

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**



**WINSTON, OREGON**

**JUNE 30, 2015**

**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

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**DISTRICT OFFICIALS**

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488 Galaxy Dr., Winston, OR 97496

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MARGIE GIUSTO . . . . . Administrative Assistant  
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**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**AUDIT REPORT**

**JUNE 30, 2015**

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**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, 2015**

**Unaudited**

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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, 2015. 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, 2015 are as follows:

- Changes in the financial statements are included for this year due to the implementation of Governmental Accounting Standards Board Statements 67 & 68. Those statements require accounting and reporting changes related to employee pension plans. Net pension liability or asset, as well as deferred inflows and outflows of resources, and restricted amounts of the government's net position, each related to pension activities all appear for the first time on the Statements of Net Position. Also, beginning net positions have been restated to include the estimated impacts of the new requirements prior to the current year. Note 6, beginning on page 31 of this report, describe in detail the government's pension plans.
- The District's net position, after consideration of the restatement for pension costs prior to the current year, increased by \$465,399 which represents a 14.27 percent increase from the previous year.
- General revenues accounted for \$1,799,336 in revenue, or 69.07 percent of all revenues. Program specific revenues in the form of charges for services, and grants and donations accounted for \$805,595 or 30.93 percent of total revenues of \$2,604,931.
- The District had \$1,839,021 in expenses related to governmental activities and a loss on disposition of assets in the amount of \$300,511; which was less than total revenues, resulting in an increase in net position of \$465,399. Total expenses decreased \$533,381 from the previous year.
- Total assets of governmental activities increased by \$475,648. The increase resulted primarily from an increase in current assets.
- Total liabilities decreased by \$41,385.
- Among the governmental funds, the general fund had \$2,609,552 in revenues, which primarily consisted of property taxes, ambulance revenues, and grants. General Fund expenditures totaled \$2,229,000 including \$262,073 in budgeted interfund transfers out. The General Fund's ending fund balance at June 30, 2015 was \$1,719,176; an increase of \$380,552 from the prior year's ending fund balance of \$1,338,624.

### **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.

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2015**

**Unaudited**

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### *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.

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.

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2015**

**Unaudited**

### *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.

### **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 \$3,726,007. This is a \$465,399 increase from last year's net position and represents a 14.27 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**

	<u>Governmental Activities</u>		
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Percentage Change</u>
<b>Assets</b>			
Current Assets	\$ 2,862,787	\$ 1,925,893	48.65%
Capital Assets	2,315,568	2,776,814	-16.61%
Total Assets	5,178,355	4,702,707	10.11%
<b>Deferred Outflow of Resources</b>	95,614	-	N/A
<b>Liabilities</b>			
Current Liabilities	71,255	87,232	-18.31%
Long-Term Liabilities	751,038	776,447	-3.27%
Total Liabilities	822,293	863,679	-4.79%
<b>Deferred Inflow of Resources</b>			
- Restated for Prior Year	725,669	578,421	25.5%
<b>Net Position</b>			
Invested in Capital Assets			
Net of Debt	1,539,121	1,975,993	-22.11%
Restricted	436,631	56,593	671.53%
Unrestricted	1,750,255	1,228,021	42.53%
Total Net Position - Restated for Prior Year	<u>\$ 3,726,007</u>	<u>\$ 3,260,607</u>	<u>14.27%</u>



# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2015**

**Unaudited**

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

	<b>Governmental Activities</b>		<b>Total</b>	
	<u>2014-15</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2013-14</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 486,442	\$ 441,022	\$ 486,442	\$ 441,022
Operating Grants and Contributions	319,153	629,798	319,153	629,798
General Revenues				
Property Taxes	1,767,954	1,721,577	1,767,954	1,721,577
Investment Income	8,395	5,924	8,395	5,924
Other	22,987	37,476	22,987	37,476
Total Revenues	<u>2,604,931</u>	<u>2,835,797</u>	<u>2,604,931</u>	<u>2,835,797</u>
<b>Program Expenses</b>				
Public Safety	1,809,407	2,325,811	1,809,407	2,325,811
Interest on Long-Term Debt	29,614	46,591	29,614	46,591
Total Program Expenses	<u>1,839,021</u>	<u>2,372,402</u>	<u>1,839,021</u>	<u>2,372,402</u>
<b>Special Items</b>	<u>(300,511)</u>	<u>-</u>	<u>(300,511)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ 465,399</u>	<u>\$ 463,395</u>	<u>\$ 465,399</u>	<u>\$ 463,395</u>

The largest governmental activities program is Public Safety, which comprises 98.39 percent of expenses. Interest expense was 1.61 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, 2015**

**Unaudited**

### **Governmental Activities**

	<u>2014-15</u>		<u>2013-14</u>	
	Total Cost of Services	Net (Cost) Profit of Services	Total Cost of Services	Net (Cost) Profit of Services
Public Safety	\$ 1,809,407	\$ (1,003,812)	\$ 2,325,811	\$ (1,254,991)
Interest on Long-Term Debt	29,614	(29,614)	46,591	(46,591)
Total Program Expenses	<u>\$ 1,839,021</u>	<u>\$ (1,033,426)</u>	<u>\$ 2,372,402</u>	<u>\$ (1,301,582)</u>

The dependency on property tax revenues is apparent. Over 55 percent of Governmental Activities are supported through property tax revenue. For all governmental activities general revenue support was 56.19 percent. Property Tax payments are by far the primary support of Winston-Dillard Fire District.

