond proceeds, approved by the District voters, were used to build a new fire station in the District. The issue, Series 2007, is payable in annual principal payments from \$30,000 to \$245,000 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.

A summary of the changes in the long-term debt is as follows:

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2012</u>
Series 2007	<u>\$ 2,315,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 2,250,000</u>

The debt service requirements as of June 30, 2012, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012-13	\$ 75,000	\$ 97,038	\$ 172,038
2013-14	80,000	94,038	174,038
2014-15	90,000	90,838	180,838
2015-16	100,000	87,013	187,013
2016-17	110,000	82,763	192,763
2018-22	720,000	331,252	1,051,252
2023-27	<u>1,075,000</u>	<u>143,438</u>	<u>1,218,438</u>
Totals	<u>\$ 2,250,000</u>	<u>\$ 926,380</u>	<u>\$ 3,176,380</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 7 - Transfers

The District's General Fund annually transfers money to other governmental funds without a requirement of repayment. The District's General Fund made transfers to the Equipment Fund of \$35,000. Transfers were also made to the Employment fund of \$90,000 and the Technology Fund of \$4,000.

Note 8 - Pension Plan

Plan Description

The District contributes to two pension plans administered by the Oregon Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan applies to qualifying City employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for the members who attain normal retirement age. The formula takes into account final average salary and years of service. As of January 1, 2004, all PERS member contributions go to the Individual Account Program (IAP), the defined contributions portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post-employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing to the Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 503-598-7377.

Funding Policy and Annual Pension Cost

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The employer is allowed to pay any or all of the employee's contribution in addition to the required employer's contribution. For the fiscal year ended June 30, 2012, the District contributed all of the 6% contribution on behalf of the employees. The District is required by ORS 235.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2012, were 8.52% and 14.11% respectively.

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**

Deschutes County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Note 8 - Pension Plan - Continued

	Fiscal Year Ended June 30		
	2012	2011	2010
District contribution rate			
OPSRP	8.84%	8.52%	
PERS	16.02%	14.11%	14.11%
Employee contribution rate	6.0%	6.0%	6.0%
District total payroll	\$1,220,163	\$1,123,394	\$1,100,370
District covered payroll	\$976,338	\$1,290,965	\$1,078,190
Annual pension cost	\$203,056	\$225,693	\$190,289
Net pension obligation	\$0	\$0	\$0

Note 9 - Risk Management

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injury to employees; and natural disasters for which the District carries commercial insurance. The District reviews the coverage periodically, and there has not been a significant reduction in coverage from the prior years. Any settlements have not exceeded coverage in the past three years.

Note 10 - Post Employment Benefits Other Than Pension

Governmental Accounting Standards Board (GASB) Statement 45 requires the District to determine the extent of its liability for other post-employment benefits (OPEB) and record the liability in its financial statements on an accrual basis. This includes the requirement of ORS 243.303 of offering the same healthcare benefits for current employees to all retirees and their dependents until such times as the retirees are eligible for Medicare. This is referred to as an "implied subsidy" under GASB 45.

The District participates in PERS and does not have any non-PERS OPEB. PERS retirees who receive benefits through Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the Retirement Health Insurance Account (RHIA). The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2007 System Valuation, this program had an unfunded actuarial liability of approximately \$248.8 million. The District's allocated share of the RHIA program's assets and liabilities is based on the District's proportional share of the program's pooled payroll. This amount can not be determined and is not reported as a liability on these financial statements.

Note 11 - Subsequent Events

Sisters - Camp Sherman management has evaluated subsequent events through September 10, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
GENERAL FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

Revenues	Budget		Actual	Variance Over (Under)
	Original	Final		
Local Sources				
Property taxes				
Current	\$ 1,816,386	\$ 1,816,386	\$ 1,936,269	\$ 119,883
Prior	36,936	36,936	78,637	41,701
Interest	5,925	5,925	7,681	1,756
Ambulance charges	175,000	175,000	169,700	(5,300)
Fire contracts and other	60,701	60,701	48,575	(12,126)
Fire-Med	20,000	20,000	24,519	4,519
Other	12,140	12,140	36,816	24,676
Intergovernmental				
Grants	-	21,833	20,813	(1,020)
Total Revenues	2,127,088	2,148,921	2,323,010	174,089
Beginning Fund Balance	1,097,103	1,097,103	1,304,054	206,951
Total Resources	3,224,191	3,246,024	3,627,064	381,040
Expenditures				
Personal services	1,833,391	1,833,391	1,623,633	(209,758)
Materials and services	510,741	510,741	430,842	(79,899)
Capital outlay	29,090	50,923	46,702	(4,221)
Transfers	129,000	129,000	129,000	-
Operating contingency	721,969	721,969	-	(721,969)
Total Expenditures	3,224,191	3,246,024	2,230,177	(1,015,847)
Ending Fund Balance	\$ -	\$ -	\$ 1,396,887	\$ 1,396,887

