

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

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2016**



**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, 2016**

**\*\*\*\*\***

This Page Intentionally Left Blank

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

**BOARD OF DIRECTORS**

**TERM EXPIRATION DATES**

Chuck Newport – President	June 30, 2019
Bill Rainey – Vice President	June 30, 2019
Don Boyd – Secretary	June 30, 2017
Roger White – Director	June 30, 2017
Heather Johnson – Director	June 30, 2017

All directors receive their mail at the address listed below

**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

This Page Intentionally Left Blank

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

**PAGE**  
**NUMBER**

Independent Auditors' Report	i
------------------------------	---

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis	iii
--------------------------------------	-----

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of Balance Sheet to Statement of Net Position – Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of Statement of Revenues, Expenditures And Changes in Fund Balances to Statement of Activities – Governmental Funds	6
Notes to Basic Financial Statements	7

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget General Fund	22
Schedule of the Proportionate Share of the Net Pension Liability	23
Schedule of Contributions	23

**SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget:	
Debt Service Fund	24
Employment Reserve Fund	25
Equipment Reserve Fund	26
Building Reserve Fund	27
Technology Reserve Fund	28
Schedule of Property Tax Transactions and Balances of Taxes Uncollected:	
General Fund	29
Debt Service Fund	30

**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**

Independent Auditors' Report Required by Oregon State Regulations	31
---	----

This Page Intentionally Left Blank



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

August 27, 2016

## 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 basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sisters-Camp Sherman Rural Fire Protection District (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sisters-Camp Sherman Rural Fire Protection District, as of June 30, 2016, 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. 72, *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to these matters.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that 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 management's discussion and analysis or schedules of net pension liability or employer contributions 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*

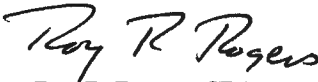
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic 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 August 27, 2016, 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, 2016

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, 2016.

### Financial Highlights

- In the Government-Wide financial statements, the assets of the District exceeded its liabilities on June 30, 2016 by \$4,333,626, a decrease over last year of \$528,761. Of this amount, \$2,847,504 represents the District's investments in capital assets, \$70,903 restricted for debt service, and the balance of \$1,415,219 in unassigned funds for the administration and operation of the Fire District.
- The District's current liabilities total \$230,122 consisting of: accrued vacation \$68,965; accounts payable \$15,637; accrued interest \$35,520; and current portion of long-term debt \$110,000.
- As of June 30, 2016, the District had long-term bond payable debt of \$1,905,000 less current portion due within one year of \$110,000.
- The District's modified accrual (budgetary-basis) revenue and expenditures both fluctuated. District revenue increased \$276,876. Debt service expenses increased \$6,164. Expenditures fluctuated by category; Personnel Services was \$54,998 under budget; Materials and Services was \$135,470 under budget; Capital Outlay was \$8,909 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.

### 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*.

The *Statement of Net Assets* 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, 2016

**Government-Wide Financial Statements - Continued**

The *Statement of Activities* 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 and 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 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. An additional amount has been set aside for expected PERS increases. Principal source of revenue is 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 is 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, 2016

**District Funds - Continued**

The other funds of the District are:

- Capital Project Reserve Funds:
  - 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 revenue is transfers from the General Fund.
  - Equipment Reserve Fund: established for future acquisition of equipment and vehicles. Principal source of revenue is 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 Position:

	June 30		2015-16
	2016	2015	Over (Under) 2014-15
Current Assets	\$ 2,606,774	\$ 2,187,271	\$ 419,503
Capital Assets	4,752,504	5,089,187	(336,683)
Net Pension Assets	242,598	426,731	(184,133)
Other Assets	-	-	-
Total Assets	7,601,876	7,703,189	(101,313)
Current Liabilities	230,122	229,888	234
Net Pension Liability	944,588	-	944,588
Long - Term Debt	1,795,000	1,905,000	(110,000)
Total Liabilities	2,969,710	2,134,888	834,822
Deferred Inflows of Resources			
Net pension related deferrals	298,540	705,914	(407,374)
Net Position			
Invested in Capital Assets - net	2,847,504	3,084,187	(236,683)
Restricted for Debt Service	70,903	87,572	(16,669)
Assigned by the Board	848,758	462,689	386,069
Unassigned	566,461	1,227,939	(661,478)
Total Net Position	\$ 4,333,626	4,862,387	\$ (528,761)