### **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 \$2,299,049, an increase of \$566,692. 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 \$380,552.

### **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 \$2,270,814 during the fiscal year. Actual General Fund receipts of \$2,609,552 exceeded budgeted revenues by \$338,738, or 14.92 percent. In the General Fund, District spending was less than budgeted amounts in most function areas. Total appropriations budgeted in the General Fund were \$2,442,039 while actual General Fund expenditures of \$2,229,000 resulted in a difference of \$213,039 or 9.78 percent of the budgeted total.

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **Management's Discussion and Analysis (MD&A)**

**For the Fiscal Year Ended June 30, 2015**

**Unaudited**

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### **Capital Assets**

As of June 30, 2015, the District had \$5,006,422 in capital assets. This includes land, buildings, fire protection vehicles, operating equipment and maintenance equipment. There were \$25,252 in capital assets acquired, and \$958,460 in deletions during the year.

Total depreciation expense for the year was \$185,987. 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, 2015, the District had total bonded debt outstanding of \$776,447. During the current fiscal year, the District's total long-term debt decreased by \$24,374. Interest paid on the long-term debt during the year was \$34,034.

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 FY2015-16 proposed budget for all funds is \$3,938,329.

Total General Fund expenditures are proposed at \$2,484,956, an increase of approximately \$72,917 over the FY2014-15 budget.

The District ended its SAFER grant funding six (6) firefighter personnel. We were successful in extending our time period on the grant to utilize the remaining approximately \$240,000 in grant funds. We have applied for one (1) firefighter position in the current 2014 SAFER period.

The District finished its first year with Douglas County Fire District No.2 for Fire Chief Administrative Services that began January 1, 2014. This IGA has allowed the District to analyze its current programs and processes, and to look for efficiencies in the delivery of its services. During FY2014-15 we added fleet maintenance services, station supplies, and EMS administration to the IGA. Starting in July 2015, the District will be adding fire prevention and Information Technology (IT) services 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, 2015

	<u>Governmental Activities</u>	
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and Investments	\$ 2,164,083	
Property Taxes Receivable	205,031	
Accounts Receivable, Net of Allowances	104,282	
Prepaid Expenses	13,318	
Total Current Assets		\$ 2,486,714
Restricted Assets:		
Net Pension Asset	376,073	
Total Restricted Assets		376,073
Capital Assets	5,006,422	
Less: Accumulated Depreciation	(2,690,854)	
Total Capital Assets, Net of Depreciation		2,315,568
<b>Total Assets</b>		<b>\$ 5,178,355</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>		
Deferred Pension Contributions	95,614	
<b>Total Deferred Outflow of Resources</b>		<b>\$ 95,614</b>
<b><u>LIABILITIES:</u></b>		
Current Liabilities:		
Accounts Payable and Payroll Liabilities	\$ 9,119	
Accrued Vacation Benefits	29,585	
Interest Payable	7,142	
Current Portion of Long-Term Liabilities:		
USDA Revenue Bonds Payable	25,409	
Total Current Liabilities		\$ 71,255
Long-Term Liabilities:		
Noncurrent Portion of Long-Term Liabilities:		
USDA Revenue Bonds Payable	751,038	
Total Long-Term Liabilities		751,038
<b>Total Liabilities</b>		<b>\$ 822,293</b>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>		
Deferred Earnings on Pension Assets	725,669	
<b>Total Deferred Inflow of Resources</b>		<b>\$ 725,669</b>
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	\$ 1,539,121	
Restricted for Debt Service	60,558	
Restricted for Net Pension Asset	376,073	
Unrestricted	1,750,255	
<b>Total Net Position</b>		<b>\$ 3,726,007</b>

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, 2015

		<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
	<u>(Expenses)</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>				
Public Safety	\$ 1,809,407	\$ 486,442	\$ 319,153	\$ (1,003,812)
Interest on Long-Term Debt	29,614	-	-	(29,614)
<b>Total Governmental Activities</b>	<b><u>\$ 1,839,021</u></b>	<b><u>\$ 486,442</u></b>	<b><u>\$ 319,153</u></b>	<b><u>(1,033,426)</u></b>
 <b><u>GENERAL REVENUES:</u></b>				
Property Taxes, levied for general purposes				1,767,954
Interest and Investment Earnings				8,395
Miscellaneous				22,987
<b>Subtotal - General Revenues</b>				<b><u>1,799,336</u></b>
Excess (Deficiency) of Revenues				
Over Expenses Before Special Items				765,910
<i>Special Item</i> - Gain (Loss) on Disposition of Assets				<u>(300,511)</u>
Change in Net Position				465,399
Net Position, July 1, 2014 - Restated				<u>3,260,607</u>
<b>Net Position, June 30, 2015</b>				<b><u>\$ 3,726,007</u></b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Fund Financial Statements**  
**Governmental Funds**

