



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

ANNUAL FINANCIAL REPORT

June 30, 2018



**Accuity, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

436 1<sup>st</sup> Avenue W | PO Box 1072  
Albany, Oregon 97321 | (541) 223-5555

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

DISTRICT OFFICIALS

June 30, 2018

**BOARD OF DIRECTORS**

Bob Bengston, President

Dennis Kirk, Vice President

Barbara Oakley, Secretary

John Meredith, Treasurer

James Dille

*All board members receive mail at the address listed below*

**FIRE CHIEF**

Harry Ward  
6971 SW Shad Road  
Terrebonne, Oregon 97760

**REGISTERED AGENT**

Russell D. Poppe  
975 Oak Street, Suite 700  
Eugene, Oregon 97401

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

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## **FINANCIAL SECTION**



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Crooked River Ranch Fire & Rescue  
Terrebonne, Oregon 97760

**Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Crooked River Ranch Fire & Rescue, Terrebonne, Oregon, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the remaining fund information of Crooked River Ranch Fire & Rescue, Terrebonne, Oregon as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended on the basis of accounting described in Note I.

### Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2018, the District adopted new accounting guidance: GASB Statements No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, No. 85, *Omnibus 2017*, and No. 86, *Certain Debt Extinguishment Issues*. Our opinions are not modified with respect to this matter.

### Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. Crooked River Ranch Fire & Rescue prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

### Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crooked River Ranch Fire & Rescue's basic financial statements. The budgetary comparison information presented on pages 30 through 32 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 3, 2018 on our tests of the District's compliance with certain provisions of laws and regulation specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By: 

\_\_\_\_\_  
Glen O. Kearns, CPA

Albany, Oregon  
December 3, 2018

## **BASIC FINANCIAL STATEMENTS**

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

STATEMENT OF NET POSITION - MODIFIED CASH BASIS

June 30, 2018

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                               |                            |
| Current assets                              |                            |
| Cash and cash equivalents                   | \$ 466,125                 |
| Accounts receivable                         | 45                         |
| Total current assets                        | 466,170                    |
| Restricted cash                             | 11,105                     |
| Capital assets not being depreciated        | 98,511                     |
| Capital assets being depreciated, net       | 2,310,053                  |
| Total assets                                | 2,885,839                  |
| <b>LIABILITIES</b>                          |                            |
| Current liabilities                         |                            |
| Accounts payable                            | 6,029                      |
| Long-term liabilities, current portion      | 100,000                    |
| Total current liabilities                   | 106,029                    |
| Noncurrent liabilities                      |                            |
| Long-term liabilities, less current portion | 2,305,000                  |
| Total liabilities                           | 2,411,029                  |
| <b>NET POSITION</b>                         |                            |
| Net investment in capital assets            | 3,564                      |
| Restricted for debt service                 | 11,105                     |
| Unrestricted                                | 460,141                    |
| Total net position                          | \$ 474,810                 |

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



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

BALANCE SHEET - MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

June 30, 2018

|                                     | General<br>Fund   | Debt Service<br>Fund | Capital<br>Reserve Fund | Total             |
|-------------------------------------|-------------------|----------------------|-------------------------|-------------------|
| <b>ASSETS</b>                       |                   |                      |                         |                   |
| Cash and cash equivalents           | \$ 282,720        | \$ 11,105            | \$ 183,405              | \$ 477,230        |
| Accounts receivable                 | 45                | -                    | -                       | 45                |
| Total assets                        | <u>\$ 282,765</u> | <u>\$ 11,105</u>     | <u>\$ 183,405</u>       | <u>\$ 477,275</u> |
| <b>LIABILITIES</b>                  |                   |                      |                         |                   |
| Accounts payable                    | \$ 6,029          | \$ -                 | \$ -                    | \$ 6,029          |
| <b>FUND BALANCES</b>                |                   |                      |                         |                   |
| Restricted                          | -                 | 11,105               | -                       | 11,105            |
| Assigned                            | -                 | -                    | 183,405                 | 183,405           |
| Unassigned                          | 276,736           | -                    | -                       | 276,736           |
| Total fund balances                 | 276,736           | 11,105               | 183,405                 | 471,246           |
| Total liabilities and fund balances | <u>\$ 282,765</u> | <u>\$ 11,105</u>     | <u>\$ 183,405</u>       | <u>\$ 477,275</u> |

