

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5



WINSTON, OREGON

JUNE 30, 2014

AUDIT REPORT

STEVE TUCHSCHERER
Certified Public Accountant
A Professional Corporation

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

250 SE Main
Winston, OR 97496
(541) 679-8721

DISTRICT OFFICIALS

GARY VESS President
410 SE Gregory Dr., Winston, OR 97496

RONALD SMITHHISLER Vice President
83 NW Civil Bend Ave., Winston, OR 97496

VERN HEYER Secretary
40 NW Cary St., Winston, OR 97496

JAMES FURTADO Director
245 SE LeBleu Ln., Winston, OR 97496

CHARLES BRICKEY Director
PO Box 805, Winston, OR 97496

BOB SHIGLEY Director
488 Galaxy Dr., Winston, OR 97496

ADMINISTRATION

MARGIE GIUSTO Administration
PO Box 1779, Winston, OR 97496

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

AUDIT REPORT

JUNE 30, 2014

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1a – 1b
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 7
BASIC FINANCIAL STATEMENTS:	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	8
Statement of Activities	9
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	13
<u>Notes To The Basic Financial Statements</u>	14 - 27
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual: General Fund	28 - 29
<u>OTHER SUPPLEMENTARY INFORMATION:</u>	
<u>Combining and Individual Fund Financial Statements:</u>	
<u>Non-Major Governmental Funds:</u>	
Combining Balance Sheet - All Non-Major Governmental Funds - By Fund Type	30
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - by Fund Type	31

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

AUDIT REPORT

June 30, 2014

TABLE OF CONTENTS (Continued):

	<u>PAGE</u>
<u>OTHER SUPPLEMENTARY INFORMATION (Cont.):</u>	
<u>Debt Service Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Debt Service Reserve Fund (A Non-Major Fund)	32
USDA Loan Debt Service Fund (A Non-Major Fund)	33
<u>Capital Projects Funds:</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Operations Reserve Fund (A Non-Major Fund)	34
<u>Additional Supporting Schedules:</u>	
Schedule of Property Tax Transactions	35
Schedule of Long-Term Debt Transactions	36
Schedule of Future Requirements to Retire Long-Term Debt	37
<u>INDEPENDENT AUDITOR'S COMMENTS</u>	38
<u>SINGLE AUDIT SECTION:</u>	
Schedule of Expenditures of Federal Awards	39
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	40
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	41 - 42
Schedule of Findings and Questioned Costs	43



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Winston-Dillard Rural Fire Protection District No. 5
PO Box 1779
Winston, Oregon 97496

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Winston-Dillard Rural Fire Protection District No. 5 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Winston-Dillard Rural Fire Protection District No. 5 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 7 and 28 through 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 financial 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 the auditing standards generally accepted in the United States of America, which consisted principally 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.

Other Information

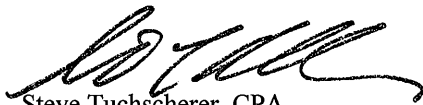
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Winston-Dillard Rural Fire Protection District No. 5's basic financial statements. The combining and individual non-major fund financial statements and additional supporting schedules listed in the table of contents as Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Winston-Dillard Rural Fire Protection District No. 5. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other schedules listed in the table of contents as Additional Supporting Schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued our report dated December 10, 2014, on our consideration of the Winston-Dillard Rural Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Winston-Dillard Rural Fire Protection District No. 5's internal control over financial reporting and compliance.



Steve Tuchscherer, CPA
December 10, 2014

MANAGEMENT'S DISCUSSION
AND ANALYSIS

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

The discussion and analysis of Winston-Dillard Fire District's financial performance provides an overview of the District's financial activities for the fiscal year that ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2014 are as follows:

- The District's net position increased by \$463,399 which represents a 13.73 percent increase from the previous year.
- General revenues accounted for \$1,764,977 in revenue, or 62.2 percent of all revenues. Program specific revenues in the form of charges for services, and grants and donations accounted for \$1,070,820 or 37.8 percent of total revenues of \$2,835,797.
- The District had \$2,372,402 in expenses related to governmental activities; which was less than total revenues, resulting in an increase in net position of \$463,399. Total expenses decreased \$555,747 from the previous year.
- Total assets of governmental activities increased by \$390,161. The increase resulted primarily from an increase of \$627,054 in current assets.
- Total liabilities decreased by \$73,235.
- Among the governmental funds, the general fund had \$2,845,641 in revenues, which primarily consisted of property taxes and grants. General Fund expenditures totaled \$2,139,789 including \$279,828 in budgeted interfund transfers out. The General Fund's ending fund balance at June 30, 2014 was \$1,338,624; an increase of \$426,024 from the prior year's ending fund balance of \$912,600.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes additional supplementary information to supplement the basic financial statements.

Government-wide Financial Statements

The first of the government-wide statements is the *Statement of Net Position*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as the condition of capital assets and changes in the operation of and demand for fire protection services within the District.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

The second government-wide statement is the *Statement of Activities* which reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the *Statement of Activities* is to show the financial reliance of the distinct activities or functions of the District that are primarily supported by property tax revenues. The governmental activities of the District include operation of fire protection services.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, Fund Financial Statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of individual budget versus actual statements and combining statements in a later section of this report.

At this time the District has only one kind of fund:

Governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Unlike the government-wide financial statements, the fund financial statements report short-term fiscal accountability focusing on use of spendable resources during the year and balances of spendable resources available at the end of the fiscal year. They are useful in evaluating whether the annual financing requirements of governmental programs were financed in the short term and evaluating the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental statement of assets, liabilities, and fund equities and the governmental fund statement of receipts, expenditures, and changes in fund balances provide a column of adjustments to government-wide statements to assist in understanding the differences between these two perspectives. The items in the adjustments column are explained below the statements.

Budgetary comparison schedules are included in the basic financial statements for all of the District's funds. These schedules demonstrate compliance with the District's adopted and final revised budget.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents, as required, supplementary information and budgetary comparison schedules for all the District's funds. The required supplementary information immediately follows the notes to the financial statements. Following the required supplementary information is other supplementary information that are not required but included for the purpose of additional analysis.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

Financial Analysis of the Fire District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's net position at fiscal year-end is \$3,839,028. This is a \$463,399 increase from last year's net position and represents a 13.7 percent increase from the previous year.