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2015

	<u>General</u> <u>Fund</u>	<u>Other</u> <u>Non Major</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 1,584,210	\$ 579,873	\$ 2,164,083
Property Taxes Receivable	205,031	-	205,031
Accounts Receivable	104,282	-	104,282
Prepaid Expenses	13,318	-	13,318
<b>Total Assets</b>	<b>\$ 1,906,841</b>	<b>\$ 579,873</b>	<b>\$ 2,486,714</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>			
LIABILITIES:			
Payroll Liabilities	\$ 329	\$ -	\$ 329
Accounts Payable	8,790	-	8,790
<b>Total Liabilities</b>	<b>9,119</b>	<b>-</b>	<b>9,119</b>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Property Tax Revenue	178,546	-	178,546
<b>Total Deferred Inflows of Resources</b>	<b>178,546</b>	<b>-</b>	<b>178,546</b>
FUND BALANCES:			
Nonspendable	13,318	-	13,318
Restricted for:			
Debt Service	-	60,558	60,558
Assigned for:			
Public Safety	-	519,315	519,315
Unassigned	1,705,858	-	1,705,858
<b>Total Fund Balances</b>	<b>1,719,176</b>	<b>579,873</b>	<b>2,299,049</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 1,906,841</b>	<b>\$ 579,873</b>	<b>\$ 2,486,714</b>

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, 2015

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**Total Fund Balances - Governmental Funds** \$ 2,299,049

**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 -	\$ 5,006,422	
The accumulated depreciation is -	<u>(2,690,854)</u>	
Net Value of Assets		2,315,568

Net pension assets reported in governmental activities are not financial resources and therefore are not reported in the governmental funds. 376,073

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. 178,546

Deferred inflows and outflows of pension contributions and earnings are not reported in the governmental funds

Deferred Pension Contributions	95,614	
Deferred Earnings on Pension Assets	<u>(725,669)</u>	
		(630,055)

Accrued amounts payable are not reported in the governmental funds, which are presented on a cash basis.

Interest Payable	<u>7,142</u>	
Net Payables		(7,142)

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	<u>776,447</u>	
Accrued Vacation Benefits	<u>29,585</u>	
Total Long-Term Liabilities		<u>(806,032)</u>

**Net Position of Governmental Activities** **\$ 3,726,007**

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, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES:</u></b>			
Current Year Property Taxes	\$ 1,681,947	\$ -	\$ 1,681,947
Prior Year Property Taxes	90,928	-	90,928
Interest on Investments	8,095	300	8,395
FEMA Grant	319,153	-	319,153
Insurance Reimbursement	978	-	978
Ambulance Revenues Net of Allowances	439,360	-	439,360
Firemed	47,082	-	47,082
Miscellaneous	22,009	-	22,009
<b>Total Revenues</b>	<b>2,609,552</b>	<b>300</b>	<b>2,609,852</b>
<b><u>EXPENDITURES:</u></b>			
Personnel Services	1,516,781	-	1,516,781
Materials & Services	425,644	-	425,644
Capital Outlay	24,502	17,825	42,327
Debt Service	-	58,408	58,408
<b>Total Expenditures</b>	<b>1,966,927</b>	<b>76,233</b>	<b>2,043,160</b>
Excess (Deficiency) of Revenues Over Expenditures	642,625	(75,933)	566,692
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Interfund Transfers In	-	262,073	262,073
Interfund Transfers Out	(262,073)	-	(262,073)
<b>Total Other Financing Sources (Uses)</b>	<b>(262,073)</b>	<b>262,073</b>	<b>-</b>
Net Changes in Fund Balances	380,552	186,140	566,692
Fund Balances, July 1, 2014	1,338,624	393,733	1,732,357
<b>Fund Balances, June 30, 2015</b>	<b>\$ 1,719,176</b>	<b>\$ 579,873</b>	<b>\$ 2,299,049</b>

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, 2015**

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<b>Net Changes in Fund Balances - Total Governmental Funds</b>		<b>\$ 566,692</b>
<b>Amounts reported for governmental activities in the Statement of Activities are different because:</b>		
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.		
Expenditures for capitalized assets	\$ 25,252	
Less current year depreciation	<u>(185,987)</u>	
		(160,735)
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.		
		(4,921)
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	11,641	
Interest payable	<u>4,420</u>	
		16,061
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.		24,374
Removal from accounting records of capital assets deemed obsolete is not reported on the governmental fund financial statements but is reported as a loss on the Statement of Activities.		
		(300,511)
Adjustment for pension costs on accrued basis		<u>324,439</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>\$ 465,399</u></b>

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

**BASIC FINANCIAL**  
**STATEMENTS**

**Notes to the Basic**  
**Financial Statements**

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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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.

*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.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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

#### **B. Basis of Presentation (Cont.)**

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.

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.

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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

#### **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.

#### **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 investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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

#### **F. Receivables**

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year-end. These amounts include charges for services rendered, or for goods and material provided by the District. All receivables are expected to be collected. Accordingly, receivables are reported at the gross amount without an allowance for uncollectible accounts.

Receivables are also recognized for property taxes and intergovernmental grants. Property taxes receivable consist of uncollected taxes levied and payable at the end of the fiscal year. All taxes are considered collectible. Consequently no allowance for uncollectible taxes has been established. In the governmental fund financial statements, property taxes not collected within sixty days of the end of the fiscal year are reported as a deferred inflow or resources. (See note 1.K.)