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED  
June 30, 2016

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

	June 30		2015-16
	2016	2015	Over (Under) 2014-15
<b>Expenses</b>			
Public safety	\$ 3,366,932	\$ 2,060,009	\$ 1,306,923
Facilities Acquisition	\$ 21,343	\$ 22,977	\$ (1,634)
Interest on Long-Term Debt	\$ 85,202	\$ 89,038	\$ (3,836)
<b>Program Revenues</b>			
Charges for service	(418,015)	(284,866)	(133,149)
Operating grants	(75)	(297)	222
Net Expense	3,055,387	1,886,861	1,168,526
<b>General Revenues</b>			
Property taxes	2,486,561	2,308,199	178,362
Interest	15,723	11,574	4,149
Capital grants	-	-	-
Gain(Loss) on Disposal of Assets	(3,394)	(139,193)	135,799
Other	27,736	5,960	21,776
	2,526,626	2,186,540	340,086
<b>Change in Net Assets</b>	<b>\$ (528,761)</b>	<b>\$ 299,679</b>	<b>\$ (828,440)</b>

**General Fund Budgetary Highlights**

	Final Budget	Actual	Variance Over (Under)
Personnel services	\$ 1,837,838	\$ 1,782,840	\$ (54,998)
Materials and services	609,912	474,442	(135,470)
Capital outlay	37,300	28,391	(8,909)
Transfers	284,114	284,114	-
Operating contingency	372,758	-	(372,758)
Total General Fund Expenditures	<b>\$ 3,141,922</b>	<b>\$ 2,569,787</b>	<b>\$ (572,135)</b>

All fund expenditures were within budget.

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, 2016

The District employed 12 full time employees, one half-time Finance Manager, one half-time Fire Safety Manager and one part-time Mechanic. One Fire-Medic was hired to replace a Fire-Medic that resigned and went to work for Bend Fire. The District also has a large contingent of volunteer firefighters and paramedics 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.

The District offers two high deductible medical insurance plans. The District provides employees with a VEBA (health savings) plan to offset higher deductibles and out-of-pocket expenses. The VEBA plan benefits the District by shifting responsibility for reimbursing out-of-pocket health care costs to a third party VEBA plan administrator.

**Capital Assets:**

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

This year the District purchased a new staff vehicle for \$28,138. The District surplused the 1981 Pumper and 1995 Ambulance, receiving \$2,700 and \$19,000 respectively. Next fiscal year, there are plans to purchase a water tender and replace another aging staff vehicle. The District has established an equipment replacement program that provides for the periodic replacement of the emergency response fleet.

**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.

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

Home values in Deschutes County are increasing faster than most places in the United States. The Federal Housing Finance Agency’s most recent report (Dec 2015) shows home values increasing 12% from the previous year. This rapid rate of increase in values places Deschutes County in the top ten fastest growing areas in the country last year. The Assessor is projecting a 5.8% increase in property taxes received by the District in 2016/17.

SISTERS – CAMP SHERMAN RURAL FIRE PROTECTION DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS - CONTINUED  
June 30, 2016

One possible concern on the horizon is the PERS rates. Recent projections show a 40% increase in PERS costs for the District. The District is setting aside funds to mitigate the impact of this increase on future years.

**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**



This Page Intentionally Left Blank

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

STATEMENT OF NET POSITION  
June 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,450,651
Receivables:	
Property Taxes	79,620
Other - Net of Allowance	76,503
Capital Assets - Nondepreciable	329,000
Capital Assets - Depreciable, Net of Depreciation	<u>4,423,504</u>
Total Assets	<u>7,359,278</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Net pension related deferrals	<u>242,598</u>
<b>TOTAL ASSETS AND PENSION-RELATED DEFERRALS</b>	<u>7,601,876</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	15,637
Accrued Vacation	68,965
Interest Payable	35,520
Noncurrent Liabilities:	
Net Pension Liability	944,588
Long-Term Debt Due Within One Year	110,000
Long-Term Debt Due in More than One Year	<u>1,795,000</u>
Total Liabilities	<u>2,969,710</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net pension related deferrals	<u>298,540</u>
<b>TOTAL LIABILITIES AND PENSION-RELATED DEFERRALS</b>	<u>3,268,250</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,847,504
Restricted for Debt Service	70,903
Assigned	848,758
Unrestricted	<u>566,461</u>
Total Net Position	<u>\$ 4,333,626</u>

See accompanying notes to basic financial statements.

