

TILLAMOOK FIRE DISTRICT

MODIFIED CASH BASIS FINANCIAL STATEMENTS

With Independent Auditor's Report

For the Year Ended June 30, 2018

TILLAMOOK FIRE DISTRICT

June 30, 2018

BOARD OF DIRECTORS	POSITION	TERM EXPIRES
Eric Swanson PO Box 16 Tillamook, OR 97141	1	June 30, 2019
Tim Hamburger, Vice Chair 308 Douglas Ave Tillamook, OR 97141	2	June 30, 2019
Debra Reeves, Board Chair 1020 Blue Spruce Ridge Way Tillamook, OR 97141	3	June 30, 2021
David Mattison, Treasurer 2507 6 th St Tillamook, OR 97141	4	June 30, 2021
Brian Cameron 600 Netarts Hwy W Tillamook, OR 97141	5	June 30, 2021

REGISTERED AGENT & OFFICE

Dale Kamrath, Agent of Record and Interim Fire Chief
2310 4th St
Tillamook, OR 97141

TILLAMOOK FIRE DISTRICT

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Independent Auditor's Report

Board of Directors
Tillamook Fire District
Tillamook, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tillamook Fire District, 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 cash basis of accounting described in Note 1; 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 from 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.

Richard Winkel, CPA

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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 and each major fund of the Tillamook Fire District, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared 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 this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tillamook Fire District's basic financial statements. The management discussion and analysis on pages 3-5 is presented for purposes of additional analysis and is not a required part of the basic financial statements under the modified cash basis of accounting. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The supplementary information as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 schedule of funding progress, modified cash basis budget and actual schedules and schedule of property taxes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 14, 2019 on our consideration of the Tillamook Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters including the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.

Richard Winkel, CPA

March 14, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

TILLAMOOK FIRE DISTRICT
TILLAMOOK, OREGON
Management's Discussion and Analysis
For the year ended June 30, 2018

Our discussion and analysis of Tillamook Fire District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Management has prepared the disclosures along with the discussion and analysis. The Management's Discussion and Analysis focuses on current year activities and resulting changes. Please read it in conjunction with the District's financial statements beginning on page 6.

FINANCIAL HIGHLIGHTS

Fiscal Year 2017 – 2018

- The District's total revenues were \$786,785, a \$78,128 increase from the year ended June 30, 2017. The increase was mostly due to grant revenues of \$42,516 and higher property tax revenues.
- Total expenses were \$792,302, an increase of \$70,306 compared to the year ended June 30, 2017. During the year ended June 30, 2018, the District spent grant funds on a hazardous materials emergency response plan.
- Net position decreased by \$5,517 during the year ended June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is prepared by the District using the concepts of Governmental Accounting Standards Board Statement No. 34 (GASB 34), which sets reporting standards for governmental units under generally accepted accounting standards (GAAP). However, the District's statements are not prepared under GAAP, but have been prepared on the modified cash basis of accounting described in Note 1 to the basic financial statements. Accordingly, the District's financial statements do not include all of the statements, reconciliations, and disclosures that would normally be required by GASB 34. Where applicable, the principles of GASB 34 are applied.

Management has determined that the modified cash basis of accounting is appropriate for the District due to its lack of complexity and the necessity to account for, and plan for, the cash needed to operate the District.

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Supplementary Information.

- The government-wide financial statements on pages 6 and 7 are designed to provide an overview of the District's finances.
- The fund financial statements on pages 8 and 9 focus on individual parts of the Government, reporting the District's operations in more detail than the government-wide financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

GOVERNMENT WIDE STATEMENT OF NET POSITION – MODIFIED CASH BASIS

	<u>FY 2018</u>	<u>FY 2017</u>
ASSETS		
Cash and investments	\$ 476,883	\$ 406,494
Investment in length of service award plan	21,844	19,379
Capital assets, net	<u>686,079</u>	<u>778,847</u>
 Total assets	 <u>1,184,806</u>	 <u>1,204,720</u>
LIABILITIES		
Current liabilities	47,026	40,063
Long-term liabilities	<u>119,670</u>	<u>141,030</u>
 Total liabilities	 <u>166,696</u>	 <u>181,093</u>
 Invested in capital assets	 544,368	 617,133
Unrestricted net position	<u>473,742</u>	<u>406,494</u>
 Total net position	 <u>\$ 1,018,110</u>	 <u>\$ 1,023,627</u>