#### **G. 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 to be paid out to its current and former employees.

#### **H. 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.

#### **I. 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 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.



# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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

#### **J. 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.

#### **K. Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred pension contributions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item that qualifies for reporting in this category, deferred earnings on pension assets. In the governmental funds balance sheet, a different category of deferred inflow of resources, delinquent property tax revenue not available, is reported. Property taxes levied and considered receivable at the end of the fiscal year, but not collected within sixty days of the end of the fiscal year are reported in this category. These amounts are recognized as an inflow of resources (revenue) in the period that the amounts become available.

#### **L. 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.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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

#### M. Equity Classifications

##### *Government-wide Statements*

Equity is classified as net position, which represents the difference between assets, liabilities, and deferred accounts. 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.
- 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’s policy is to 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 the constrained fund balances.

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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

#### **N. 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 uncollectable taxes has been established. All property taxes receivable are due from property owners within the District.

#### **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.

#### **Q. Pensions**

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

### **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.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **2. CASH AND INVESTMENTS (CONT.):**

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, 2015, the reported amount of the District's deposits was \$605,156, the bank balance was \$684,911 and \$117 is petty cash. 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, 2015, the District's investment in the Oregon State Treasurer's Local Government Investment Pool (LGIP) was unrated.

At June 30, 2015, 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)	\$ 1,558,810	N/A
Total Investments	<u>\$ 1,558,810</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.

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**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:

	General Fund	Total
	<u>          </u>	<u>          </u>
Property Taxes	\$ 205,031	\$ 205,031
Accounts Receivable	104,282	104,282
Total	<u>\$ 309,313</u>	<u>\$ 309,313</u>

**4. CAPITAL ASSETS:**

The following is a summary of capital asset activity for the fiscal year ended June 30, 2015:

<u>Governmental Activities</u>	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
<b>Assets not being depreciated:</b>				
Land	\$ 111,879	\$ -	\$ -	\$ 111,879
<b>Assets being depreciated:</b>				
Vehicles & Equipment	\$ 2,994,721	\$ 25,252	\$ (958,460)	\$ 2,061,513
Buildings	2,833,030	<u>-</u>	<u>-</u>	<u>2,833,030</u>
Total Depreciable Assets	5,827,751	25,252	(958,460)	4,894,543
<b>Less: Accumulated Depreciation</b>	<u>(3,162,816)</u>	<u>(185,987)</u>	<u>657,949</u>	<u>(2,690,854)</u>
Total Governmental Activities-				
Net Value of Capital Assets	<u>\$ 2,664,935</u>	<u>\$ (160,735)</u>	<u>\$ (300,511)</u>	<u>\$ 2,203,689</u>

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**5. LONG-TERM DEBT:**

The following is a summary of debt transactions for the fiscal year ended June 30, 2015:

	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due Within One Year</u>
United States Department of Agriculture Rural Development loan for the construction of a new fire station. The original amount of the bond loan is \$980,000. Dated October 31, 2007, the bond loan is payable in 30 years at 4.25% interest.					
Principal	\$ 800,821	\$ -	\$ 24,374	\$ 776,447	\$ 25,409
Interest	-	34,034	34,034	-	32,999
Totals	\$ 800,821	\$ 34,034	\$ 58,408	\$ 776,447	\$ 58,408
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 800,821	\$ -	\$ 24,374	\$ 776,447	\$ 25,409
Interest	-	34,034	34,034	-	32,999
Totals	<u>\$ 800,821</u>	<u>\$ 34,034</u>	<u>\$ 58,408</u>	<u>\$ 776,447</u>	<u>\$ 58,408</u>

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**5. LONG-TERM DEBT (Cont.):**

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

	<u>Due Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
USDA Loan	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	30,012	28,396	58,408
	2021-2025	170,315	121,729	292,044
	2026-2030	209,716	82,326	292,042
	2031-2035	258,102	33,809	291,911
	Total		<u>\$ 776,447</u>	<u>\$ 391,591</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.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

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### 6. PENSION PLAN:

#### A. Name of Pension Plan

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit pension plan.

#### B. Description of Benefit Terms

##### Plan Benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

**1. Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

##### *Pension Benefits*

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

##### *Death Benefits*

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

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

##### *Disability Benefits*

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



# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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### **6. PENSION PLAN (Cont.):**

#### *Benefit Changes After Retirement*

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

**2. OPSRP Defined Benefit Pension Program (OPSRP DB).** The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

#### *Pension Benefits*

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

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

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

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

#### *Death Benefits*

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

#### *Disability Benefits*

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

#### *Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000.

### **3. IAP Plan Description:**

#### **OPSRP Individual Account Program (OPSRP IAP)**

#### *Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP)

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **6. PENSION PLAN (Cont.):**

may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

#### *Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

#### *Recordkeeping*

PERS contracts with VOYA Financial to maintain IAP participant records.

### **C. Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced.

Employer contributions for the year ended June 30, 2015 were \$298,899, excluding amounts to fund employer specific liabilities.