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

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016

FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Public Safety	\$ 3,366,932	\$ 418,015	\$ 75	\$ (2,948,842)
Facilities Acquisition	21,343	-	-	(21,343)
Interest on Long-Term Debt	85,202	-	-	(85,202)
Total Governmental Activities	<u>\$ 3,473,477</u>	<u>\$ 418,015</u>	<u>\$ 75</u>	<u>(3,055,387)</u>
		General Revenues:		
		Property Taxes		2,486,561
		Interest		15,723
		Gain(Loss) on Disposal of Assets		(3,394)
		Other		<u>27,736</u>
		Total General Revenues		<u>2,526,626</u>
		Change in Net Position		(528,761)
		Net Position - Beginning		<u>4,862,387</u>
		Net Position - Ending		<u>\$ 4,333,626</u>

See accompanying notes to basic financial statements.

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

BALANCE SHEET - GOVERNMENTAL FUNDS  
 June 30, 2016

	GENERAL	DEBT SERVICE	TOTALS
<b>ASSETS</b>			
Cash and Investments	\$ 2,381,166	\$ 69,485	\$ 2,450,651
Property Taxes Receivable	74,457	5,163	79,620
Other Receivables - Net of Allowance	76,503	-	76,503
<b>Total Assets</b>	<b>\$ 2,532,126</b>	<b>\$ 74,648</b>	<b>\$ 2,606,774</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 15,637	\$ -	\$ 15,637
<b>Total Liabilities</b>	<b>15,637</b>	<b>-</b>	<b>15,637</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue-Property Taxes	60,431	3,745	64,176
<b>Fund Balances:</b>			
Restricted for Debt Service	-	70,903	70,903
Assigned	709,204	-	709,204
Unassigned	1,746,854	-	1,746,854
<b>Total Fund Balances</b>	<b>2,456,058</b>	<b>70,903</b>	<b>2,526,961</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,532,126</b>	<b>\$ 74,648</b>	<b>\$ 2,606,774</b>

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, 2016

---

Total Fund Balances - Governmental Funds	\$	2,526,961
The net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.		(944,588)
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.		
Deferred Outflows		242,598
Deferred Inflows		(298,540)
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.		
Net Capital Assets		4,752,504
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.		
Interest Payable	\$	(35,520)
Bonds Payable		(1,905,000)
		<u>(1,940,520)</u>
Accrued Vacation		(68,965)
Unavailable Revenue related to Property Taxes		<u>64,176</u>
Net Position of Governmental Activities	\$	<u><u>4,333,626</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, 2016

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>TOTALS</u>
<b>REVENUES</b>			
Local Sources			
Current Property Taxes	\$ 2,263,342	\$ 170,242	\$ 2,433,584
Prior Property Taxes	56,223	-	56,223
Interest	15,621	102	15,723
Charges for Services	418,015	-	418,015
Grants	75	-	75
Other	27,736	-	27,736
	<u>2,781,012</u>	<u>170,344</u>	<u>2,951,356</u>
Total Revenues			
<b>EXPENDITURES</b>			
Personnel Services	1,786,716	-	1,786,716
Materials and Services	474,442	-	474,442
Capital Outlay	62,114	-	62,114
Debt Service	-	187,013	187,013
Contingency	2,942	-	2,942
	<u>2,326,214</u>	<u>187,013</u>	<u>2,513,227</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	454,798	(16,669)	438,129
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	284,114	-	284,114
Transfers Out	(284,114)	-	(284,114)
	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	454,798	(16,669)	438,129
Beginning Fund Balance	<u>2,001,260</u>	<u>87,572</u>	<u>2,088,832</u>
Ending Fund Balance	<u>\$ 2,456,058</u>	<u>\$ 70,903</u>	<u>\$ 2,526,961</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, 2016