The following table provides a summary of the District's net position. Prior year information is provided for comparative purposes.

Summary of Net Position

	Governmental Activities		
	June 30, 2014	June 30, 2013	Percentage Change
Assets			
Current Assets	\$ 1,925,893	\$ 1,298,839	48.28%
Capital Assets	2,776,814	3,013,707	-7.86%
Total Assets	4,702,707	4,312,546	9.05%
Liabilities			
Current Liabilities	87,232	112,713	-22.61%
Long-Term Liabilities	776,447	824,201	-5.79%
Total Liabilities	863,679	936,914	-7.82%
Net Position			
Invested in Capital Assets			
Net of Debt	1,975,993	2,189,506	-9.75%
Restricted	56,593	171,419	-66.99%
Unrestricted	1,806,442	1,014,704	78.03%
Total Net Position	\$ 3,839,028	\$ 3,375,629	13.73%

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

The following table shows the changes in net position. Prior year information is provided for comparison of government-wide revenue and expense information.

	Changes in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2012-13</u>
Revenues						
Program Revenues						
Charges for Services	\$ 441,022	\$ 666,628	\$ -	\$ 406,162	\$ 441,022	\$ 1,072,790
Operating Grants and Contributions	629,798	518,690	-	-	629,798	518,690
General Revenues						
Property Taxes	1,721,577	1,711,526	-	-	1,721,577	1,711,526
Investment Income	5,924	3,874	-	-	5,924	3,874
Other	37,476	68,862	-	-	37,476	68,862
Total Revenues	<u>2,835,797</u>	<u>2,969,580</u>	<u>-</u>	<u>406,162</u>	<u>2,835,797</u>	<u>3,375,742</u>
Program Expenses						
Public Safety	2,325,811	2,159,575	-	732,593	2,325,811	2,892,168
Interest on Long-Term Debt	46,591	35,981	-	-	46,591	35,981
Total Program Expenses	<u>2,372,402</u>	<u>2,195,556</u>	<u>-</u>	<u>732,593</u>	<u>2,372,402</u>	<u>2,928,149</u>
Change in Net Position	<u>\$ 463,395</u>	<u>\$ 774,024</u>	<u>\$ -</u>	<u>\$ (326,431)</u>	<u>\$ 463,395</u>	<u>\$ 447,593</u>

The largest governmental activities program is Public Safety, which comprises 98 percent of expenses. Interest expense was 2 percent of total expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table shows, for governmental activity, the total cost of the four major functional activities of the District. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

Governmental Activities

	<u>2013-14</u>		<u>2012-13</u>	
	Total Cost of Services	Net (Cost) Profit of Services	Total Cost of Services	Net (Cost) Profit of Services
Public Safety	\$ 2,325,811	\$ (1,254,991)	\$ 2,159,575	\$ (1,640,885)
Interest on Long-Term Debt	46,591	(46,591)	35,981	(35,981)
Total Program Expenses	<u>\$ 2,372,402</u>	<u>\$ (1,301,582)</u>	<u>\$ 2,195,556</u>	<u>\$ (1,676,866)</u>

The dependency on property tax revenues is apparent. Over 53 percent of Governmental Activities are supported through property tax revenue. For all governmental activities general revenue support was 54.9 percent. Property Tax payments are by far the primary support of Winston-Dillard Fire District.

Business-Type Activities

	<u>2013-14</u>		<u>2012-13</u>	
	Total Cost of Services	Net (Cost) Profit of Services	Total Cost of Services	Net (Cost) Profit of Services
Ambulance Operations	\$ -	\$ -	\$ 65,965	\$ 340,197
Total Program Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,965</u>	<u>\$ 340,197</u>

Financial Analysis of the District's Funds

Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$1,732,357, an increase of \$648,338. The fund balance consists of non-spendable, restricted amounts, committed amounts, assigned amounts, and unassigned amounts.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$426,024.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2014

Unaudited

Budgetary Highlights

Over the course of the year, the District made only minor changes to its various funds' budgets.

General Fund revenues were budgeted and anticipated to be collected in the amount of \$2,738,271 during the fiscal year. Actual General Fund receipts of \$2,845,641 exceeded budgeted revenues by \$107,370, or 3.9 percent. In the General Fund, District spending was less than budgeted amounts in most function areas. Total appropriations budgeted in the General Fund were \$2,553,443 while actual General Fund expenditures of \$2,139,789 resulted in a difference of \$413,654 or 16.2 percent of the budgeted total.

Capital Assets

As of June 30, 2014, the District had \$5,939,630 in capital assets. This includes land, buildings, fire protection vehicles, operating equipment and maintenance equipment. There were no capital assets acquired during the year.

Total depreciation expense for the year was \$236,893. Additional information on the District's capital assets can be found in Note 4 in the notes to the basic financial statements section of this report.

Long-Term Debt

As of June 30, 2014, the District had total bonded debt outstanding of \$800,821. During the current fiscal year, the District's total long-term debt decreased by \$23,380. Interest paid on the long-term debt during the year was \$35,028.

Additional information on the District's capital assets can be found in Note 4 in the notes to the basic financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

Basic operations in the General Fund include the fire protective services, ambulance services, and administrative costs of the District. The total FY2014-15 proposed budget for all funds is \$3,487,683.

Total General Fund expenditures are proposed at \$2,453,400 a decrease of approximately \$379,871 over the FY2013-14 budget.

The District is nearing the end of its SAFER grant funding six firefighter personnel. The grant will run through the 2nd week in December 2014. Through the savings realized in the district's ending fund balance for 2014-15, they have successfully budgeted to maintain the six firefighter positions into the new budget year.

The District contracted with Douglas County Fire District No.2 for Fire Chief Administrative Services beginning January 1, 2014. This Intergovernmental Agreement has allowed the District to analyze its current programs, processes, and to look for efficiencies in the delivery of its services. Starting in July 2014, the District will be adding fleet maintenance services and station supplies and delivery to the IGA with District No. 2.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Business Office, Winston-Dillard Fire District PO Box 1779, 250 SE Main, Winston, OR 97496.