### **D. Pension Plan CAFR**

Oregon PERS produces an independently audited CAFR which can be found at:  
[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

### **E. Actuarial Valuations**

The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **6. PENSION PLAN (Cont.):**

#### **F. Actuarial Methods and Assumptions Used in Developing Total Pension Liability**

Valuation Date	December 31, 2012 rolled forward to June 30, 2014.
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

#### *Discount Rate*

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

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

### **6. PENSION PLAN (Cont.):**

#### *Assumed Asset Allocation*

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real estate	9.4%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100%</u>

#### *Long-Term Expected Rate of Return*

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

<u>Asset Class</u>	<u>Target</u>	<u>Compound Annual Return (Geometric)</u>
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
Assumed Inflation – Mean		2.75%

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**6. PENSION PLAN (Cont.):**

**G. Sensitivity Analysis**

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

	1% Decrease 6.75%	Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the net pension liability	\$ 796,388	\$ (376,073)	\$ (1,367,700)

**H. Changes in Assumptions**

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

*Changes in Actuarial Methods and Allocation Procedures*

Actuarial Cost Method - The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization - In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

*Contribution Rate Stabilization Method*

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%. The modification to the grade-in range was made in combination with the change to actuarial cost method, as discussed at the July 2013 PERS Board public meeting.

*Allocation of Liability for Service Segments*

For purposes of allocating Tier 1/Tier 2 member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

*Changes in Economic Assumptions*

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## NOTES TO THE BASIC FINANCIAL STATEMENTS

**JUNE 30, 2015**

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### **6. PENSION PLAN (Cont.):**

OPSRP Administrative Expenses - Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act

#### *Changes in Demographic Assumptions*

Healthy Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

#### *Changes in Salary Increase Assumptions*

Merit Increases, Unused Sick Leave, and Vacation Pay - Assumed merit increases were lowered, while unused sick leave and vacation pay rates were adjusted upward.

Retiree Healthcare Participation - The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

#### *Change in Proportionate Share*

There was no change in proportionate share for fiscal years ending June 30, 2013 and June 30, 2014. Because the proportionate share is actuarially determined, it was calculated as of the December 31, 2012 valuation date used to develop results for both the June 30, 2013 and June 30, 2014 Measurement Dates. In future measurement periods, there will be changes in proportionate shares from the beginning of the period to the end.

#### *Changes in Plan Provisions*

Senate Bill 822, signed into law in May 2013, eliminated the SB 656/HB 3349 tax remedy payments for beneficiaries not subject to Oregon income tax and limited the 2013 post-retirement COLA to 1.5 percent of annual benefit. The effects of this legislation were reflected in the December 31, 2012 valuation.

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25 percent on the first \$60,000 of annual benefit and 0.15 percent on annual benefits above \$60,000. The effects of this legislation were reflected in the December 31, 2012 valuation.

The December 31, 2012 valuation was rolled forward to the measurement date of June 30, 2014.

#### **I. Employer Contributions**

PERS includes accrued contributions when due pursuant to legal requirements, as of June 30 in its Statement of Changes in Fiduciary Net Position. These are normally included in the employer statements cut off as of the fifth of the following month. PERS does not try to accrue contributions based on paydate.

Beginning with fiscal year 2015, PERS will be able to report cash contributions and UAL side account amortization by employer, and will publish this information on the PERS Website. Prior to fiscal year 2015, contributions to the OPSRP Defined Benefit plan were not accounted for by employer, as all employers were pooled for actuarial purposes.

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**6. PENSION PLAN (Cont.):**

**J. Elements of Changes in Net Position**

This information can be found in the Schedule of Changes in Net Pension Liability found on page 57, of the June 30, 2014 PERS CAFR.

*Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2015, the employer reported an asset of \$376,073 for its proportionate share of the net pension liability. The net pension liability/(asset) was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on a projection of the employer's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2014, the employer's proportion was 0.01659112 percent.

For the year ended June 30, 2015, the employer recognized pension income of \$324,439. At June 30, 2015, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on investements	-	725,669
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>95,614</u>	<u>-</u>
Total (prior to post- measurement date contributions)	\$ 95,614	\$ 725,669
Contributions subsequent to the measurement date	TBD	N/A
Net Deferred Outflow/(Inflow) of Resources		<u>\$ (630,055)</u>

\$630,055 reported as deferred inflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction/(increase) of the net pension liability/(asset) in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(income) as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)</u>
1st Fiscal Year	\$ (160,631)
2nd Fiscal Year	(160,631)
3rd Fiscal Year	(160,631)
4th Fiscal Year	(160,631)
5th Fiscal Year	12,470
Thereafter	-
Total	<u>\$ (630,055)</u>

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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### **6. PENSION PLAN (Cont.):**

#### *Changes in Plan Provisions Subsequent to Measurement Date*

The Oregon Supreme Court on April 30, 2015, ruled that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law was unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. We will make restoration payments to those benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, and will not be included in the net pension liability (asset) proportionate shares provided to employers in June 2015.

### **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/>

##### 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.



**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**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.

**10. INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2015 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 262,073	\$ -
Debt Service Reserve Fund	-	3,665
USDA Loan Debt Service Fund	-	58,408
Operations Reserve Fund	-	200,000
Total	<u>\$ 262,073</u>	<u>\$ 262,073</u>

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.