GOVERNMENT WIDE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS

	<u>FY 2018</u>	<u>FY 2017</u>
General Receipts:		
Property taxes	\$ 731,104	\$ 699,057
Grant revenues	42,516	-
Interest	8,647	5,807
Miscellaneous	<u>4,518</u>	<u>3,793</u>
 Total revenue	 786,785	 708,657
Disbursements:		
Fire Protection Services:		
Personal services	453,144	426,295
Materials and supplies	218,024	182,254
Interest	5,850	-
Depreciation	<u>115,284</u>	<u>113,447</u>
 Total disbursements	 <u>792,302</u>	 <u>721,996</u>
 Change in modified cash basis net position	 (5,517)	 (13,339)
 Modified cash basis net position, beginning of year	 <u>1,023,627</u>	 <u>1,036,966</u>
 Modified cash basis net position, end of year	 <u>\$ 1,018,110</u>	 <u>\$ 1,023,627</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District has two funds, the General Fund and the Equipment Reserve Fund, to reserve for future capital purchases. The Equipment Reserve Fund does not qualify to be reported as a separate fund under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The District adopts a budget for the Equipment Reserve Fund and reports the fund separately in the budgetary basis statements.

Governmental fund balances totaled \$498,728 at June 30, 2018. A summary of changes in governmental fund balances follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Change</u>
Governmental fund	<u>\$ 473,742</u>	<u>\$ 406,494</u>	<u>\$ 67,248</u>

Revenues for the General Fund were \$762,257, which was \$272,898 under budget, primarily due to lower than budgeted grant revenues. Expenses the General Fund were \$671,168, which was \$236,987 under budget.

Revenues for the Equipment Reserve Fund were \$24,528 due to a grant for improvements at the fire station. Expenses the Equipment Reserve Fund were \$48,369, which was \$304,634 under budget.

CAPITAL ASSETS

At June 30, 2018 the District had \$686,079 invested in capital assets. More detailed information about the District's capital assets is presented in the notes to the financial statements.

LONG TERM DEBT

During the year ended June 30, 2018 the District had paid \$20,003 in principal on their capital lease and the balance owed at June 30, 2018 was \$141,711.

FINANCIAL CONTACT

The District's financial statements are designed to give the public a general overview of the District's finances and accountability. If you have questions about financial matters please contact the District at 2310 4th Street, Tillamook, Oregon, 97141.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

TILLAMOOK FIRE DISTRICT

Government-Wide Statement of Net Position – Modified Cash Basis

June 30, 2018

	<u>2018</u>
ASSETS	
Cash and investments	\$ 476,883
Investment in length of service award plan	21,844
Capital assets:	
Land	38,000
Other capital assets, net of accumulated depreciation	<u>648,079</u>
 Total assets	 <u>1,184,806</u>
LIABILITIES	
Accrued payroll	3,141
Reserve for length of service award plan	21,844
Capital lease obligation:	
Due within one year	22,041
Due after one year	<u>119,670</u>
 Total liabilities	 <u>166,696</u>
MODIFIED CASH BASIS NET POSITION	
Net investment in capital assets	544,368
Unrestricted	<u>473,742</u>
 Total net position	 <u><u>\$ 1,018,110</u></u>

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

TILLAMOOK FIRE DISTRICT

Government-Wide Statement of Activities – Modified Cash Basis

For the Year Ended June 30, 2018

	<u>2018</u>
DISBURSEMENTS	
Fire Protection Services:	
Personal services	\$ 453,144
Materials and services	218,024
Interest	5,850
Depreciation	<u>115,284</u>
Total disbursements	<u>792,302</u>
PROGRAM RECEIPTS	
Operating grants	<u>42,516</u>
Total program receipts	<u>42,516</u>
Net program disbursements	749,786
GENERAL RECEIPTS	
Property taxes	731,104
Interest	8,647
Miscellaneous	<u>4,518</u>
Total general receipts	<u>744,269</u>
Change in modified cash basis net position	(5,517)
Modified cash basis net position - beginning of year	<u>1,023,627</u>
Modified cash basis net position - end of year	<u><u>\$ 1,018,110</u></u>

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

TILLAMOOK FIRE DISTRICT

Governmental Funds Balance Sheet – Modified Cash Basis

June 30, 2018

	Governmental Fund
ASSETS	
Cash and investments	\$ 476,883
Investment in length of service award plan	<u>21,844</u>
Total assets	<u>498,727</u>
LIABILITIES	
Accrued payroll	3,141
Reserve for length of service award plan	<u>21,844</u>
Total liabilities	<u>24,985</u>
MODIFIED CASH BASIS NET POSITION	
Assigned to equipment	142,428
Unrestricted	<u>331,314</u>
Total net position	<u><u>\$ 473,742</u></u>
Reconciliation to Statement of Net Position:	
Fund balance	\$ 473,742
The cost of capital assets (land, buildings and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.	686,079
The long term debt obligations payable are not due and payable in this reporting period, and therefore are not reported in the fund statements.	<u>(141,711)</u>
Net position of governmental activities	<u><u>\$ 1,018,110</u></u>