BASIC FINANCIAL
STATEMENTS

Government-wide
Financial Statements

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

STATEMENT OF NET POSITION

June 30, 2014

	<u>Governmental Activities</u>	
<u>ASSETS:</u>		
Current Assets:		
Cash and Investments	\$ 1,603,285	
Property Taxes Receivable	211,556	
Accounts Receivable, Net of Allowances	97,687	
Prepaid Expenses	13,365	
Total Current Assets		\$ 1,925,893
Capital Assets	5,939,630	
Less: Accumulated Depreciation	(3,162,816)	
Total Capital Assets, Net of Depreciation		2,776,814
Total Assets		\$ 4,702,707
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts Payable and Payroll Liabilities	\$ 10,069	
Accrued Vacation Benefits	41,226	
Interest Payable	11,563	
Current Portion of Long-Term Liabilities:		
USDA Revenue Bonds Payable	24,374	
Total Current Liabilities		\$ 87,232
Long-Term Liabilities:		
Noncurrent Portion of Long-Term Liabilities:		
USDA Revenue Bonds Payable	776,447	
Total Long-Term Liabilities		776,447
Total Liabilities		\$ 863,679
<u>NET POSITION:</u>		
Invested in capital assets, net of related debt	\$ 1,975,993	
Restricted for Debt Service	56,593	
Unrestricted	\$ 1,806,442	
Total Net Position		\$ 3,839,028

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

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2014

	(Expenses)	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
<u>GOVERNMENTAL ACTIVITIES:</u>				
Public Safety	\$ 2,325,811	\$ 441,022	\$ 629,798	\$ (1,254,991)
Interest on Long-Term Debt	46,591	-	-	(46,591)
Total Governmental Activities	\$ 2,372,402	\$ 441,022	\$ 629,798	(1,301,582)
<u>GENERAL REVENUES:</u>				
Property Taxes, levied for general purposes				1,721,577
Interest and Investment Earnings				5,924
Miscellaneous				37,476
Subtotal - General Revenues				1,764,977
Change in Net Position				463,395
Net Position, July 1, 2013				3,375,633
Net Position, June 30, 2014				\$ 3,839,028

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

Fund Financial Statements
Governmental Funds

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	General Fund	Other Non Major Funds	Total Governmental Funds
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,209,552	\$ 393,733	\$ 1,603,285
Property Taxes Receivable	211,556	-	211,556
Accounts Receivable	97,687	-	97,687
Prepaid Expenses	13,365	-	13,365
Total Assets	\$ 1,532,160	\$ 393,733	\$ 1,925,893
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
LIABILITIES:			
Payroll Liabilities	\$ 344	\$ -	\$ 344
Accounts Payable	9,725	-	9,725
Total Liabilities	10,069	-	10,069
DEFERRED INFLOWS OF RESOURCES:			
Deferred Property Tax Revenue	183,467	-	183,467
Total Deferred Inflows of Resources	183,467	-	183,467
FUND BALANCES:			
Restricted for:			
Debt Service	-	56,593	56,593
Assigned for:			
Public Safety	-	337,140	337,140
Unassigned	1,338,624	-	1,338,624
Total Fund Balances	1,338,624	393,733	1,732,357
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 1,532,160	\$ 393,733	\$ 1,925,893

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

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2014

Total Fund Balances - Governmental Funds			\$ 1,732,357
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
	The cost of the assets is -	\$ 5,939,630	
	The accumulated depreciation is -	<u>(3,162,816)</u>	
	Net Value of Assets		2,776,814
Property taxes receivable that will not be available to pay for current-period expenditures are reported as deferred inflow of resources in the governmental funds.			
			183,467
Accrued amounts payable are not reported in the governmental funds, which are presented on a cash basis.			
	Interest Payable	<u>11,563</u>	
	Net Payables		(11,563)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Long-term liabilities at year-end consist of :			
	USDA Bond Payable	800,821	
	Accrued Vacation Benefits	<u>\$ 41,226</u>	
	Total Long-Term Liabilities		<u>(842,047)</u>
Net Position of Governmental Activities			<u>\$ 3,839,028</u>

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

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>			
Current Year Property Taxes	\$ 1,641,239	\$ -	\$ 1,641,239
Prior Year Property Taxes	91,072	-	91,072
Interest on Investments	5,030	894	5,924
FEMA Grant	629,798	-	629,798
Insurance Reimbursement	23,177	-	23,177
Ambulance Revenues Net of Allowances	394,439	-	394,439
Firedmed	46,583	-	46,583
Miscellaneous	14,303	-	14,303
Total Revenues	2,845,641	894	2,846,535
<u>EXPENDITURES:</u>			
Personnel Services	1,809,177	-	1,809,177
Materials & Services	315,810	-	315,810
Capital Outlay	14,802	-	14,802
Debt Service	-	58,408	58,408
Total Expenditures	2,139,789	58,408	2,198,197
Excess (Deficiency) of Revenues Over Expenditures	705,852	(57,514)	648,338
<u>OTHER FINANCING SOURCES (USES):</u>			
Interfund Transfers In	-	279,828	279,828
Interfund Transfers Out	(279,828)	-	(279,828)
Net Change in Fund Balances	426,024	222,314	648,338
Fund Balances, July 1, 2013	912,600	171,419	1,084,019
FUND BALANCES, June 30, 2014	\$ 1,338,624	\$ 393,733	\$ 1,732,357

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

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2014

Net Changes in Fund Balances - Total Governmental Funds		\$ 648,338
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Less current year depreciation	<u>\$ (236,893)</u>	(236,893)
Some property tax revenues will not be collected for several months after the District's fiscal year end and are therefore not considered "available" revenues in the governmental funds, instead these funds are shown as a deferred inflow of resources. The change is reconciled here.		
	<u>(10,734)</u>	(10,734)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change in those payables is reconciled here.		
Vacation benefit payable	50,871	
Interest payable	<u>(11,563)</u>	39,308
Repayment of bonded debt principal amounts are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Retirement of principal on the Bond Payable is as follows:	<u>\$ 23,380</u>	23,380
Changes in Net Position of Governmental Assets		<u>\$ 463,399</u>

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

Notes to the Basic
Financial Statements

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

Winston-Dillard Rural Fire Protection District No. 5 (the "District") is governed by an elected seven member board. The Board exercises supervisory responsibilities over the District operations, but day-to-day operations are conducted by the Fire Chief. All significant activities and organizations for which the District is financially accountable are included in the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Winston-Dillard Fire District have been prepared in conformity with accounting principals generally accepted in the United States of America 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 government's accounting policies are described below.