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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**11. FUND BALANCE COMPARISONS:**

<u>Fund</u>	<u>Actual June 30, 2015</u>	<u>Budgeted July 1, 2015</u>
General Fund	\$ 1,719,176	\$ 1,713,735
Debt Service Reserve Fund	58,708	48,673
USDA Loan Debt Service Fund	1,850	1,850
Operations Reserve Fund	519,315	371,315

**12. RESTATEMENT OF BEGINNING NET POSITION:**

The Governmental Accounting Standards Board (GASB) has approved the following:

Statement No. 68, Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No.27 – This statement will require the employer to change the accounting for the pensions costs related to the employer’s participation in the Oregon PERS. In addition, the employer will also be recognizing a net pension liability (asset), deferred outflows and inflows of resources related to the employer’s proportionate share of the collective amount in PERS. Management is evaluating the impact of these changes. The application of these standards result in a restatement of beginning net positions in the financial statements to include the estimated impacts of these new requirements prior to the current year.

**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, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Current Year Property Taxes	\$ 1,636,592	\$ 1,636,592	\$ 1,681,947	\$ 45,355
Prior Year Property Taxes	100,000	100,000	90,928	(9,072)
Interest on Investments	5,846	5,846	8,095	2,249
Grants	77,500	77,500	-	(77,500)
Insurance Reimbursement	-	-	978	978
Classroom Income	1,000	1,000	-	(1,000)
Ambulance Revenues Net of Allowances	370,736	370,736	439,360	68,624
Fired	60,140	60,140	47,082	(13,058)
Fema Grant	-	-	319,153	319,153
Miscellaneous	19,000	19,000	22,009	3,009
<b>Total Revenues</b>	<b>2,270,814</b>	<b>2,270,814</b>	<b>2,609,552</b>	<b>338,738</b>
<b><u>EXPENDITURES:</u></b>				
Personnel Services:				
Personnel Salaries	714,847	714,847	658,180	(56,667)
Worker's Compensation Insurance	67,527	67,527	68,690	1,163
Social Security	71,672	71,672	67,733	(3,939)
Overtime	113,780	113,780	112,463	(1,317)
Employers PERS Match	256,675	256,675	244,389	(12,286)
Employees PERS Contribution	56,214	56,214	54,510	(1,704)
Hospital/Life/Disability/VEBA Insurance	231,926	231,926	186,960	(44,966)
Holiday Pay	20,916	20,916	20,064	(852)
Unemployment Insurance	19,251	19,251	16,252	(2,999)
Longevity Pay	19,200	19,200	17,400	(1,800)
Employee Physicals	16,500	16,500	3,934	(12,566)
EMT Incentive Pay	37,860	37,860	35,460	(2,400)
Vacation Pay	15,285	15,285	30,524	15,239
Meals	500	500	222	(278)
<b>Total Personnel Services</b>	<b>\$ 1,642,153</b>	<b>\$ 1,642,153</b>	<b>\$ 1,516,781</b>	<b>\$ (125,372)</b>

**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, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>EXPENDITURES (CONT.):</u></b>				
Materials & Services:				
Mobile Maintenance	\$ 20,250	\$ 20,250	\$ 10,056	\$ (10,194)
Equipment Maintenance	13,275	13,275	12,891	(384)
Station Maintenance	15,752	15,752	24,716	8,964
Communications Maintenance	15,934	15,934	8,098	(7,836)
Education/Dues/Services	4,283	4,283	4,368	85
Office Supplies	9,286	9,286	8,428	(858)
Utilities	32,880	32,880	30,201	(2,679)
Hydrant Repair	8,500	8,500	8,250	(250)
Fuel	21,000	21,000	15,248	(5,752)
General Insurance	27,768	27,768	26,759	(1,009)
Legal/Audit/Professional Services	158,400	158,400	153,703	(4,697)
Fire Prevention	3,300	3,300	3,035	(265)
Board's Expense	5,272	5,272	6,021	749
Uniforms	13,240	13,240	14,396	1,156
Training & Education	15,000	15,000	4,882	(10,118)
Cadet Expenses	6,680	6,680	1,511	(5,169)
Volunteer Expense	-	-	38	38
Dispatch Fees	22,467	22,467	22,466	(1)
Public Education	1,560	1,560	1,151	(409)
Interest & Finance Expense	-	-	426	426
Operational Expense	25,585	25,585	36,191	10,606
Classroom Expense	1,000	1,000	1,040	40
Medical Supplies	30,675	30,675	25,778	(4,897)
Monitor Expense	5,000	5,000	1,991	(3,009)
Physician Advisors Fees	4,000	4,000	4,000	-
<b>Total Materials &amp; Services</b>	<b>461,107</b>	<b>461,107</b>	<b>425,644</b>	<b>(35,463)</b>
Capital Outlay:				
Operational Equipment	24,530	24,530	24,502	(28)
Medical Equipment	-	-	-	-
<b>Total Capital Outlay</b>	<b>24,530</b>	<b>24,530</b>	<b>24,502</b>	<b>(28)</b>
Contingency	50,000	50,000	-	(50,000)
<b>Total Expenditures</b>	<b>2,177,790</b>	<b>2,177,790</b>	<b>1,966,927</b>	<b>(210,863)</b>
Excess (Deficiency) of Revenues				
Over Expenditures	93,024	93,024	642,625	549,601
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfer Out	(264,249)	(264,249)	(262,073)	2,176
<b>Total Other Financing Sources (Uses)</b>	<b>(264,249)</b>	<b>(264,249)</b>	<b>(262,073)</b>	<b>2,176</b>
Net Change in Fund Balance	(171,225)	(171,225)	380,552	551,777
Fund Balance - July 1, 2014	1,275,665	1,275,665	1,338,624	62,959
<b>Fund Balance - June 30, 2015</b>	<b>\$ 1,104,440</b>	<b>\$ 1,104,440</b>	<b>\$ 1,719,176</b>	<b>\$ 614,736</b>