---

Net Change in Fund Balances - Total Governmental Funds	\$	438,129
The pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.		(723,158)
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 General Obligation Bonds		100,000
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	\$	37,652
Adjustment to Accumulated Depreciation		(370,941)
Gain (Loss) on Disposal of Assets (Net)		(3,394)
Less Depreciation Expense		-
		(336,683)
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.		1,811
Change in Accrued Vacation		(5,614)
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.		(3,246)
		(3,246)
Change in Net Position of Governmental Activities	\$	(528,761)

See accompanying notes to basic financial statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**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 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, 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**

---

**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 and pension costs, 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 budgetary basis of accounting is substantially the same as general accepted accounting principles in the United States of America with the following exceptions: Capital outlay and inventory expenditures are expensed when purchased, compensated absences, pension costs, interest, and debt principal are expensed when paid rather than when accrued, property taxes are recorded as revenue when received rather than when levied.

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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**D. BUDGET (CONTINUED)**

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.

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 original 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 life estimates:

Buildings	10 to 40 years
Equipment	5 to 20 years
Vehicles	10 to 30 years

**G. RETIREMENT PLANS**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**H. USE OF ESTIMATES**

The preparation of the basic 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.

**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 District'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**

---

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

**L. CASH AND CASH EQUIVALENTS**

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

**M. FUND BALANCE**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. 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. There were no nonspendable or committed fund balance at year end.

**N. 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. At June 30, 2016 there were deferred outflows of \$242,598 representing pension related deferrals.

In addition to liabilities, the financial statements 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 two types of items which qualify for reporting in this category. The first type is unavailable revenue of \$64,176, which is reported only in the governmental funds balance sheet for property

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. At June 30, 2016 there were deferred inflows of \$298,540 representing pension related deferrals reported in the statement of net position.

**O. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

There were no investments at June 30, 2016, except for \$2,295,587 in the State Treasurer’s Local Government Investment Pool. See footnote 2.

**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.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

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

Demand Deposits	\$	154,757
Investments		2,295,587
Petty Cash		307
Total	\$	2,450,651

**INVESTMENTS**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and 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 appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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	\$ 2,295,587	\$ 2,295,587	\$ -
Total	\$ 2,295,587	\$ 2,295,587	\$ -

**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-Investments**

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 beyond 3 months.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

Credit Risk - Investment

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 \$197,537 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, 2016 are as follows:

	<u>July 1, 2015</u>	<u>Adjustment</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>June 30, 2016</u>
Capital Assets					
Land	\$ 329,000	\$ -	\$ -	\$ -	\$ 329,000
Buildings	4,796,659	-	-	-	4,796,659
Equipment	436,510	-	9,514	(16,971)	429,053
Vehicles	<u>2,809,589</u>	<u>-</u>	<u>28,138</u>	<u>-</u>	<u>2,837,727</u>
 Total Capital Assets	 <u>8,371,758</u>	 <u>-</u>	 <u>37,652</u>	 <u>\$ (16,971)</u>	 <u>8,392,439</u>
 Less: Accumulated Depreciation					
Buildings	925,843	-	95,934	-	1,021,777
Equipment	252,545	-	25,487	(13,577)	264,455
Vehicles	<u>2,104,183</u>	<u>-</u>	<u>249,520</u>	<u>-</u>	<u>2,353,703</u>
 Total Accumulated Depreciation	 <u>3,282,571</u>	 <u>-</u>	 <u>370,941</u>	 <u>(13,577)</u>	 <u>3,639,935</u>
 Capital Assets, Net	 <u>\$ 5,089,187</u>				 <u>\$ 4,752,504</u>

**4. PENSION PLAN**

PLAN DESCRIPTION

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**4. PENSION PLAN (CONTINUED)**

PLAN DESCRIPTION (CONTINUED)

- i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
  - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
  - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:  
*Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.  
*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.  
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.



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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

PLAN DESCRIPTION (CONTINUED)

- ii. **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii. **Disability Benefits.** A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

CONTRIBUTIONS

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$191,661, excluding amounts to fund employer specific liabilities.