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

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2018

|  |                    |                   |
|--|--------------------|-------------------|
| <b>Total fund balances</b>   |                    | \$ 471,246        |
| <p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:</p> |                    |                   |
| Bonds payable  |                    | (2,405,000)       |
| <p>Capital assets are not financial resources and are therefore not reported in the governmental funds:</p>  |                    |                   |
| Cost   | 4,522,766          |                   |
| Accumulated depreciation   | <u>(2,114,202)</u> | <u>2,408,564</u>  |
| <b>Net position of governmental activities</b>   |                    | <u>\$ 474,810</u> |

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

|  | General<br>Fund | Debt Service<br>Fund | Capital<br>Reserve Fund | Total      |
|--|-----------------|----------------------|-------------------------|------------|
| <b>REVENUES</b>  |                 |                      |                         |            |
| Property taxes   | \$ 821,492      | \$ 112,335           | \$ -                    | \$ 933,827 |
| Service revenue  | 184,473         | -                    | -                       | 184,473    |
| Investment earnings  | 12              | 714                  | 2,344                   | 3,070      |
| Grant revenue  | 10,214          | -                    | -                       | 10,214     |
| Conflagration  | 14,699          | -                    | -                       | 14,699     |
| Miscellaneous  | 4,566           | 473                  | -                       | 5,039      |
| Total revenues   | 1,035,456       | 113,522              | 2,344                   | 1,151,322  |
| <b>EXPENDITURES</b>  |                 |                      |                         |            |
| Current  |                 |                      |                         |            |
| Public safety  |                 |                      |                         |            |
| Personnel services   | 708,497         | -                    | -                       | 708,497    |
| Materials and services                                       | 331,672         | -                    | -                       | 331,672    |
| Debt service   | -               | 155,822              | -                       | 155,822    |
| Capital outlay   | -               | -                    | 61,385                  | 61,385     |
| Total expenditures   | 1,040,169       | 155,822              | 61,385                  | 1,257,376  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (4,713)         | (42,300)             | (59,041)                | (106,054)  |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |                      |                         |            |
| Sale of assets   | 5,801           | -                    | -                       | 5,801      |
| Transfers in   | -               | -                    | 20,190                  | 20,190     |
| Transfers out  | (20,190)        | -                    | -                       | (20,190)   |
| Total other financing sources (uses)                         | (14,389)        | -                    | 20,190                  | 5,801      |
| Net change in fund balances                                  | (19,102)        | (42,300)             | (38,851)                | (100,253)  |
| Fund balances - beginning, as restated                       | 295,838         | 53,405               | 222,256                 | 571,499    |
| Fund balances - ending                                       | \$ 276,736      | \$ 11,105            | \$ 183,405              | \$ 471,246 |

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

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

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

For the Year Ended June 30, 2018

|  |                  |                            |
|--|------------------|----------------------------|
| <b>Net change in fund balances</b>   |                  | \$ (100,253)               |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>  |                  |                            |
| <p>Repayment of long-term debt principal is an expenditure in the governmental funds, but the related amortization of bond discount is not.</p>  |                  |                            |
| Bond principal paid  |                  | 95,000                     |
| <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> |                  |                            |
| Expenditures for capital assets  | 46,248           |                            |
| Depreciation expense recorded in the current year  | <u>(192,274)</u> | <u>(146,026)</u>           |
| <b>Change in net position</b>  |                  | <u><u>\$ (151,279)</u></u> |

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Crooked River Ranch Fire & Rescue have been prepared on 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 Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental Activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported for the District.

**B. Reporting Entity**

Crooked River Ranch Fire & Rescue was formed in 1978 to provide fire protection and emergency medical services. Crooked River Ranch is located primarily within Jefferson County, and a small portion of the District lies within the boundaries of Deschutes County. Property taxes are levied in both counties. The District is governed by a five-member board of directors elected from the District at large.

**C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from all governmental funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund - The General Fund accounts for all financial resources of the District. The primary sources of revenue are property taxes, investment earnings, and reimbursements. Primary expenditures are for fire suppression.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Debt Service Fund

*Debt Service Fund* – The Debt Service Fund accounts for property tax revenue dedicated to repayment of long-term debt.