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

### **PERS**

**Last 10 Fiscal Years\***

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	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.01659112%
Employer's proportionate share of the net pension liability (asset)	\$ (376,073)
Employer's covered - employee payroll	\$ 1,050,242
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	-35.81%
Plan fiduciary net position as a percentage of the total pension liability	103.6%

\*This schedule is presented to illustrate the requirement to show information for 10 years. However the full 10-year trend will be presented for those years for which information is available

# **WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

## **SCHEDULE OF EMPLOYER CONTRIBUTIONS**

### **PERS**

#### **Last 10 Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 298,899	\$ 360,570	\$ 317,628	\$ 334,450	\$ 358,310	\$ 338,297	\$ 358,310	\$ 304,913	\$ 321,248	N/A
Contributions in relation to the contractually required contribution	<u>298,899</u>	<u>360,570</u>	<u>317,628</u>	<u>334,450</u>	<u>358,310</u>	<u>338,297</u>	<u>358,310</u>	<u>304,913</u>	<u>321,248</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Employer's covered - employee payroll	\$1,050,242	\$1,266,936	\$1,358,546	\$1,430,496	\$1,532,549	\$1,446,950	\$1,762,469	\$1,499,818	\$1,580,167	N/A
Contributions as a percentage of covered - employee payroll	28.46%	28.46%	23.38%	23.38%	23.38%	23.38%	20.33%	20.33%	20.33%	N/A

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Non-Major Governmental Funds**



# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## COMBINING BALANCE SHEET

### NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2015

	<u>Capital Projects Fund</u>	<u>Debt Service Funds</u>		
		<u>Debt Service Reserve Fund</u>	<u>USDA Loan Debt Service Fund</u>	<u>Total</u>
	<u>Operations Reserve Fund</u>			
<b><u>ASSETS:</u></b>				
Cash and Investments	\$ 519,315	\$ 58,708	\$ 1,850	\$ 579,873
<b>Total Assets</b>	<b>\$ 519,315</b>	<b>\$ 58,708</b>	<b>\$ 1,850</b>	<b>\$ 579,873</b>
<b><u>LIABILITIES &amp; FUND BALANCES:</u></b>				
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES:				
Assigned for Public Safety	519,315	-	-	519,315
Restricted for Debt Service	-	58,708	1,850	60,558
<b>Total Fund Balances</b>	<b>519,315</b>	<b>58,708</b>	<b>1,850</b>	<b>579,873</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 519,315</b>	<b>\$ 58,708</b>	<b>\$ 1,850</b>	<b>\$ 579,873</b>

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### NON-MAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2015

	Capital Projects Fund	Debt Service Funds		
	Operations Reserve Fund	Debt Service Reserve Fund	USDA Loan Debt Service Fund	Total
<b>REVENUES:</b>				
Interest on Investments	\$ -	\$ 300	\$ -	\$ 300
<b>Total Revenues</b>	-	300	-	300
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	-	-	24,374	24,374
Interest	-	-	34,034	34,034
Capital Outlay	17,825	-	-	17,825
<b>Total Expenditures</b>	17,825	-	58,408	76,233
Excess (Deficiency) of Revenues Over Expenditures	(17,825)	300	(58,408)	(75,933)
<b>OTHER FINANCING SOURCES:</b>				
Operating Transfers In	200,000	3,665	58,408	262,073
<b>Total Other Financing Sources (Uses)</b>	200,000	3,665	58,408	262,073
Net Change in Fund Balances	182,175	3,965	-	186,140
Fund Balances, July 1, 2014	337,140	54,743	1,850	393,733
<b>Fund Balances, June 30, 2015</b>	<b>\$ 519,315</b>	<b>\$ 58,708</b>	<b>\$ 1,850</b>	<b>\$ 579,873</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest on Investments	\$ 300	\$ 300	\$ 300	\$ -
<b>Total Revenues</b>	<b>300</b>	<b>300</b>	<b>300</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over Expenditures	300	300	300	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Interfund Transfer In	5,841	5,841	3,665	(2,176)
<b>Total Other Financing Sources (Uses)</b>	<b>5,841</b>	<b>5,841</b>	<b>3,665</b>	<b>(2,176)</b>
Net Change in Fund Balance	6,141	6,141	3,965	(2,176)
Fund Balance - July 1, 2014	48,673	48,673	54,743	6,070
<b>Fund Balance - June 30, 2015</b>	<b>\$ 54,814</b>	<b>\$ 54,814</b>	<b>\$ 58,708</b>	<b>\$ 3,894</b>

# 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

#### (A Non-Major Fund)

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Interest on Investments	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b><u>EXPENDITURES:</u></b>				
Debt Service:				
Principal	24,374	24,374	24,374	-
Interest	34,034	34,034	34,034	-
<b>Total Expenditures</b>	58,408	58,408	58,408	-
Excess (Deficiency) of Revenues				
Over Expenditures	(58,408)	(58,408)	(58,408)	-
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfer In	58,408	58,408	58,408	-
<b>Total Other Financing Sources (Uses)</b>	58,408	58,408	58,408	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1, 2014	1,850	1,850	1,850	-
<b>Fund Balance - June 30, 2015</b>	<b>\$ 1,850</b>	<b>\$ 1,850</b>	<b>\$ 1,850</b>	<b>\$ -</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**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