PENSION ASSET OR LIABILITY

At June 30, 2016, the District reported a net pension liability of \$944,588 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was .016 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 50,937	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(198,007)
Net changes in proportionate share and differences between the District contributions and proportionate share of contributions	<u>-</u>	<u>(100,533)</u>
Subtotal - Amortized deferrals (below)	50,937	(298,540)
District contributions subsequent to measurement date	<u>191,661</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 242,598</u>	<u>\$ (298,540)</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**4. PENSION PLAN (CONTINUED)**

FUNDING POLICY

Subtotal amounts related to pension as deferred outflows of resources, \$50,937, and deferred inflows of resources, \$298,540, net to (\$247,603) and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2017	\$ (106,412)
2018	(106,412)
2019	(106,412)
2020	74,945
2021	(3,312)
Thereafter	-
Total	<u>\$ (247,603)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financial.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx).

ACTUARIAL VALUATIONS

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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

ACTUARIAL VALUATIONS (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
District's proportionate share of the net pension liability (asset)	\$ 2,279,728	\$ 944,588	\$ (180,584)

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. PENSION PLAN (CONTINUED)**

DISCOUNT RATE (CONTINUED)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in Moro v. State of Oregon, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

INDIVIDUAL ACCOUNT PROGRAM

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. 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 OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$841 for the year ended June 30, 2016.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.

[http://www.oregon.gov/pers/EMP/docs/er\\_general\\_information/opers\\_gasb\\_68\\_disclosure\\_information\\_revised.pdf](http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf)

**5. LONG-TERM DEBT**

The changes in long-term debt for the year ended June 30, 2016 is comprised of the following:

	<u>Outstanding July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2016</u>	<u>Due Within One Year</u>
GO Bond, Series 2007	\$ 2,005,000	\$ -	\$ 100,000	\$ 1,905,000	110,000
Accrued Compensated Absences	63,351	68,965	63,351	68,965	68,965
Totals	<u>\$ 2,068,351</u>	<u>\$ 68,965</u>	<u>\$ 163,351</u>	<u>\$ 1,973,965</u>	<u>\$ 178,965</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**5. LONG-TERM DEBT (CONTINUED)**

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

<u>Year Ending</u>	<u>GO Bond Series 2007</u>	
	<u>Principal</u>	<u>Interest</u>
2017	110,000	82,762
2018	120,000	78,088
2019	130,000	72,688
2020	145,000	66,838
2021	155,000	60,312
2022-2026	1,000,000	186,364
2027-2031	245,000	10,412
Totals	<u>\$ 1,905,000</u>	<u>\$ 557,464</u>

The Accrued Compensated Absences are considered to be current liabilities.

**6. OPERATING LEASES**

There is an equipment lease agreement with Pacific Office Automation for a Konika Bizhub C654e, Digital Color Copier System. The lease term is effective May 8, 2015 to May 8, 2020. Lease payments are \$290 a month.

There is an equipment lease with Pitney Bowes for a Postage Meter. The lease term is effective July 20, 2015 to June 30, 2017. Lease payments are \$33 a month.

Future Minimum Lease Payments:

2016-17	3,876
2017-18	3,480
2018-19	3,480
2019-20	2,900
2020-21	-
Total	<u>\$ 13,736</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**7. INTERFUND TRANSFERS**

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 284,114	\$ -
Building Reserve	-	25,000
Equipment Reserve	-	204,114
Employment Reserve	-	50,000
Technology Reserve	-	5,000
	<u>\$ 284,114</u>	<u>\$ 284,114</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.

**8. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The 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.

**9. PROPERTY TAX LIMITATION**

The voters of the State of Oregon imposed 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 voters 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.