A. Reporting Entity

In determining the financial reporting entity, Winston-Dillard Fire District complies with Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity." The criteria for including organizations as component units within the District's reporting entity, include whether 1) the District appoints a voting majority of the organization's board; 2) the District is able to impose its will on the organization; 3) the organization has the potential to impose a financial benefit or burden on the District; and 4) there is fiscal dependency by the organization on the District.

Based on these criteria, Winston-Dillard Fire District has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities include programs supported primarily by taxes, grants, and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support. The District also reports no fiduciary activities.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a program of function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

B. Basis of Presentation (Cont.)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to its functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds.

The fund financial statements provide reports on the financial condition and results of operations for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund is the main operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General Fund expenditures are categorized by "Personnel Services" which covers payments and insurance for volunteers; "Materials and Services" which covers all other operating costs such as maintenance of vehicles, equipment and facilities, liability insurance, utilities, office supplies, and other support activities, "Capital Outlay" which covers purchases of assets costing more than \$500 with an expected useful life of more one year.

Additionally, the District reports the following non major governmental funds:

Debt Service Funds – Revenues accounted for in the Debt Service Fund are from local property taxes levied to make general obligation bond payments, which are also accounted for in this fund according to the bond payment schedule. Included in this report as Debt Service Funds, are the Debt Service Reserve and USDA Loan Service Funds.

Operations Fund – This fund includes all resources to be used for the acquisition or construction of major capital assets.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when transactions are recognized in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized when the liability is incurred.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

C. Measurement Focus/Basis of Accounting (Cont.)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt which are reported when due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received, as they are deemed immaterial. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when the revenue recognition is met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

D. Budgeting

The District budgets all funds as required by state law. The District budgets for all funds on a modified accrual basis. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures are controlled by annual appropriations at the following organizational levels: personnel services, materials and services, capital outlay, special payments, debt service, and interfund transfers. Appropriations lapse as of the fiscal year-end. A detailed budget document is required that contains more detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget resolution. Additional expenditures may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the District Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the District Board of Directors.

Budget amounts shown in the budgetary comparison schedules include both the original and, when applicable, the revised amount. The combining fund financial statements and individual fund financial statements include in the budget column any revisions to the budget since original budget amounts were adopted.

E. Cash and Investments

Cash and cash equivalents include cash on hand, checking, savings and money market accounts and any short-term, highly liquid investments with initial maturity dates of three months or less.

The District has adopted an investment policy requiring compliance with Oregon statutes, which authorizes the District to invest in obligations of the United States, the agencies and instrumentalities of the United States and the State of Oregon, and numerous other investment instruments.

The District's investments may consist of time certificates of deposit, banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

E. Cash and Investments (Cont.)

The Oregon State Treasury administers the LGIP. It is an open-ended, non-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is included in the Oregon Short Term Fund (OSTF) which was established by the State Treasurer. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1. All taxes are levied as of the lien date and are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

G. Receivables

Uncollected property taxes and revenues from other sources that are earned but not received by the fiscal year end are reported as receivable in the current assets section in the government-wide statement of net position by the District. Government grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as due from other governments in the current assets section in the government-wide statement of net position by the District. All receivables are considered fully collectible; consequently no allowance for uncollectible taxes has been established.

Under the modified accrual basis of accounting used in the governmental fund financial statements, property taxes which have been collected within sixty days subsequent to year-end are considered measurable and available and are therefore recognized as revenue. All other property taxes receivable are offset by deferred inflows of resources and, accordingly, have not been recognized as revenue. All taxes are considered collectible; consequently no allowance for uncollectible taxes has been established. Government grant reimbursement and entitlement amounts for which all eligibility requirements imposed by the provider have been met, but which were not received by the fiscal year end, are reported as due from other governments in the fund financial statements by the District. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

H. Prepaid Expenses

The District has elected to report the amount paid to Oregon Public Employee Retirement System (PERS) to reduce the calculated unfunded pension liability obligation as a prepaid expense, as reported on the government-wide Statement of Net Position. The prepaid asset is to be amortized in the amounts and over the estimated length of time the unfunded portion of the pension obligation is expected be paid out to its current and former employees.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

I. Inventory

Food & supplies inventories in the Food Service Fund are valued at cost determined on the FIFO method. Commodities inventory in the Food Service Fund is valued at estimated fair market value. Inventory is treated as being expended when used rather than when purchased. Inventories of non-food service supplies are not considered significant. The District records the cost of non-food service supplies as expenses and expenditures when purchased rather than when used.

J. Capital Assets

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost, or estimated cost when original cost is not available. Donated capital assets are valued at their estimated fair market value on the date received. Maintenance and repairs of capital assets are not capitalized, but rather are charged to expenditures in the governmental funds. The District does not possess any infrastructure. The capitalization threshold used by the District as recommended by the State of Oregon is \$500.

In the government-wide financial statements, all reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

<u>Asset Class</u>	<u>Estimated Years of Useful Lives</u>
Buildings	20-50
Building Improvements	20-50
Land Improvements	15-25
Vehicles	10
Equipment	5-10

In the governmental fund financial statements, fixed assets are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

K. Compensated Absences and Accrued Liabilities

The liability for accrued vacation benefits reported in the government-wide statements consists of unpaid, accumulated annual vacation. The early retirement liability has been calculated using the accrual method for benefit amounts due to former employees who currently are receiving early-termination benefits.

All payables and accrued liabilities are reported on the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full form current financial resources are reported as obligations of the funds.

L. Deferred Inflows of Resources

In the governmental funds, property taxes which have not been collected within sixty days subsequent to year-end are not considered measurable and available and are therefore not recognized as revenue, but rather as deferred inflows of resources.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

M. Long-Term Obligations

All bonds payable, notes payable and capital leases payable are recognized in the government-wide financial statements as a liability of the District. Amounts of the long-term debt due within the following fiscal year are included in the current liabilities section of the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the governmental fund financial statements, proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources. Principal and interest payments on bonded debt and capital lease payments are recorded as a debt service in the expenditure section of the statement and schedules.