(A Non-Major Fund)

For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES:</u></b>				
Interest on Investments	\$ -	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-	-
<b><u>EXPENDITURES:</u></b>				
Capital Outlay	200,000	200,000	17,825	(182,175)
<b>Total Expenditures</b>	200,000	200,000	17,825	(182,175)
Excess (Deficiency) of Revenues Over Expenditures	(200,000)	(200,000)	(17,825)	182,175
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Interfund Transfer In	24,530	200,000	200,000	-
<b>Total Other Financing Sources (Uses)</b>	24,530	200,000	200,000	-
Net Change in Fund Balance	(175,470)	-	182,175	182,175
Fund Balance - July 1, 2014	337,000	337,000	337,140	140
<b>Fund Balance - June 30, 2015</b>	<b>\$ 161,530</b>	<b>\$ 337,000</b>	<b>\$ 519,315</b>	<b>\$ 182,315</b>

**OTHER**  
**SUPPLEMENTARY**  
**INFORMATION**

**Additional Supporting Schedules**



# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

	Permanent Rate Tax Subject to Measure 5	Total
Assessed Valuation, 2014-15 Tax Roll		\$391,123,763
General Fund Permanent Rate Levy, Per One Thousand Dollars		4.6453
Amount Levy Rates Will Raise		\$ 1,816,887
Loss Due to Measure 5 Compression		(10,718)
Add'l Taxes Outside Measure 5 Limits - Farmland/Forestland & Other Adjustments		816
Net Tax Levy		\$ 1,806,985

	Uncollected Balance July 1, 2014	Tax Collector's Adjustments Increase (Decrease)	Collections During the Year	Uncollected Balance June 30, 2015
2014-15	\$ 1,806,985	\$ (50,605)	\$ 1,671,490	\$ 84,891
2013-14	88,825	1,103	42,003	47,925
2012-13	50,972	1,195	18,106	34,061
2011-12	35,979	3,393	17,556	21,815
2010-11	21,313	2,763	17,776	6,299
2009-10	7,835	184	2,504	5,514
2008-09 & Prior	6,634	2,937	5,045	4,526
<b>Totals</b>	<b>\$ 2,018,541</b>	<b>\$ (39,030)</b>	<b>\$ 1,774,480</b>	<b>\$ 205,031</b>

Less Accrued Revenue - June 30, 2014	(28,089)
Add Accrued Revenue - June 30, 2015	26,484
<b>Total Property Tax Revenues - Modified Accrual Method</b>	<b>\$ 1,772,875</b>

	Current	Prior	Total
Property Taxes Revenues - General Fund	\$ 1,681,947	\$ 90,928	\$ 1,772,875
<b>Total Property Tax Revenues</b>	<b>\$ 1,681,947</b>	<b>\$ 90,928</b>	<b>\$ 1,772,875</b>

# WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5

## SCHEDULE OF LONG-TERM DEBT TRANSACTIONS

For the Fiscal Year Ended June 30, 2015

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	<u>Outstanding Balance July 1, 2014</u>	<u>New Issues and Interest Matured</u>	<u>Principal and Interest Retired</u>	<u>Outstanding Balance June 30, 2015</u>	<u>Due Within One Year</u>
United States Department of Agriculture Rural Development loan for the construction of a new fire station. The original amount of the bond loan is \$980,000. Dated October 31, 2007, the bond loan is payable in 30 years at 4.25% interest.					
Principal	\$ 800,821	\$ -	\$ 24,374	\$ 776,447	\$ 25,409
Interest	-	34,034	34,034	-	32,999
Totals	\$ 800,821	\$ 34,034	\$ 58,408	\$ 776,447	\$ 58,408
<b>TOTAL DEBT AGREEMENTS:</b>					
Principal	\$ 800,821	\$ -	\$ 24,374	\$ 776,447	\$ 25,409
Interest	-	34,034	34,034	-	32,999
Totals	<u>\$ 800,821</u>	<u>\$ 34,034</u>	<u>\$ 58,408</u>	<u>\$ 776,447</u>	<u>\$ 58,408</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, 2015

	Fiscal Year Ended June 30,	Total	Principal	Interest
USDA Rural Development	2016	\$ 58,408	\$ 25,409	\$ 32,999
Interest 4.25%	2017	58,408	26,489	31,919
Original Balance - \$980,000	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
<b>Total Future Requirements for Long-Term Debt</b>		<b>\$ 1,168,038</b>	<b>\$ 776,447</b>	<b>\$ 391,591</b>

**ACCOMPANYING**  
**INFORMATION**

**WINSTON-DILLARD RURAL FIRE PROTECTION DISTRICT NO. 5**

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

**As of June 30, 2015**

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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, 2015, and have issued our report thereon dated December 10, 2015. 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.

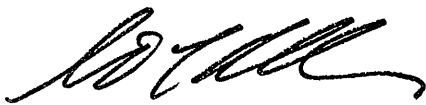
We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **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, 2015