

## **CROOKED RIVER RANCH FIRE & RESCUE**

Report to the Board of Directors for the Year Ended June 30, 2020

November 5, 2020



## CROOKED RIVER RANCH FIRE & RESCUE Jefferson County, Oregon

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November 5, 2020

Board of Directors Crooked River Ranch Fire & Rescue Jefferson County, Oregon

We are pleased to present this report related to our audit of the modified cash basis financial statements of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue, Jefferson County, Oregon, for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process. Also included, is a summary of recently issued accounting standards that may affect future financial reporting by the District.

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

It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

Very truly yours,

Accuity, LLC

Certified Public Accountants Albany, Oregon



Board of Directors Crooked River Ranch Fire & Rescue Jefferson County, Oregon

We have audited the modified cash basis financial statements of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 10, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Crooked River Ranch Fire & Rescue are described in Note I to the financial statements. No new accounting pronouncements were adopted during the year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of depreciable lives and salvage values of capital assets, which
are based on expected useful lives of the assets and current market conditions. We
evaluated the key factors and assumptions used to develop the depreciable lives and
salvage values and determined that they are reasonable in relation to the basic financial
statements taken as a whole and in relation to the applicable opinion units.

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Crooked River Ranch Fire & Rescue's financial statements relate to long-term debt obligations.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain written representations from management, which are included in the accompanying letter dated November 5, 2020.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the modified cash basis financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

#### Restrictions on Use

This report is intended solely for the use of the board of directors and management of Crooked River Ranch Fire & Rescue, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

Accuity, LLC

November 5, 2020



November 5, 2020

Board of Directors Crooked River Ranch Fire & Rescue Jefferson County, Oregon

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered Crooked River Ranch Fire & Rescue's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

During our audit, we became aware of the following deficiencies in internal control, other than significant deficiencies or material weaknesses, that are an opportunity to strengthen internal controls and operating efficiencies.

## Organizational Structure

The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the District to provide oversight and independent review functions.

This communication is intended solely for the information and use of management, the board of directors, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

Clocuity, LLC Accuity, LLC

Recently Issued Accounting Standards June 30, 2020

The Governmental Accounting Standards Board (GASB) issued <u>Statement No. 95</u>, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

The guidance postpones by one year the effective dates of certain provisions in the pronouncements as follows:

<u>GASB Statement No. 84, Fiduciary Activities</u> – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds.

<u>GASB Statement No. 88, Certain Disclosures Related to Debt, Including Borrowing and Direct Placements</u> – This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The Statement postpones the effective dates of the following pronouncements by 18 months:

<u>GASB Statement No. 87, Leases</u> – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the above pronouncements.

The GASB provides other COVID-19 related resources on its website:

https://www.gasb.org/COVID19.

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# CROOKED RIVER RANCH FIRE & RESCUE

6971 SW Shad Road, Crooked River Ranch, OR 97760 Phone: (541) 923-6776 | Fax: (541) 923-5247 www.crrfire.org

Accuity, LLC Certified Public Accountants 436 1st Avenue W P.O. Box 1072 Albany, Oregon 97321

This representation letter is provided in connection with your audit of the modified cash basis financial statements of Crooked River Ranch Fire & Rescue, which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2020, the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of signature of this letter, the following representations made to you during your audit.

#### **Financial Statements**

- 1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 10, 2020, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting, and include all properly classified funds and other financial information of the District required by the modified cash basis of accounting to be included in the financial reporting entity.
- 3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if applicable.
- 24. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal contractual provisions for reporting specific activities in separate funds.
- 26. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants, whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- 32. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- 33. The financial statements include all component units, as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if applicable.
- 34. The financial statements properly classify all funds and activities.
- 35. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36. Components of net position (net investment in capital assets, restricted, and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41. Special and extraordinary items are classified and reported, if applicable.
- 42. Deposits, investment securities, and derivative instruments are properly classified as to risk and are properly disclosed.
- 43. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. The policy determines the fund balance classifications for financial statement purposes.
- 46. With respect to the supplementary information:

a. We acknowledge our responsibility for presenting the supplementary nformation in accordance with the modified cash basis of accounting, and we believe this information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Fire Chief, Harry Ward

Office Administrator, Dana Schulke

Date

1/3/2020

Date

## **CROOKED RIVER RANCH RFPD**

Summary of Proposed Audit Adjustments 06/30/2020

Description	Assets	Liabilities	Revenues	Expenses	Equity
To reclass CARES revenue (zero net effect) General Fund Grant funds Ambulance billing	\$ - \$ -	\$ - \$ -	\$ (5,807) \$ 5,807	\$ - \$ -	\$ - \$ -
CROOKED RIVER RANCH RE Summary of Passed Adjustment 06/30/2020	· <del>-</del>				
Description	Assets	Liabilities	Revenues	Expenses	Equity
To adjust equity to match prior year ending balance					
General Fund	\$ -	\$ -	\$ (3,922)	\$ -	\$ 3,922