N. Equity Classifications

Government-wide Statements

Equity is classified as net position, which represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantor, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted: This classification includes fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes fund balance amounts that are constrained for specific purpose that are internally imposed by the government through resolution of the highest level of decision making authority, the Board of Directors, and does not lapse at year-end.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

N. Equity Classifications (Cont.)

- Assigned: This classification includes fund balance amounts that are intended to be used for specific purposes that are neither restricted nor committed. This intent can be expressed by the Board of Directors or through the Board of Directors delegating this responsibility to selected staff members or through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories, and negative fund balances of other governmental funds.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

O. Inter-Fund Transactions

Quasi-external transactions are accounted for as revenues or expenditures, while reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other inter-fund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

P. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as well as disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH AND INVESTMENTS:

For discussion of deposit and investment policies and other related information, see Note 1.E.

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by state statutes. These restrictions are summarized at Note 1.E.

Investments, including amounts held in pool cash and investments are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Fair value is determined at the quoted market prices, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

Deposits - All cash is deposited in compliance with Oregon statutes. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's website.

Qualifying depository banks must pledge securities with a particular value based on the bank's level of capitalization. The balances in excess of the FDIC insurance are considered exposed to custodial credit risk.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits exists when, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

As of June 30, 2014 the reported amount of the District's deposits was \$476,723 and the bank balance was \$562,805. Of the bank balance, the entire amount was covered by federal depository insurance or by pledged securities with the qualifying depository banks.

Investments - Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Governmental Investment Pool. The District has no credit risk policy or investment policy that would further limit its investment choices

Credit Risk - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. As of June 30, 2014, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH AND INVESTMENTS (CONT.):

At June 30, 2014, the District's investments in financial institutions are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Oregon State Treasurer's Local Government Investment Pool (LGIP)	\$ 1,126,383	N/A
Total Investments	<u>\$ 1,126,383</u>	

Investments in the LGIP and federal agency notes do not require disclosure credit rating quality.

Concentration of Credit Risk - An increased risk of loss occurs as more investments are acquired from one issuer. This results in a concentration of credit risk. The District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the District's investments are in the Oregon State Treasurer's Local Government Investment Pool (LGIP). This investment is 100% of the District's total investments.

3. RECEIVABLES:

Receivables as of the end of the year for the District's individual major funds and non-major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Total</u>
Property Taxes	\$ 211,556	\$ 211,556
Accounts Receivable	97,687	97,687
Total	<u>\$ 309,243</u>	<u>\$ 309,243</u>

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

4. CAPITAL ASSETS:

The following is a summary of capital asset activity for the fiscal year ended June 30, 2014:

Governmental Activities	July 1, 2013	Additions	Deletions	June 30, 2014
Assets being depreciated:				
Vehicles & Equipment	\$ 2,994,721	\$ -	\$ -	\$ 2,994,721
Buildings	2,944,909	-	-	2,944,909
Total Depreciable Assets	5,939,630	-	-	5,939,630
Less: Accumulated Depreciation	(2,925,923)	(236,893)	-	(3,162,816)
Total Governmental Activities-				
Net Value of Capital Assets	<u>\$ 3,013,707</u>	<u>\$ (236,893)</u>	<u>\$ -</u>	<u>\$ 2,776,814</u>

5. LONG-TERM DEBT:

The following is a summary of debt transactions for the fiscal year ended June 30, 2014:

	Outstanding Balance July 1, 2013	New Issues and Interest Matured	Principal and Interest Retired	Outstanding Balance June 30, 2014	Due Within One Year
United States Department of Agriculture, Rural Development - Original Balance - \$980,000 Dated October 31, 2007 Interest Rate 4.25%					
Principal	\$ 824,201	\$ -	\$ 23,380	\$ 800,821	\$ 24,374
Interest	-	35,028	35,028	-	34,035
Totals	824,201	35,028	58,408	800,821	58,409
TOTAL DEBT AGREEMENTS:					
Principal	824,201	-	23,380	800,821	24,374
Interest	-	35,028	35,028	-	34,035
Totals	<u>\$ 824,201</u>	<u>\$ 35,028</u>	<u>\$ 58,408</u>	<u>\$ 800,821</u>	<u>\$ 58,409</u>

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

5. LONG-TERM DEBT (Cont.):

The debt service requirements on the above debt are as follows:

Due Fiscal Year Ending June 30,	Principal	Interest	Total
USDA Rural Development			
2015	\$ 24,374	\$ 34,035	\$ 58,409
2016	25,409	32,999	58,408
2017	26,489	31,919	58,408
2018	27,615	30,793	58,408
2019	28,789	29,620	58,409
2020-2024	163,371	128,672	292,043
2025-2029	201,167	90,876	292,043
2030-2034	247,704	44,336	292,040
2035	55,903	2,376	58,279
Total	<u>\$ 800,821</u>	<u>\$ 425,626</u>	<u>\$ 1,226,447</u>

For further detail on debt service, see the ‘Schedule of Long Term Debt Transactions’ and ‘Schedule of Future Requirements for Retirement of Long Term’ in the Supplemental Data section of this report.

6. PENSION PLAN:

Plan Description - The District contributes to two pension plans administered by the Oregon Public 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 District 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 members who attain normal retirement age. The formula takes into account final average salary and years of service.

Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution 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.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

6. PENSION PLAN (CONT.):

Both PERS plans provide retirement and disability benefits, post employment health care 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 supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Funding Policy - Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 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, 2014 as follows:

OPERF	OPSRP	
Tier 1 / Tier 2	Fire	General Services
28.46%	22.57%	19.84%

The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The District is currently paying the member required contributions in accordance with collective bargaining agreements and conditions of employment for District employees meeting certain eligibility guidelines.

Annual Pension Cost - The District's contributions to PERS for the years ending June 30, 2012, 2013 and 2014 were \$334,450 and \$317,628, and \$360,570 respectively, which equaled the required contribution for the year, including the 6% employee contribution picked up by the district.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA)

Plan Description

The District contributes to the Oregon Public Employees Retirement Systems' (PERS) Retiree Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Oregon Public Employees Retirement Board (OPERB). The plan, which was established under Oregon Revised Statutes 238.420, provides a payment of up to \$60 per month towards the costs of health insurance for eligible PERS retirees. RHIA post-employment benefits are set by state statute. A comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598- 7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB)(CONT.):

Funding Policy

Participating employers are contractually required to contribute at a rate assessed bi-annually by the OPERB, currently are 0.59% for Tier 1 / Tier 2 and .50% for OPSRP of annual covered payroll. The OPERB sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

8. CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amount, if any, to be immaterial.

The District is not currently named as a defendant in any pending or threatened litigation.