This Page Intentionally Left Blank

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

**REQUIRED SUPPLEMENTARY INFORMATION**



This Page Intentionally Left Blank

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, 2016

<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	\$ 2,201,015	\$ 2,201,015	\$ 2,263,342	\$ 62,327
Prior Property Taxes	35,000	35,000	56,223	21,223
Interest	9,270	9,270	15,621	6,351
Charges for Services	271,070	271,070	418,015	146,945
Grants	10	10	75	65
Other	5,010	5,010	27,736	22,726
Total Revenue	<u>2,521,375</u>	<u>2,521,375</u>	<u>2,781,012</u>	<u>259,637</u>
<b>EXPENDITURES</b>				
Personnel Services	1,837,838	1,837,838 (1)	1,782,840	54,998
Materials and Services	609,912	609,912 (1)	474,442	135,470
Capital Outlay	37,300	37,300 (1)	28,391	8,909
Contingency	372,758	372,758 (1)	2,942	369,816
Total Expenditures	<u>2,857,808</u>	<u>2,857,808</u>	<u>2,288,615</u>	<u>569,193</u>
Excess of Revenues Over (Under) Expenditures	(336,433)	(336,433)	492,397	(309,556)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(284,114)	(284,114) (1)	(284,114)	-
Net Change in Fund Balance	(620,547)	(620,547)	208,283	828,830
Beginning Fund Balance	<u>1,442,161</u>	<u>1,442,161</u>	<u>1,538,571</u>	<u>96,410</u>
Ending Fund Balance	<u>\$ 821,614</u>	<u>\$ 821,614</u>	1,746,854	<u>\$ 925,240</u>

(1) Appropriation Level

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending Fund Balance:

Employment Reserve	83,850
Equipment Reserve	497,557
Building Reserve	118,796
Technology Reserve	9,001
	<u>\$ 2,456,058</u>

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

REQUIRED SUPPLEMENTARY INFORMATION  
At June 30, 2016

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.02 %	\$ 944,588	\$ 1,253,632	75.3 %	91.9 %
2015	0.02	(426,731)	1,195,369	(35.7)	103.6
2014	0.02	960,717	1,196,663	57.4	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 191,661	\$ 191,661	\$ -	\$ 1,168,425	16.4 %
2015	134,323	134,323	-	1,253,632	10.7
2014	153,594	153,594	-	1,195,369	12.8

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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

**SUPPLEMENTARY INFORMATION**

This Page Intentionally Left Blank

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, 2016

DEBT SERVICE FUND

	<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	\$ 165,000	\$ 165,000	\$ 170,242	\$ 5,242
Interest	176	176	102	(74)
Total Revenues	<u>165,176</u>	<u>165,176</u>	<u>170,344</u>	<u>5,168</u>
<b>EXPENDITURES</b>				
Debt Service	<u>187,013</u>	<u>187,013 (1)</u>	<u>187,013</u>	<u>-</u>
Total Expenditures	<u>187,013</u>	<u>187,013</u>	<u>187,013</u>	<u>-</u>
Net Change in Fund Balance	(21,837)	(21,837)	(16,669)	5,168
Beginning Fund Balance	<u>83,921</u>	<u>83,921</u>	<u>87,572</u>	<u>3,651</u>
Ending Fund Balance	<u>\$ 62,084</u>	<u>\$ 62,084</u>	<u>\$ 70,903</u>	<u>\$ 8,819</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, 2016

<u>EMPLOYMENT RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
EXPENDITURES				
Personnel Services	99,544	99,544 (1)	3,876	95,668
Total Expenditures	<u>99,544</u>	<u>99,544</u>	<u>3,876</u>	<u>95,668</u>
Excess of Revenues Over (Under) Expenditures	(99,544)	(99,544)	(3,876)	95,668
OTHER FINANCING SOURCES (USES)				
Transfers In	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	(49,544)	(49,544)	46,124	95,668
Beginning Fund Balance	<u>49,544</u>	<u>49,544</u>	<u>37,726</u>	<u>(11,818)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,850</u>	<u>\$ 83,850</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, 2016

<u>EQUIPMENT RESERVE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$	\$ -	\$	\$ -
Intermediate Sources		-		-
State Sources		-		-
Federal Sources		-		-
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Capital Outlay	\$ 174,000	\$ 174,000 (1)	\$ 30,604	\$ 143,396
Reserved for Future Expenditure	<u>370,820</u>	<u>370,820</u>	<u>-</u>	<u>370,820</u>
Total Expenditures	<u>544,820</u>	<u>544,820</u>	<u>30,604</u>	<u>514,216</u>
Excess of Revenues Over (Under) Expenditures	(544,820)	(544,820)	(30,604)	(514,216)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>204,114</u>	<u>204,114</u>	<u>204,114</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>204,114</u>	<u>204,114</u>	<u>204,114</u>	<u>-</u>
Net Change in Fund Balance	(340,706)	(340,706)	173,510	514,216
Beginning Fund Balance	<u>340,706</u>	<u>340,706</u>	<u>324,047</u>	<u>(16,659)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,557</u>	<u>\$ 497,557</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, 2016