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT
Deschutes County, Oregon

ADDITIONAL SUPPLEMENTAL INFORMATION

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
MANAGEMENT DETAIL
GENERAL FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

Revenues	Final Budget	Actual	Variance Over (Under)
Local Sources			
Property taxes			
Current	\$ 1,816,386	\$ 1,936,269	\$ 119,883
Prior	36,936	78,637	41,701
Interest	5,925	7,681	1,756
Ambulance charges	175,000	169,700	(5,300)
Fire contracts and other	60,701	48,575	(12,126)
Fire-Med	20,000	24,519	4,519
Other	12,140	36,816	24,676
Intergovernmental			
Grants	<u>21,833</u>	<u>20,813</u>	<u>(1,020)</u>
Total Revenues	2,148,921	2,323,010	174,089
Beginning Fund Balance	<u>1,097,103</u>	<u>1,304,054</u>	<u>206,951</u>
Total Resources	<u>\$ 3,246,024</u>	<u>\$ 3,627,064</u>	<u>\$ 381,040</u>
Expenditures			
Board of Directors			
Personal services	\$ 3,780	\$ 3,711	\$ (69)
Materials and services	<u>66,283</u>	<u>60,963</u>	<u>(5,320)</u>
Total Board of Directors	<u>70,063</u>	<u>64,674</u>	<u>(5,389)</u>
Fire Chief			
Personal services	190,224	158,014	(32,210)
Materials and services	<u>8,900</u>	<u>5,775</u>	<u>(3,125)</u>
Total Fire Chief	<u>199,124</u>	<u>163,789</u>	<u>(35,335)</u>
Deputy Chief - Administration			
Personal services	199,545	194,911	(4,634)
Materials and services	<u>48,985</u>	<u>50,411</u>	<u>1,426</u>
Total Administration	<u>248,530</u>	<u>245,322</u>	<u>(3,208)</u>
Division Chief and Training			
Personal services	4,272	3,090	(1,182)
Materials and services	<u>35,850</u>	<u>29,519</u>	<u>(6,331)</u>
Total Administration	<u>40,122</u>	<u>32,609</u>	<u>(7,513)</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
MANAGEMENT DETAIL
GENERAL FUND
BUDGETARY BASIS - CONTINUED**
Fiscal Year Ended June 30, 2012

Expenditures - Continued	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
Fire Marshal			
Personal services	132,428	134,928	2,500
Materials and services	<u>11,450</u>	<u>9,664</u>	<u>(1,786)</u>
Total Training Officer	<u>143,878</u>	<u>144,592</u>	<u>714</u>
Career Staff			
Personal services	1,099,941	952,508	(147,433)
Materials and services	<u>650</u>	<u>80</u>	<u>(570)</u>
Total Career Staff	<u>1,100,591</u>	<u>952,588</u>	<u>(148,003)</u>
Volunteer Staff			
Personal services	27,061	22,101	(4,960)
Materials and services	<u>40,557</u>	<u>44,902</u>	<u>4,345</u>
Total Volunteer Staff	<u>67,618</u>	<u>67,003</u>	<u>(615)</u>
Deputy Chief - Operations			
Personal services	147,812	133,773	(14,039)
Materials and services	<u>4,700</u>	<u>2,178</u>	<u>(2,522)</u>
Total Deputy Chief - Operations	<u>152,512</u>	<u>135,951</u>	<u>(16,561)</u>
Student Program			
Materials and services	<u>56,126</u>	<u>32,753</u>	<u>(23,373)</u>
Temporary Staff			
Personal services	<u>28,328</u>	<u>20,597</u>	<u>(7,731)</u>
Total Temporary Staff	<u>28,328</u>	<u>20,597</u>	<u>(7,731)</u>
Emergency Medical Services (EMS)			
Materials and services	58,850	46,932	(11,918)
Capital outlay	<u>1,700</u>	<u>1,700</u>	<u>-</u>
Total EMS	<u>60,550</u>	<u>48,632</u>	<u>(11,918)</u>
Communications			
Materials and services	13,200	9,515	(3,685)
Capital outlay	<u>30,333</u>	<u>26,373</u>	<u>(3,960)</u>
Total Communications	<u>43,533</u>	<u>35,888</u>	<u>(7,645)</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
MANAGEMENT DETAIL
GENERAL FUND
BUDGETARY BASIS - CONTINUED

Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Expenditures - Continued			
Facilities			
Materials and services	91,800	78,954	(12,846)
Fire Equipment and Supplies			
Materials and services	17,490	16,577	(913)
Capital outlay	18,890	18,629	(261)
Total Fire Equipment	<u>36,380</u>	<u>35,206</u>	<u>(1,174)</u>
Vehicles			
Materials and services	55,900	42,619	(13,281)
Non Departmental			
Transfers	129,000	129,000	-
Operating contingency	721,969	-	(721,969)
Total Non Departmental	<u>850,969</u>	<u>129,000</u>	<u>(721,969)</u>
Total Expenditures	<u>\$ 3,246,024</u>	<u>\$ 2,230,177</u>	<u>\$ (1,015,847)</u>
 General Fund Summary			
Total Revenues	\$ 2,148,921	\$ 2,323,010	\$ 174,089
Beginning Fund Balance	<u>1,097,103</u>	<u>1,304,054</u>	<u>206,951</u>
Total Resources	<u>3,246,024</u>	<u>3,627,064</u>	<u>381,040</u>
Expenditures			
Personal services	1,833,391	1,623,633	(209,758)
Materials and services	510,741	430,842	(79,899)
Capital outlay	50,923	46,702	(4,221)
Transfers	129,000	129,000	-
Operating contingency	721,969	-	(721,969)
Total Expenditures	<u>3,246,024</u>	<u>2,230,177</u>	<u>(1,015,847)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 1,396,887</u>	<u>\$ 1,396,887</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT
Deschutes County, Oregon**

**COMBINING BALANCE SHEET
GENERAL FUND SUB-FUNDS**

June 30, 2012

	<u>General</u>	<u>Employment</u>	<u>Technology</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ 1,388,133	\$ 29,791	\$ 10,391	\$ 1,428,315
Property taxes receivable	136,505	-	-	136,505
Accounts receivable	13,133	-	-	13,133
Due from (to) other funds	-	-	-	-
Total Assets	<u>\$ 1,537,771</u>	<u>\$ 29,791</u>	<u>\$ 10,391</u>	<u>\$ 1,577,953</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 30,178	\$ -	\$ -	\$ 30,178
Deferred revenue	110,706	-	-	110,706
Total Liabilities	<u>140,884</u>	<u>-</u>	<u>-</u>	<u>140,884</u>
Fund Balance				
Board Assigned				
Board Designated	-	29,791	10,391	40,182
Unassigned	1,396,887	-	-	1,396,887
Total Fund Balance	<u>1,396,887</u>	<u>29,791</u>	<u>10,391</u>	<u>1,437,069</u>
Total Liabilities and Fund Balance	<u>\$ 1,537,771</u>	<u>\$ 29,791</u>	<u>\$ 10,391</u>	<u>\$ 1,577,953</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GENERAL FUND SUB-FUNDS**

For the Year Ended June 30, 2012

	<u>General</u>	<u>Employment</u>	<u>Technology</u>	<u>Totals</u>
Revenues				
Local				
Property taxes	\$ 2,014,906	\$ -	\$ -	\$ 2,014,906
Interest	7,681	-	-	7,681
Charges for services	242,794	-	-	242,794
Other	36,816	-	-	36,816
Intergovernmental	-	-	-	-
Grants	<u>20,813</u>	<u>-</u>	<u>-</u>	<u>20,813</u>
Total Revenues	<u>2,323,010</u>	<u>-</u>	<u>-</u>	<u>2,323,010</u>
Expenditures				
Current				
Public safety	2,054,475	91,951	-	2,146,426
Capital Outlay	46,702	-	-	46,702
Debt Service				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,101,177</u>	<u>91,951</u>	<u>-</u>	<u>2,193,128</u>
Excess of Revenues Over (Under) Expenditures	<u>221,833</u>	<u>(91,951)</u>	<u>-</u>	<u>129,882</u>
Other Financing Sources (uses)				
Transfers in (out)	<u>(129,000)</u>	<u>90,000</u>	<u>4,000</u>	<u>(35,000)</u>
Net Change in Fund Balances	92,833	(1,951)	4,000	94,882
Fund Balances - Beginning of Year	<u>1,304,054</u>	<u>31,742</u>	<u>6,391</u>	<u>1,342,187</u>
Fund Balances - End of Year	<u>\$ 1,396,887</u>	<u>\$ 29,791</u>	<u>\$ 10,391</u>	<u>\$ 1,437,069</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**COMBINING BALANCE SHEET
CAPITAL PROJECT FUNDS**