Capital Projects Fund

*Capital Reserve Fund* – The Capital Reserve Fund is used to account for receipts and disbursements set aside for future capital expenditures.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

Governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accrued expenses and liabilities) are not recorded in the financial statements. Accounts payable and expenses for goods or services received but not yet paid are recorded by the District.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements would use the modified accrual basis of accounting and the government-wide financial statements would be presented on the accrual basis of accounting.

**F. Budgetary Information**

**1. Budgetary Basis of Accounting**

Annual budgets are adopted on the modified cash basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, debt service, and capital projects funds.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year.

The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency for each fund are the levels of control established by the resolution.

The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts, five approved appropriation changes, and one supplemental budget.

**G. Assets, Liabilities, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**2. Investments**

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**3. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>              | <u>Years</u> |
|----------------------------|--------------|
| Machinery and equipment    | 5-15         |
| Buildings and improvements | 7-30         |

**4. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**5. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balances to have been depleted before using any of the components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**6. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of directors (board) has by resolution authorized the Fire Chief to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

The District has not formally adopted a minimum fund balance policy.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that the District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

**I. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

Crooked River Ranch Fire & Rescue maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (Jefferson County Treasurer's external investment pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

The Treasurer has calculated the fair value of the underlying investments of the pool and the District's share of the market value is reflected below. The portfolio's maturities are regulated by state statutes and investment policies. The investment had not been rated.

Fair Value Measurement

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

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2018.

Fair values of assets measured on a recurring basis at June 30, 2018 are as follows:

|                                  |                   |
|----------------------------------|-------------------|
|                                  | <u>Level 2</u>    |
| Investments                      |                   |
| Jefferson County Investment Pool | \$ <u>458,777</u> |

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' 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 Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

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Investments

As of June 30, 2018, the District had the following investments:

|                                  | <u>Credit Quality<br/>Rating</u> | <u>Maturities</u> | <u>Fair Value</u> |
|----------------------------------|----------------------------------|-------------------|-------------------|
| Jefferson County Investment Pool | Unrated                          | -                 | <u>\$ 458,777</u> |

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Jefferson County Treasurer's Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer.

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In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds noninterest-bearing accounts at First Interstate Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2018, the District's deposits of \$64,827 were fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2018 are as follows:

|                                  |                          |
|----------------------------------|--------------------------|
| Checking accounts                | \$ 18,453                |
| Jefferson County Investment Pool | <u>458,777</u>           |
| Total deposits and investments   | <u><u>\$ 477,230</u></u> |

Cash and investments by fund:

|  |                          |
|--|--------------------------|
| Governmental activities - unrestricted |                          |
| General Fund                           | \$ 282,720               |
| Capital Reserve Fund                   | <u>183,405</u>           |
| Total unrestricted                     | 466,125                  |
| Governmental activities - restricted   |                          |
| Debt Service Fund                      | <u>11,105</u>            |
| Total cash and investments             | <u><u>\$ 477,230</u></u> |

Restricted cash noted above is for payment of principal and interest on the District's long-term liabilities.

**CROOKED RIVER RANCH FIRE & RESCUE**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**B. Capital Assets**

Capital asset activity resulting from modified cash basis transactions for the year ended June 30, 2018 was as follows:

|   | Beginning<br>Balance | Increases           | Decreases       | Ending<br>Balance   |
|---|----------------------|---------------------|-----------------|---------------------|
| Governmental activities                     |                      |                     |                 |                     |
| Capital assets not being depreciated        |                      |                     |                 |                     |
| Land  | \$ 98,511            | \$ -                | \$ -            | \$ 98,511           |
| Capital assets being depreciated            |                      |                     |                 |                     |
| Buildings and improvements                  | 3,129,122            | -                   | -               | 3,129,122           |
| Machinery and equipment                     | <u>1,288,885</u>     | <u>46,248</u>       | <u>(40,000)</u> | <u>1,295,133</u>    |
| Total capital assets being depreciated      | <u>4,418,007</u>     | <u>46,248</u>       | <u>(40,000)</u> | <u>4,424,255</u>    |
| Less accumulated depreciation for           |                      |                     |                 |                     |
| Buildings and improvements                  | (1,151,926)          | (114,507)           | -               | (1,266,433)         |
| Machinery and equipment                     | <u>(810,002)</u>     | <u>(77,767)</u>     | <u>40,000</u>   | <u>(847,769)</u>    |
| Total accumulated depreciation              | <u>(1,961,928)</u>   | <u>(192,274)</u>    | <u>40,000</u>   | <u>(2,114,202)</u>  |
| Total capital assets being depreciated, net | <u>2,456,079</u>     | <u>(146,026)</u>    | <u>-</u>        | <u>2,310,053</u>    |
| Governmental activities capital assets, net | <u>\$ 2,554,590</u>  | <u>\$ (146,026)</u> | <u>\$ -</u>     | <u>\$ 2,408,564</u> |

Capital assets are reported on the statement of net position as follows:

|   | Capital<br>Assets   | Accumulated<br>Depreciation | Net Capital<br>Assets |
|---|---------------------|-----------------------------|-----------------------|
| Governmental activities                         |                     |                             |                       |
| Land  | \$ 98,511           | \$ -                        | \$ 98,511             |
| Buildings and improvements                      | 3,129,122           | (1,266,433)                 | 1,862,689             |
| Machinery and equipment                         | <u>1,295,133</u>    | <u>(847,769)</u>            | <u>447,364</u>        |
| Capital assets, net of accumulated depreciation | <u>\$ 4,522,766</u> | <u>\$ (2,114,202)</u>       | <u>\$ 2,408,564</u>   |

Depreciation expense was charged to functions/programs of the District as follows:

|                         |                   |
|-------------------------|-------------------|
| Governmental activities |                   |
| Public safety           | <u>\$ 192,274</u> |

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June 30, 2018

**C. Interfund Transfers**

Operating transfers are reflected as other financing sources (uses) in the governmental funds. Interfund transfers during the year consisted of:

|                |                  |
|----------------|------------------|
|                | Transfers in:    |
|                | Capital          |
|                | Reserve Fund     |
| Transfers out: |                  |
| General Fund   | \$ <u>20,190</u> |

The primary purpose of the transfers in was to reserve funds for future capital outlays of the District.

**D. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities arising from cash transactions for the year:

|                         | Interest<br>Rate | Original<br>Amount  | Beginning<br>Balance | Additions   | Reductions       | Ending<br>Balance   | Due Within<br>One Year |
|-------------------------|------------------|---------------------|----------------------|-------------|------------------|---------------------|------------------------|
| Governmental activities |                  |                     |                      |             |                  |                     |                        |
| GO refunding            |                  |                     |                      |             |                  |                     |                        |
| bonds, series 2016      | 2.5%             | \$ <u>2,525,000</u> | \$ <u>2,500,000</u>  | \$ <u>-</u> | \$ <u>95,000</u> | \$ <u>2,405,000</u> | \$ <u>100,000</u>      |

**2. Governmental Activities - Interest Expense**

Interest expense was charged to functions/programs of the District as follows:

|                         |                  |
|-------------------------|------------------|
| Governmental activities |                  |
| Public safety           | \$ <u>60,822</u> |

**3. Governmental Activities - General Obligation Bonds**

On December 15, 2016, the District issued general obligation bonds of \$2,525,000 (par value) with an interest rate of 2.48% to advance refund the portion of the Series 2007 general obligation bonds maturing January 1, 2018 through January 1, 2032, with interest rates of 4.0% to 4.2% and a par value of \$2,500,000. The series 2007 bonds mature on January 1, 2032 and are callable on July 1, 2017. The series 2007 bonds were issued at a discount of \$10,505 and, after paying issuance costs of \$75,063, the net proceeds were \$2,739,495.

**CROOKED RIVER RANCH FIRE & RESCUE**  
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The net proceeds from the issuance of the series 2016 bonds were used to purchase state and local government securities, which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the series 2007 bonds were called on July 1, 2017. The advance refunding met the requirements on an in-substance debt defeasance and the series 2007 bonds were removed from the District's government-wide financial statements. As a result of the refunding, the District reduced its total debt service requirements by \$328,377, which resulted in an economic gain (difference between present value of debt service payments on the old and new debt) of \$280,260.