9. RISK MANAGEMENT:

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters. The following summarizes the District's risk management activity:

The District has an annually renewable contract to pay Special Districts Association of Oregon (SDAO) for its workers' compensation policy, and pays premiums monthly to SDAO for health and accident insurance for employees of the District. The District is member of SDAO, which oversees the Special Districts Insurance Services Trust, a public entity risk pool currently operating as a common risk management and insurance program for member governments.

The District carries an annually renewable commercial insurance for all other losses, including general liability, property liability, automobile liability and public employee dishonestly bond coverage with Volunteer Fire Insurance Services.

The District came under the State Unemployment Act as of July 1, 1974. The District has elected to pay State Unemployment insurance to the State of Oregon to pay for any claims paid to former employees.

There have been no significant reductions in coverage from the prior years and settlements have not exceeded insurance coverage in the past three years.

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

10. INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2014 were as follows:

	Transfers Out	Transfers In
General Fund	\$ 279,828	\$ -
Debt Service Reserve Fund	-	5,841
USDA Loan Debt Service Fund	-	58,408
Operations Reserve Fund	-	215,579
Total	\$ 279,828	\$ 279,828

The transfer out of the General Fund to the Operations Reserve Fund represents the District's election to reserve funds for the purchase of capital assets. The transfer out of the General Fund to the Debt Service Reserve Fund and USDA Debt Service Fund meets the requirement of the USDA Loan to build a reserve and make the debt service payment, respectively.

11. FUND BALANCE COMPARISONS:

Fund	Actual June 30, 2014	Budgeted July 1, 2014
General Fund	\$ 1,338,624	\$ 1,275,665
Debt Service Reserve Fund	54,743	48,673
USDA Loan Debt Service Fund	1,850	1,850
Operations Reserve Fund	337,140	337,000

REQUIRED
SUPPLEMENTARY
INFORMATION

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES:</u>				
Current Year Property Taxes	\$ 1,611,702	\$ 1,611,702	\$ 1,641,239	\$ 29,537
Prior Year Property Taxes	80,000	80,000	91,072	11,072
Interest on Investments	1,925	1,925	5,030	3,105
Insurance Reimbursement	-	-	23,177	23,177
Classroom Income	1,000	1,000	-	(1,000)
Ambulance Revenues Net of Allowances	334,560	334,560	394,439	59,879
Firemed	60,000	60,000	46,583	(13,417)
Fema Grant	630,401	630,401	629,798	(603)
Miscellaneous	18,683	18,683	14,303	(4,380)
Total Revenues	2,738,271	2,738,271	2,845,641	107,370
<u>EXPENDITURES:</u>				
Personnel Services				
Personnel Salaries	902,078	902,078	851,164	(50,914)
Worker's Compensation Insurance	70,000	70,000	64,903	(5,097)
Social Security	86,999	86,999	75,616	(11,383)
Overtime	90,000	90,000	90,908	908
Employers PERS Match	370,740	370,740	295,809	(74,931)
Employees PERS Contribution	68,234	68,234	64,761	(3,473)
Hospital/Life/Disability/VEBA Insurance	228,531	228,531	204,839	(23,692)
Holiday Pay	24,061	24,061	24,194	133
Unemployment Insurance	20,600	20,600	18,092	(2,508)
Longevity Pay	24,600	24,600	20,700	(3,900)
Uniform Allowance	300	300	-	(300)
Employee Physicals	15,000	15,000	5,810	(9,190)
EMT Incentive Pay	44,460	44,460	42,660	(1,800)
Vacation Pay	47,500	47,500	49,721	2,221
Meals	500	500	-	(500)
FEMA/Actual Variance	3,740	3,740	-	(3,740)
Total Personnel Services	\$ 1,997,343	\$ 1,997,343	\$ 1,809,177	\$ (188,166)

CONTINUED

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND (CONT.)

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
	EXPENDITURES (CONT.):			
Materials & Services				
Mobile Maintenance	\$ 30,000	\$ 30,000	\$ 17,031	\$ (12,969)
Equipment Maintenance	7,500	7,500	9,237	1,737
Station Maintenance	15,000	15,000	17,144	2,144
Communications Maintenance	5,000	5,000	303	(4,697)
Education/Dues/Services	5,000	5,000	2,743	(2,257)
Office Supplies	14,000	14,000	8,728	(5,272)
Utilities	35,000	35,000	28,531	(6,469)
Hydrant Repair	2,500	2,500	4,280	1,780
Fuel	25,000	25,000	18,146	(6,854)
General Insurance	30,000	30,000	27,272	(2,728)
Legal/Audit/Professional Services	130,000	130,000	99,780	(30,220)
Fire Prevention	5,000	5,000	-	(5,000)
Board's Expense	5,000	5,000	3,032	(1,968)
Uniforms	7,500	7,500	7,969	469
Training & Education	15,000	15,000	5,016	(9,984)
Volunteer Expense	10,000	10,000	2,260	(7,740)
Dispatch Fees	22,600	22,600	21,397	(1,203)
Public Education	3,000	3,000	2,025	(975)
Interest & Finance Expense	2,000	2,000	1,107	(893)
Operational Expense	20,000	20,000	13,034	(6,966)
Classroom Expense	1,000	1,000	-	(1,000)
Medical Supplies	35,000	35,000	23,410	(11,590)
Monitor Expense	5,000	5,000	3,054	(1,946)
Physician Advisors Fees	2,500	2,500	311	(2,189)
Total Materials & Services	432,600	432,600	315,810	(116,790)
Capital Outlay				
Building Furnishings	5,000	5,000	1,057	(3,943)
Personnel Safety Equipment	20,000	20,000	460	(19,540)
Operational Equipment	15,000	15,000	2,115	(12,885)
Office Equipment	10,000	10,000	8,308	(1,692)
Communications Equipment	5,000	5,000	-	(5,000)
Fire Hydrants	1,000	1,000	2,862	1,862
Breathing Apparatus	4,000	4,000	-	(4,000)
Hose Replacement	1,000	1,000	-	(1,000)
Medical Equipment	5,000	5,000	-	(5,000)
Training Equipment	2,500	2,500	-	(2,500)
Total Capital Outlay	68,500	68,500	14,802	(53,698)
Contingency	55,000	55,000	-	(55,000)
Total Expenditures	2,553,443	2,553,443	2,139,789	(413,654)
Excess (Deficiency) of Revenues Over Expenditures	184,828	184,828	705,852	521,024
OTHER FINANCING SOURCES (USES):				
Interfund Transfer Out	(279,828)	(279,828)	(279,828)	-
Total Other Financing Sources	(279,828)	(279,828)	(279,828)	-
Net Change in Fund Balance	(95,000)	(95,000)	426,024	521,024
Fund Balance - July 1, 2013	385,000	385,000	912,600	527,600
Fund Balance - June 30, 2014	\$ 290,000	\$ 290,000	\$ 1,338,624	\$ 1,048,624