BUILDING RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
EXPENDITURES				
Capital Outlay	40,000	40,000 (1)	-	40,000
Reserved for Future Expenditure	79,196	79,196	-	79,196
Total Expenditures	<u>119,196</u>	<u>119,196</u>	<u>-</u>	<u>119,196</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(94,196)	(94,196)	25,000	119,196
Beginning Fund Balance	<u>94,196</u>	<u>94,196</u>	<u>93,796</u>	<u>(400)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,796</u>	<u>\$ 118,796</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, 2016

TECHNOLOGY RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
<b>REVENUES</b>				
Local Sources	\$	\$ -	\$	\$ -
Intermediate Sources		-		-
State Sources		-		-
Federal Sources		-		-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Capital Outlay	11,922	11,922 (1)	3,119	8,803
Total Expenditures	11,922	11,922	3,119	8,803
Excess of Revenues Over (Under) Expenditures	(11,922)	(11,922)	(3,119)	8,803
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out		-		-
Transfers In	5,000	5,000	5,000	-
Total Other Financing Sources (Uses)	5,000	5,000	5,000	-
Net Change in Fund Balance	(6,922)	(6,922)	1,881	8,803
Beginning Fund Balance	6,922	6,922	7,120	198
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,001</u>	<u>\$ 9,001</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 PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
 For the Year Ended June 30, 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2015	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED June 30, 2016
<u>GENERAL FUND</u>						
CURRENT						
2015-16	\$ 2,283,661	\$ 57,523	\$ 45,659	\$ 1,051	\$ 2,222,720	\$ 50,128
PRIOR YEARS						
2014-15	\$ 42,220	\$ (1)	\$ (14,955)	\$ 1,144	\$ 15,731	\$ 12,679
2013-14	17,695	-	(7,050)	960	5,509	6,096
2012-13	9,979	-	(3,058)	1,334	5,002	3,253
2011-12	4,286	-	(1,507)	652	2,166	1,265
Prior:	3,109	-	(2,037)	64	100	1,036
Total Prior	77,289	(1)	(28,607)	4,154	28,508	24,329
Total	\$ 2,360,950	\$ 57,522	\$ 17,052	\$ 5,205	\$ 2,251,228	\$ 74,457

RECONCILIATION OF REVENUE

	GENERAL FUND
Cash Collections by County Treasurer, Above	\$ 2,251,228
Accrual of Receivables	
June 30, 2015	(13,612)
June 30, 2016	14,026
Payments in lieu of Property Taxes	67,923
Total Revenue	\$ 2,319,565

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, 2016

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2015	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED/ UNSEGREGATED June 30, 2016
<u>DEBT SERVICE</u>						
CURRENT						
2015-16	\$ 167,879	\$ 4,229	\$ (660)	\$ 77	\$ 159,615	\$ 3,452
PRIOR YEARS						
2014-15	2,194	-	(750)	61	834	671
2013-14	1,500	-	(561)	85	485	539
2012-13	823	-	(217)	118	436	288
2011-12	392	-	(121)	64	209	126
Prior:	254	-	(164)	6	9	87
Total Prior	5,163	-	(1,813)	334	1,973	1,711
Total	<u>\$ 173,042</u>	<u>\$ 4,229</u>	<u>\$ (2,473)</u>	<u>\$ 411</u>	<u>\$ 161,588</u>	<u>\$ 5,163</u>

RECONCILIATION OF REVENUE

	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurer, Above	\$ 161,588
Accrual of Receivables	
June 30, 2015	(1,418)
June 30, 2016	1,395
Payments in lieu of Property Taxes	<u>8,677</u>
Total Revenue	<u>\$ 170,242</u>

This Page Intentionally Left Blank

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

**REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS**

This Page Intentionally Left Blank



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

August 27, 2016

### 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, 2016, and have issued our report thereon dated August 27, 2016. 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 basic 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.



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, sweeping initial "R".

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