**4. Future Maturities of Long-Term Debt**

| Year Ending<br>June 30 | GO Bonds            |                   |                     |
|------------------------|---------------------|-------------------|---------------------|
|                        | Principal           | Interest          | Total               |
| 2019                   | \$ 100,000          | \$ 58,404         | \$ 158,404          |
| 2020                   | 110,000             | 55,800            | 165,800             |
| 2021                   | 120,000             | 52,948            | 172,948             |
| 2022                   | 130,000             | 49,848            | 179,848             |
| 2023                   | 135,000             | 49,562            | 184,562             |
| 2024-2028              | 865,000             | 173,910           | 1,038,910           |
| 2029-2030              | 945,000             | 48,918            | 993,918             |
|                        | <u>\$ 2,405,000</u> | <u>\$ 489,390</u> | <u>\$ 2,894,390</u> |

**5. General Obligation Debt Capacity**

The District's legal annual debt service limit (as defined by Oregon Revised Statutes 478.410) as of June 30, 2018 was approximately \$6,764,691. The District's legal debt service limit is 1.25% of the real market value of the property within the District.

**E. Constraints on Fund Balances**

Constraints on fund balances reported on the balance sheet are as follows:

|                     | General<br>Fund   | Debt Service<br>Fund | Capital<br>Reserve | Total<br>Governmental<br>Funds |
|---------------------|-------------------|----------------------|--------------------|--------------------------------|
| Fund balances:      |                   |                      |                    |                                |
| Restricted for:     |                   |                      |                    |                                |
| Debt service        | \$ -              | \$ 11,105            | \$ -               | \$ 11,105                      |
| Assigned to:        |                   |                      |                    |                                |
| Capital acquisition | -                 | -                    | 183,405            | 183,405                        |
| Unassigned          | <u>276,736</u>    | <u>-</u>             | <u>-</u>           | <u>276,736</u>                 |
| Total fund balances | <u>\$ 276,736</u> | <u>\$ 11,105</u>     | <u>\$ 183,405</u>  | <u>\$ 471,246</u>              |

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

**III. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

Name of Pension Plan

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

Description of Benefit Terms

*Plan Benefits – PERS Pension (Chapter 238)*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A

*PERS Pension*

The ORS Chapter 238 Defined Benefit Pension 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.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

*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:

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

*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 monthly benefit.

*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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

OPSRP Pension Program (OPSRP DB)

*Pension Benefits*

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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.

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June 30, 2018

Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which the 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. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

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, 2015 actuarial valuation, which became effective July 1, 2017. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Employer contributions for the year ended June 30, 2018 were \$91,587.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon 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.

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (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 actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

|                               |                                |
|-------------------------------|--------------------------------|
| Valuation Date                | December 31, 2015              |
| Measurement Date              | June 30, 2017                  |
| Experience Study              | 2014, published September 2015 |
| <i>Actuarial Assumptions:</i> |                                |
| Actuarial Cost Method         | Entry age normal               |

**CROOKED RIVER RANCH FIRE & RESCUE**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

|                                   |   |
|-----------------------------------|---|
| Inflation Rate                    | 2.50 percent  |
| Long-term Expected Rate of Return | 7.50 percent  |
| Discount Rate                     | 7.50 percent  |
| Projected Salary Increases        | 3.50 percent  |
| Cost of living adjustment (COLA)  | Blend of 2.00% COLA and graded COLA (1.25% / .15%) in accordance with <i>Moro</i> decision; blend based on service.   |
| Mortality                         | <p><b>Health retirees and beneficiaries:</b> RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.</p> |

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

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 2015 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. 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.

For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>.

Assumed Asset Allocation

| <u>Asset Class</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        | 13.5%            | 21.5%             | 17.5%             |
| Real Estate           | 9.5%             | 15.5%             | 12.5%             |
| Alternative Equity    | 0.0%             | 12.5%             | 12.5%             |
| Opportunity Portfolio | 0.0%             | 3.0%              | 0.0%              |
| Total                 |                  |                   | 100.0%            |

**C. Deferred Compensation Plan**

On June 21, 2012, the District adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, disability, resignation, or retirement. Monies accumulated by the District under the Plan are deposited with Nationwide Retirement Solutions to be invested in mutual funds. These deposits are subject to the collateral requirements by Oregon law.