OTHER
SUPPLEMENTARY
INFORMATION

Combining and Individual
Fund Financial Statements

Additional Supporting Schedules

Non-Major Governmental Funds

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>		
	<u>Operations Reserve Fund</u>	<u>Debt Service Reserve Fund</u>	<u>USDA Loan Debt Service Fund</u>	<u>Total</u>
<u>ASSETS:</u>				
Cash and Investments	\$ 337,140	\$ 54,743	\$ 1,850	\$ 393,733
Total Assets	\$ 337,140	\$ 54,743	\$ 1,850	\$ 393,733
<u>LIABILITIES & FUND BALANCES:</u>				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
FUND BALANCES:				
Assigned for Public Safety	337,140	-	-	337,140
Restricted for Debt Service	-	54,743	1,850	56,593
Total Fund Balances	337,140	54,743	1,850	393,733
Total Liabilities and Fund Balances	\$ 337,140	\$ 54,743	\$ 1,850	\$ 393,733

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2014

	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>		
		<u>Debt Service Reserve Fund</u>	<u>USDA Loan Debt Service Fund</u>	
	<u>Operations Reserve Fund</u>			<u>Total</u>
<u>REVENUES:</u>				
Interest on Investments	\$ 604	\$ 290	\$ -	\$ 894
Total Revenues	604	290	-	894
<u>EXPENDITURES:</u>				
Debt Service:				
Principal	-	-	23,380	23,380
Interest	-	-	35,028	35,028
Total Expenditures	-	-	58,408	58,408
Excess (Deficiency) of Revenues Over Expenditures	604	290	(58,408)	(57,514)
<u>OTHER FINANCING SOURCES:</u>				
Operating Transfers In	215,579	5,841	58,408	279,828
Total Other Financing Sources (Uses)	215,579	5,841	58,408	279,828
Net Change in Fund Balances	216,183	6,131	-	222,314
Fund Balance - July 1, 2013	120,957	48,612	1,850	171,419
Fund Balance - June 30, 2014	\$ 337,140	\$ 54,743	\$ 1,850	\$ 393,733

Debt Service Funds

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE RESERVE FUND (A NON-MAJOR FUND)**

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest on Investments	\$ 290	\$ 290	\$ 290	\$ -
Total Revenues	290	290	290	-
<u>EXPENDITURES:</u>				
Debt Service:				
Principal	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	290	290	290	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfer In	5,841	5,841	5,841	-
Total Other Financing Sources	5,841	5,841	5,841	-
Net Change in Fund Balance	6,131	6,131	6,131	-
Fund Balance - July 1, 2013	42,542	42,542	48,612	6,070
Fund Balance - June 30, 2014	\$ 48,673	\$ 48,673	\$ 54,743	\$ 6,070

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

USDA LOAN DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u> <u>(See Note 1)</u>	<u>Variance</u> <u>with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest on Investments	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
<u>EXPENDITURES:</u>				
Debt Service:				
Principal	23,380	23,380	23,380	-
Interest	35,028	35,028	35,028	-
Total Expenditures	58,408	58,408	58,408	-
Excess (Deficiency) of Revenues Over Expenditures	(58,408)	(58,408)	(58,408)	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfer In	58,408	58,408	58,408	-
Total Other Financing Sources	58,408	58,408	58,408	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2013	1,850	1,850	1,850	-
Fund Balance - June 30, 2014	\$ 1,850	\$ 1,850	\$ 1,850	\$ -

Capital Projects Funds

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

OPERATIONS RESERVE FUND

For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note 1)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Interest on Investments	\$ 604	\$ 604	\$ 604	\$ -
Total Revenues	604	604	604	-
<u>EXPENDITURES:</u>				
Capital Outlay	336,959	336,959	-	(336,959)
Total Expenditures	336,959	336,959	-	(336,959)
Excess (Deficiency) of Revenues Over Expenditures	(336,355)	(336,355)	604	336,959
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Transfer In	215,579	215,579	215,579	-
Total Other Financing Sources	215,579	215,579	215,579	-
Net Change in Fund Balance	(120,776)	(120,776)	216,183	336,959
Fund Balance - July 1, 2013	120,776	120,776	120,957	181
Fund Balance - June 30, 2014	\$ -	\$ -	\$ 337,140	\$ 337,140

Additional Supporting Schedules

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Fiscal Year Ended June 30, 2014

	Permanent Rate Tax Subject to Measure 5	
		<u>Total</u>
Assessed Valuation, 2013-14 Tax Roll		\$ 381,487,847
General Fund Permanent Rate Levy, Per One Thousand Dollars		<u>4,6453</u>
Amount Levy Rates Will Raise		1,772,125
Loss Due to Measure 5 Compression		(12,005)
Add'l Taxes Outside Measure 5 Limits - Farmland/Forestland & Other Adjustments		4,306
Net Tax Levy		<u>\$ 1,764,426</u>

Tax Year	Uncollected	Tax	Collections	Uncollected
	Balance	Collector's	During	Balance
	July 1, 2013	Adjustments	the Year	June 30, 2014
		Increase		
		(Decrease)		
2013-14	\$ 1,764,426	\$ (48,008)	\$ 1,627,594	\$ 88,825
2012-13	96,805	(2,394)	43,439	50,972
2011-12	54,179	1,986	20,186	35,979
2010-11	36,975	3,624	19,286	21,313
2009-10	28,197	449	20,811	7,835
2008-09	4,356	688	2,355	2,689
2007-08 & Prior	5,282	806	2,143	3,945
Totals	<u>\$ 1,990,220</u>	<u>\$ (42,850)</u>	<u>\$ 1,735,814</u>	<u>\$ 211,556</u>