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

TILLAMOOK FIRE DISTRICT

Governmental Funds Statement of Receipts, Disbursements and
Changes in Fund Balances – Modified Cash Basis

For the Year Ended June 30, 2018

	Governmental Funds
RECEIPTS:	
Property taxes	\$ 731,104
Grant revenue	42,516
Interest	8,647
Miscellaneous income	4,518
Total receipts	<u>786,785</u>
DISBURSEMENTS:	
Fire Protection Services:	
Personal Services	453,144
Materials and services	218,024
Debt service	25,853
Capital outlay	22,516
Total disbursements	<u>719,537</u>
Change in fund balance	<u>67,248</u>
Modified Cash Basis Net Position - beginning of year	<u>406,494</u>
Modified Cash Basis Net Position - end of year	<u>\$ 473,742</u>
Reconciliation to Statement of Activities:	
Net change in fund balance - total governmental funds	\$ 67,248
Governmental funds report capital outlays as expenditures. In the Statement of Activities, only depreciation is recorded.	
Depreciation expense	(115,284)
Capital purchases	22,516
Repayment of debt principal is an expenditure in the governmental funds, but is not shown in the Statement of activities.	
Debt principal payment	<u>20,003</u>
Change in net position of governmental activities	<u>\$ (5,517)</u>

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

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements

June 30, 2018

1. Summary of Significant Accounting Policies

Organization

Tillamook Fire District (the “District”) is organized under the provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services.

The Tillamook Fire District is a municipal corporation governed by an elected five member board. As required by generally accepted accounting principles, these financial statements present Tillamook Fire District (the primary government) and any component units. The District has no component units.

Basis of Accounting

The District follows the modified cash basis of accounting with certain minor modifications. Under the modified cash basis of accounting, receipts are recorded when received and disbursements are recorded as paid in cash or by check. Exceptions to the modified cash basis are when the District borrows for short-term periods, the liability for repayment is considered a liability of the General Fund, the receipt or repayment does not result in a recorded receipt or disbursement. The property taxes uncollected at year end are shown as a receivable but are not included in receipts and are offset by a liability called deferred property tax revenue.

This basis of accounting is not equivalent to the generally accepted accounting principles (GAAP) basis of accounting. Under GAAP the fund financial statements require that revenues be recorded as they become earned (i.e. when they become measurable and available) and expenditures recorded as good and services are received. For the government-wide financial statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets is capitalized as an asset and depreciated over their estimated useful lives, debt is recorded as a liability, revenues are recorded when earned regardless of collection, and expenses are recorded when incurred. Management believes the modified cash basis of accounting is preferable for the District due to the District’s small size and the necessity of assessing available cash resources. The modified cash basis of accounting is allowed under Oregon Local Budget Law.

Fund Accounting

The District has the following major fund:

- The General Fund accounts for the general operations of the District and all financial sources. The principal revenue source is property taxes. The General Fund includes the Equipment Reserve Fund which does not qualify to be reported as a separate fund under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The District adopts a budget for the Equipment Reserve Fund and reports the fund separately in the budgetary basis statements.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements – Continued

June 30, 2018

1. Summary of Significant Accounting Policies, continued

Government-wide and Fund Financial Statements

The District has adopted the principles of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34), as they are applicable to modified cash basis financial statements. GASB 34 requires that the District present both government-wide and fund financial statements, and reconcile the two types of statements, if necessary.

The government-wide financial statements (i.e., the statement of cash balances and the statement of cash receipt and disbursement activities) report information on all of the governmental activities of the District in one column. The statement of activities demonstrates the degree to which expenses are offset by program revenues. Items not properly included among program revenues are reported as general revenues.

The statement of activities reports the District’s activities by function. The District’s sole function is fire protection and other emergency services. Property taxes and interest income are reported as general revenues.

Separate fund financial statements are also provided.

Fund Accounting

The District has the following funds:

- The General Fund accounts for the general operations of the District. The principal revenue source is property taxes.
- The Equipment Reserve Fund accounts for the acquisition or construction of major capital facilities and equipment. Major sources of revenue and other financing sources include earnings on investments, operating transfers from the general fund, and proceeds from the issuance of bonded debt. Expenditures are for improvements and construction of capital facilities and equipment.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. Net position is classified in the following three categories:

Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation, reduced by the outstanding borrowings of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net assets with constraints placed on them by entities outside of the District. At June 30, 2018 the District had no restricted net assets.