June 30, 2012

	<u>Building</u>	<u>Equipment Reserve</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	<u>\$ 33,846</u>	<u>\$ 25,238</u>	<u>\$ 59,084</u>
Liabilities and Fund Balances			
Fund Balances			
Board Assigned			
Board Designated	<u>33,846</u>	<u>25,238</u>	<u>59,084</u>
Total Liabilities and Fund Balances	<u>\$ 33,846</u>	<u>\$ 25,238</u>	<u>\$ 59,084</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT
Deschutes County, Oregon**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE -CAPITAL PROJECT FUNDS**

For the Year Ended June 30, 2012

Revenues	<u>Building</u>	<u>Equipment Reserve</u>	<u>Totals</u>
Intergovernmental			
Grants	\$ -	\$ 1,335	\$ 1,335
Total Revenues	<u>-</u>	<u>1,335</u>	<u>1,335</u>
Expenditures			
Current			
Public safety	6,966	-	6,966
Capital Outlay	<u>-</u>	<u>2,713</u>	<u>2,713</u>
Total Expenditures	<u>6,966</u>	<u>2,713</u>	<u>9,679</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,966)</u>	<u>(1,378)</u>	<u>(8,344)</u>
Other Financing Sources (uses)			
Transfers in (out)	<u>10,000</u>	<u>25,000</u>	<u>35,000</u>
Net Change in Fund Balances	3,034	23,622	26,656
Fund Balances - Beginning of Year	<u>30,812</u>	<u>1,616</u>	<u>32,428</u>
Fund Balances - End of Year	<u>\$ 33,846</u>	<u>\$ 25,238</u>	<u>\$ 59,084</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
EMPLOYMENT FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental				
Grants	\$ -	\$ -	\$ -	\$ -
Transfers from other funds	90,000	90,000	90,000	-
Beginning Fund Balance	<u>29,342</u>	<u>29,342</u>	<u>31,742</u>	<u>2,400</u>
Total Resources	<u>119,342</u>	<u>119,342</u>	<u>121,742</u>	<u>2,400</u>
Expenditures				
Personal services	<u>119,342</u>	<u>119,342</u>	<u>91,951</u>	<u>(27,391)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,791</u>	<u>\$ 29,791</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
TECHNOLOGY RESERVE FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Transfers from other funds	\$ 4,000	\$ -	\$ 4,000	\$ 4,000
Beginning Fund Balance	6,390	-	6,391	6,391
Total Resources	10,390	-	10,391	10,391
Expenditures				
Materials and services	10,390	-	-	-
Total Expenditures	10,390	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 10,391	\$ 10,391

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT
Deschutes County, Oregon**

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
BUILDING FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Transfers from other funds	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Beginning Fund Balance	<u>30,811</u>	<u>30,811</u>	<u>30,812</u>	<u>1</u>
Total Resources	<u>40,811</u>	<u>40,811</u>	<u>40,812</u>	<u>1</u>
Expenditures				
Materials and services	<u>40,811</u>	<u>40,811</u>	<u>6,966</u>	<u>(33,845)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,846</u>	<u>\$ 33,846</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

**SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
EQUIPMENT RESERVE FUND
BUDGETARY BASIS**

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Intergovernmental				
Grants	\$ -	\$ -	\$ 1,335	\$ 1,335
Transfers from other funds	25,000	-	25,000	25,000
Beginning Fund Balance	5,124	-	1,616	1,616
Total Resources	<u>30,124</u>	<u>-</u>	<u>27,951</u>	<u>27,951</u>
Expenditures				
Capital outlay	30,124	-	2,713	2,713
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,238</u>	<u>\$ 25,238</u>

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
SCHEDULE OF ACTUAL AND BUDGETED TRANSACTIONS
DEBT SERVICE FUND
BUDGETARY BASIS

Fiscal Year Ended June 30, 2012

	Budget		Actual	Variance Over (Under)
	Original	Final		
Revenues				
Local				
Property taxes				
Current	\$ 188,000	\$ -	\$ 177,495	\$ 177,495
Prior	-	-	7,482	7,482
Interest	-	-	342	342
Total Revenues	188,000	-	185,319	185,319
Beginning Fund Balance	109,000	-	122,150	122,150
Total Resources	297,000	-	307,469	492,788
Expenditures				
Debt Service				
Principal	75,000	-	65,000	65,000
Interest	97,038	-	99,638	99,638
Total Expenditures	172,038	-	164,638	164,638
Ending Fund Balance	\$ 124,962	\$ -	\$ 142,831	\$ 328,150

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT
Deschutes County, Oregon**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
GENERAL FUND**