**CROOKED RIVER RANCH FIRE & RESCUE**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

Plan assets are held in trust with Nationwide Retirement Solutions serving as trustee for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted for any other purpose. The District’s beneficial ownership of plan assets will be for the exclusive benefits of participants and beneficiaries. The District has little administration involvement and does not perform the investing functions for the Plan, nor does it contribute.

**D. Restatement of Previously Issued Financial Statements**

The District’s beginning fund balances were restated as follows:

| <u>Modified cash basis/Budget basis</u>          | <u>General Fund</u> | <u>Capital Reserve Fund</u> |
|--|---------------------|-----------------------------|
| Fund balance - beginning, as originally reported | \$ 350,192          | \$ 167,902                  |
| To adjust Capital Reserve for prior transfers    | (54,354)            | 54,354                      |
| Fund balance - beginning, as restated            | <u>\$ 295,838</u>   | <u>\$ 222,256</u>           |

**E. Concentrations**

**1. Collective Bargaining Agreement**

At June 30, 2018, the District had nine total employees, three of which are covered under a collective bargaining agreement. The existing agreement was ratified on July 1, 2017 and expires on June 30, 2020.

**F. New Pronouncements**

For the fiscal year ended June 30, 2018, the District implemented the following new accounting standards:

*GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.

*GASB Statement No. 85, Omnibus 2017* - This statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits.

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June 30, 2018

GASB Statement No. 86, *Certain Debt Extinguishment Issues* – This statement addresses the accounting and financial reporting for in-substance defeasance of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt.

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 following pronouncements:

GASB Statement No. 84, *Fiduciary Activities* – 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. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases* – 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 statement is effective for fiscal years beginning after December 15, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* – 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 is effective for fiscal years beginning after June 15, 2018.

**G. Subsequent Events**

Management has evaluated subsequent events through December 3, 2018, which was the date that the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

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

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

GENERAL FUND

For the Year Ended June 30, 2018

|  | Original<br>Budget | Final<br>Budget   | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Modified Cash<br>Basis |
|--|--------------------|-------------------|---|----------------------------------|
| <b>REVENUES</b>  |                    |                   |   |                                  |
| Property taxes   | \$ 807,243         | \$ 807,243        | \$ 14,249                                     | \$ 821,492                       |
| Service revenue  | 155,200            | 155,200           | 29,273  | 184,473                          |
| Investment earnings  | 3,500              | 3,500             | (3,488)                                       | 12                               |
| Grant revenue  | -                  | 55,732            | (45,518)                                      | 10,214                           |
| Conflagration  | -                  | 14,724            | (25)  | 14,699                           |
| Miscellaneous  | 5,250              | 5,250             | (684)   | 4,566                            |
|  | <u>971,193</u>     | <u>1,041,649</u>  | <u>(6,193)</u>                                | <u>1,035,456</u>                 |
| <b>EXPENDITURES</b>  |                    |                   |   |                                  |
| Public safety  |                    |                   |   |                                  |
| Current  |                    |                   |   |                                  |
| Personnel services   | 751,304            | 795,435           | (86,938)                                      | 708,497                          |
| Materials and services                                       | 342,147            | 379,962           | (48,290)                                      | 331,672                          |
| Capital outlay   | 53,500             | 53,500            | (53,500)                                      | -                                |
| Contingency  | 14,242             | 12,562            | (12,562)                                      | -                                |
|  | <u>1,161,193</u>   | <u>1,241,459</u>  | <u>(201,290)</u>                              | <u>1,040,169</u>                 |
| Excess (deficiency) of revenues<br>over (under) expenditures | (190,000)          | (199,810)         | 195,097                                       | (4,713)                          |
| <b>OTHER FINANCING</b>                                       |                    |                   |   |                                  |
| <b>SOURCES (USES)</b>  |                    |                   |   |                                  |
| Sale of assets   | 5,000              | 5,000             | 801   | 5,801                            |
| Transfers in   | 50,000             | 50,000            | (50,000)                                      | -                                |
| Transfers out  | (30,000)           | (20,190)          | -   | (20,190)                         |
|  | <u>25,000</u>      | <u>34,810</u>     | <u>(49,199)</u>                               | <u>(14,389)</u>                  |
| Net change in fund balance                                   | (165,000)          | (165,000)         | 145,898                                       | (19,102)                         |
| Fund balance - beginning, as restated                        | <u>365,000</u>     | <u>365,000</u>    | <u>(69,162)</u>                               | <u>295,838</u>                   |
| Fund balance - ending  | <u>\$ 200,000</u>  | <u>\$ 200,000</u> | <u>\$ 76,736</u>                              | <u>\$ 276,736</u>                |