Less Accrued Revenue - June 30, 2013	(31,592)
Add Accrued Revenue - June 30, 2014	<u>28,089</u>
Total Property Tax Revenues - Modified Accrual Method	<u>\$ 1,732,311</u>

	<u>Current</u>	<u>Prior</u>	<u>Total</u>
Property Taxes Revenues - General Fund	\$ 1,641,239	\$ 91,072	\$ 1,732,311
Total Property Tax Revenues	<u>\$ 1,641,239</u>	<u>\$ 91,072</u>	<u>\$ 1,732,311</u>

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2014

	<u>Outstanding Balance July 1, 2013</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2014</u>	<u>Due Within One Year</u>
United States Department of Agriculture, Rural Development					
- Original Balance - \$980,000					
Dated October 31, 2007					
Interest Rate 4.25%					
Principal	\$ 824,201	\$ -	\$ 23,380	\$ 800,821	\$ 24,374
Interest	-	35,028	35,028	-	34,035
Totals	824,201	35,028	58,408	800,821	58,409
TOTAL DEBT AGREEMENTS:					
Principal	824,201	-	23,380	800,821	24,374
Interest	-	35,028	35,028	-	34,035
Totals	<u>\$ 824,201</u>	<u>\$ 35,028</u>	<u>\$ 58,408</u>	<u>\$ 800,821</u>	<u>\$ 58,409</u>

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

**SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT**

For the Fiscal Year Ended June 30, 2014

	Fiscal Year Ended June 30,	Total	Principal	Interest
USDA Rural Development	2015	\$ 58,409	\$ 24,374	\$ 34,035
Interest 4.25%	2016	58,408	25,409	32,999
Original Balance- \$980,000	2017	58,408	26,489	31,919
	2018	58,408	27,615	30,793
	2019	58,409	28,789	29,620
	2020	58,408	30,012	28,396
	2021	58,409	31,288	27,121
	2022	58,409	32,618	25,791
	2023	58,409	34,004	24,405
	2024	58,408	35,449	22,959
	2025	58,409	36,956	21,453
	2026	58,408	38,526	19,882
	2027	58,409	40,164	18,245
	2028	58,409	41,871	16,538
	2029	58,408	43,650	14,758
	2030	58,408	45,505	12,903
	2031	58,408	47,439	10,969
	2032	58,408	49,455	8,953
	2033	58,408	51,557	6,851
	2034	58,408	53,748	4,660
	2035	58,279	55,903	2,376
Total Future Requirements for Long-Term Debt		<u>\$1,226,447</u>	<u>\$ 800,821</u>	<u>\$ 425,626</u>

INDEPENDENT AUDITOR'S
COMMENTS

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5
AUDITOR'S COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATION

As of June 30, 2014

To the Governing Body of the Winston-Dillard Fire District
Winston, Oregon

We have audited the basic financial statements of the Winston-Dillard Fire District as of and for the year ended June 30, 2014, and have issued our report thereon dated December 10, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Winston-Dillard Fire District's 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, 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:

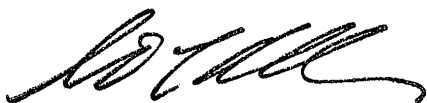
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized 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 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District internal control over financial reporting.

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



Steve Tuchscherer, CPA, PC

Roseburg, Oregon
December 10, 2014

SINGLE AUDIT SECTION

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JUNE 30, 2014

<i>Federal Grantor/Pass Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Original Program or Grant Amount</i>	<i>Expenditures</i>
<u>US. DEPARTMENT OF HOMELAND SECURITY</u>			
<hr/>			
<i>Homeland Security Grant Program</i>			
<i>Assistance to Firefighters Grant (SAFER)</i>	97.044	<u>\$ 1,467,516</u>	<u>\$ 629,798</u>
TOTAL		<u>\$ 1,467,516</u>	<u>\$ 629,798</u>

This schedule is prepared using the modified accrual basis of accounting



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Winston-Dillard Rural Fire Protection District No. 5

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Winston-Dillard Fire District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Winston-Dillard Fire District's basic financial statements and have issued our report thereon dated December 10, 2014.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Winston-Dillard Fire District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Winston-Dillard Fire District's internal control. Accordingly, I do not express an opinion on the effectiveness of Winston-Dillard Fire District's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Winston-Dillard Fire District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Steve Tuchscherer, CPA
December 10, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Winston-Dillard Rural Fire Protection District No. 5

Report on Compliance for Each Major Federal Program

I have audited Winston-Dillard Fire District compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Winston-Dillard Fire District's major federal programs for the year ended June 30, 2014. Winston-Dillard Fire District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Winston-Dillard Fire District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Winston-Dillard Fire District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Winston-Dillard Fire District's compliance.

Opinion on Each Major Federal Program

In my opinion, Winston-Dillard Fire District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

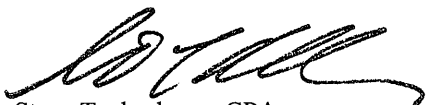
Report on Internal Control Over Compliance

The management of Winston-Dillard Fire District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered Winston-Dillard Fire District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Winston-Dillard Fire District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Steve Tuchscherer, CPA
December 10, 2014

WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2014

Section I—Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the financial statements of Winston-Dillard Rural Fire Protection District No. 5.
2. No material weaknesses or reportable conditions related to the financial statement audit were identified which are required to be reported in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Winston-Dillard Rural Fire Protection District No. 5 were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
5. No material weaknesses or significant deficiencies in internal controls over major programs were disclosed by the audit.
6. The auditor’s report on compliance for the major federal award program expresses an unqualified opinion.
7. The audit did not disclose any findings that are required to be reported.
8. The program tested as a major program was the Homeland Security Grant Program, CFDA Number(s) 97.044.
9. The threshold for distinguishing between Type A and B programs was \$300,000.
10. The District was determined to be a low-risk auditee.

Section II—Financial Statements Findings

No findings related to the financial statements are reported for the year ended June 30, 2014.

Section III—Findings and Questioned Costs for Federal Awards.

No matters were reported relating to significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section IV—Summary Schedule of Prior Audit Findings

There were no findings or questioned costs for the year ended June 30, 2013.