For the Year Ended June 30, 2012

<u>Tax Year</u>	<u>Beginning Balance and 2011-12 Levy</u>	<u>Adjustments</u>	<u>Interest (Discounts)</u>	<u>Turnovers From County Treasurer</u>	<u>Receivables June 30, 2012</u>
Deschutes County					
2011-12	\$ 1,853,782	\$ (12,417)	\$ (43,117)	\$ 1,740,747	\$ 57,501
2010-11	72,843	(868)	2,440	44,686	29,729
2009-10	36,784	(260)	2,467	19,515	19,476
2008-09	17,039	(100)	1,954	10,527	8,366
2007-08	3,651	(38)	775	3,432	956
2006-07	479	(35)	90	298	236
2005-06	264	(35)	54	158	125
Prior	466	(3)	44	112	395
Totals	\$ 1,985,308	\$ (13,756)	\$ (35,293)	\$ 1,819,475	\$ 116,784
Jefferson County					
2011-12	\$ 198,117	\$ (900)	\$ (4,663)	\$ 183,272	\$ 9,282
2010-11	10,584	(45)	315	5,497	5,357
2009-10	5,356	(23)	311	2,466	3,178
2008-09	3,055	(23)	328	1,761	1,599
2007-08	946	(19)	218	1,004	141
2006-07	138	(15)	12	38	97
2005-06	61	(14)	1	5	43
Prior	41	(15)	1	3	24
Totals	\$ 218,298	\$ (1,054)	\$ (3,477)	194,046	\$ 19,721
Total All Counties	\$ 2,203,606	\$ (14,810)	\$ (38,770)	2,013,521	\$ 136,505
County land sale proceeds				106	
Adjustment for Accrual July 1, 2011				(24,520)	
June 30, 2012					
Current			12,144		
Prior			13,655	25,799	
Tax Revenue 2011-12				\$ 2,014,906	
Tax Revenue 2011-12					
Current				\$ 1,936,269	
Prior				78,637	
Total				\$ 2,014,906	

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon
**SCHEDULE OF PROPERTY TAX TRANSACTIONS
DEBT SERVICE FUND**

For the Year Ended June 30, 2012

<u>Tax Year</u>	<u>Beginning Balance and 2011-12 Levy</u>	<u>Adjustments</u>	<u>Interest (Discounts)</u>	<u>Turnovers From County Treasurer</u>	<u>Receivables June 30, 2012</u>
Deschutes County					
2011-12	\$ 170,103	\$ (1,140)	\$ (3,916)	\$ 159,770	\$ 5,277
2010-11	6,677	(79)	336	4,209	2,725
2009-10	3,604	(25)	363	2,034	1,908
2008-09	1,541	(9)	265	1,040	757
2007-08	419	(5)	131	435	110
Totals	\$ 182,344	\$ (1,258)	\$ (2,821)	167,488	\$ 10,777
Jefferson County					
2011-12	\$ 17,935	\$ (81)	\$ (422)	\$ 16,592	\$ 840
2010-11	954	(4)	28	495	483
2009-10	518	(3)	30	238	307
2008-09	272	(2)	29	157	142
2007-08	107	(1)	25	114	17
Totals	\$ 19,786	\$ (91)	\$ (310)	17,596	\$ 1,789
Total All Counties	\$ 202,130	\$ (1,349)	\$ (3,131)	185,084	\$ 12,566
Adjustment for Accrual July 1, 2011				(2,404)	
June 30, 2012					
Current			\$ 1,133		
Prior			1,164	2,297	
Tax Revenue 2011-12				\$ 184,977	
Tax Revenue 2011-12					
Current				\$ 177,495	
Prior				7,482	
Total				\$ 184,977	

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

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon

Independent Auditor's Report
Required by Oregon State Regulations
June 30, 2012

I have audited the basic financial statements of Sisters-Camp Sherman RFPD as of and for the year ended June 30, 2012, and have issued my report thereon dated September 10, 2012. 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 Sisters-Camp Sherman RFPD's financial statements are free of material misstatements, 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, providing an opinion on the 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:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and payments.
- Budget legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds.
- Public contracts and purchasing (ORS Chapters 297A, 297B, 297C)

**SISTERS-CAMP SHERMAN RURAL
FIRE PROTECTION DISTRICT**
Deschutes County, Oregon


Independent Auditor's Report
Required by Oregon State Regulations - Continued
June 30, 2012

In connection with my testing, nothing came to my attention that caused me to believe the Sisters-Camp Sherman RFPD 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 Audit of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered the Sisters-Camp Sherman RFPD's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sisters-Camp Sherman RFPD's internal controls over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Sisters-Camp Sherman RFPD's internal controls over financial reporting.

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


Richard W. Donaca, CPA
September 10, 2012