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

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

DEBT SERVICE FUND

For the Year Ended June 30, 2018

|   | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Cash<br>Basis |
|---|---------------------------------|---|-------------------------|
| <b>REVENUES</b>   |                                 |   |                         |
| Property taxes  | \$ 119,000                      | \$ (6,665)                                    | \$ 112,335              |
| Investment earnings                                       | 300                             | 414   | 714                     |
| Miscellaneous   | -                               | 473   | 473                     |
| Total revenues  | 119,300                         | (5,778)                                       | 113,522                 |
| <b>EXPENDITURES</b>                                       |                                 |   |                         |
| Debt service  | 155,822                         | -   | 155,822                 |
| Excess (deficiency) of revenues over (under) expenditures | (36,522)                        | (5,778)                                       | (42,300)                |
| Fund balance - beginning                                  | 48,000                          | 5,405   | 53,405                  |
| Fund balance - ending                                     | \$ 11,478                       | \$ (373)                                      | \$ 11,105               |

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

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

CAPITAL RESERVE FUND

For the Year Ended June 30, 2018

|  | Original<br>Budget | Final<br>Budget   | Variance with<br>Final Budget<br>Over (Under) | Actual<br>Cash<br>Basis |
|--|--------------------|-------------------|---|-------------------------|
| <b>REVENUES</b>  |                    |                   |   |                         |
| Investment earnings  | \$ 750             | \$ 750            | \$ 1,594                                      | \$ 2,344                |
| <b>EXPENDITURES</b>  |                    |                   |   |                         |
| Capital outlay   | <u>50,000</u>      | <u>75,000</u>     | <u>(13,615)</u>                               | <u>61,385</u>           |
| Excess (deficiency) of revenues<br>over (under) expenditures | (49,250)           | (74,250)          | 15,209  | (59,041)                |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                    |                   |   |                         |
| Transfers in   | 30,000             | 30,000            | (9,810)                                       | 20,190                  |
| Transfers out  | <u>(50,000)</u>    | <u>(75,000)</u>   | <u>(75,000)</u>                               | <u>-</u>                |
| Total other financing sources (uses)                         | <u>(20,000)</u>    | <u>(45,000)</u>   | <u>(84,810)</u>                               | <u>20,190</u>           |
| Net change in fund balance                                   | (69,250)           | (119,250)         | 80,399  | (38,851)                |
| Fund balance - beginning, as restated                        | <u>221,550</u>     | <u>221,550</u>    | <u>706</u>                                    | <u>222,256</u>          |
| Fund balance - ending  | <u>\$ 152,300</u>  | <u>\$ 102,300</u> | <u>\$ 81,105</u>                              | <u>\$ 183,405</u>       |

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
STATE REGULATIONS**



# Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Crooked River Ranch Fire & Rescue  
Terrebonne, Oregon 97131

We have audited the basic financial statements of Crooked River Ranch Fire & Rescue as of and for the year ended June 30, 2018, and have issued our report thereon December 3, 2018. 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 Crooked River Ranch Fire & Rescue'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 162-010-0000 through 162-010-0320 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 statement 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, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

#### **OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered Crooked River Ranch Fire & Rescue's internal control over financial reporting 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 Crooked River Ranch Fire & Rescue's internal control over financial reporting.

Accordingly, we do not express an opinion on the effectiveness of Crooked River Ranch Fire & Rescue's internal control over financial reporting. However, we noted certain matters that we have reported to management of the District in a separate letter dated December 3, 2018.

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

  
Accuity, LLC

December 3, 2018