Unrestricted net position – all other net position that does not meet either of the criteria above.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

1. Summary of Significant Accounting Policies, continued

Fund Equity

The District follows the guidance in GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. Under this standard, fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts constrained to specific purpose by their providers (such as grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds constrained to specific purposes by a government itself, using its highest level of decision-making authority (Board of Directors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level authority action to remove or change the constraint.
- Assigned fund balance represents amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, assignments are approved by the Board of Directors.
- Unassigned fund balance represents amounts that are available for any purpose; these amounts are reported only in the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash

The District has defined cash and cash equivalents to include cash on hand, demand deposits and short term investments with original maturities of three months or less. The carrying amount of the cash and cash equivalents approximate fair value due to the short term maturities of these instruments.

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of up to \$250,000 applies to total deposits at each financial institution.

Investments

Investments in the Oregon Local Government Investment Pool are carried at fair value. Revenue from investments is recognized as it is received.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

1. Summary of Significant Accounting Policies, continued

Property Tax Revenue

Real property taxes attach as an enforceable lien on property as of July 1 of each year. Real property taxes are levied in July and may be paid in full by November 15 with a discount, or paid in three equal payments on November 15, February 15, and May 15. Tillamook County bills and collects property taxes for all levying districts within the County. Property taxes which are not collected by year end are a receivable of the District; however, under the modified cash basis of accounting, they are not reflected in the accompanying financial statements.

Capital Assets

Non-expendable land, buildings and equipment purchased are capitalized in the government-wide financial statements. Capital assets with an initial cost of \$5,000 or more and have an estimated useful life of greater than one year are recorded at historical cost and donated assets are reported at estimated fair market value as of the date received.

Depreciation is recorded as an expense in the Statement of Activities on the straight-line method over the following estimated useful lives:

Buildings and improvements	40 years
Apparatus	10-15 years
Equipment	5-15 years

Transfers

The District makes transfers between funds when approved by the Board. Transfers are used to reserve for future capital project expenditures. Transfers for the year ended June 30, 2018 are presented in the fund financial statements but have been eliminated from the statement of activities.

2. Stewardship, Compliance and Accountability

The District is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations. Total materials and services, capital outlay, debt service, interfund transactions, operating contingency and unappropriated balance are the levels of control established by resolution. The budget is adopted and appropriations are made no later than June 30th.

The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental 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 appropriations transfers between the levels of controls. Such transfers require the approval of the Board of Directors.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

2. Stewardship, Compliance and Accountability, Continued

Expenditures cannot legally exceed the appropriation levels. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds shown in the financial statements were within authorized appropriation levels.

3. Cash and Investments

Cash and investments of the District (recorded at fair value) were invested as follows as of June 30, 2018:

Demand deposits	\$ 18,598
Local Government Investment Pool	<u>458,285</u>
Total	<u>\$ 476,883</u>

Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. At June 30, 2018, deposits per the bank statements were \$38,122, which was fully covered by federal depository insurance. Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000 applies to total deposits at each financial institution. When balances exceed \$250,000, ORS 295.002 requires the bank depository to enter into an agreement described in ORS 295.008(2)(b) and to deposit securities pursuant to ORS 295.015(1). The Oregon State Treasurer's Office facilitates these agreements and maintains a list of qualified depositories. Well capitalized depository banks must pledge securities with a value of at least 10 percent of their quarter-end public fund deposits, unless otherwise directed by the Oregon State Treasurer. Adequately capitalized or undercapitalized bank depositories are required to pledge collateral valued at 110 percent of their uninsured public fund deposits. The securities are held by a custodian for the benefit of the State of Oregon. Any balances in excess of the FDIC insurance plus 10 percent are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will be unable to recover deposits or collateral securities in the hands of an outside party.

Investments

Oregon Revised Statutes 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 by Moody's Investors Service, and the state of Oregon Local Government Investment Pool (LGIP), among others.

The only investment held by the District at June 30, 2018 was \$458,285 deposited with the state of Oregon LGIP. The District's investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (the Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested and the investments are those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

3. Cash and Investments, continued

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the District only invests in the LGIP. The LGIP has rules that require at least 50 percent of its investments to mature within 93 days, not more than 25 percent may mature in over a year, and all other investments must mature in no more than three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Investments in the LGIP are not required to be rated for credit risk.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the state of Oregon's name.

4. Fixed Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

Governmental Activities	July 1, 2017	Additions	Disposals	June 30, 2018
Non-Depreciable Fixed Assets:				
Land	\$ 38,000	\$ -	\$ -	\$ 38,000
Total	38,000	-	-	38,000
Depreciable Fixed Assets:				
Buildings and improvements	382,092	22,516	-	404,608
Equipment	691,630	-	-	691,630
Apparatus	2,336,674	-	-	2,336,674
Total	3,410,396	22,516	-	3,432,912
Accumulated Depreciation:				
Buildings	(342,154)	(11,127)	-	(353,281)
Equipment	(517,402)	(51,619)	-	(569,021)
Apparatus	(1,809,993)	(52,538)	-	(1,862,531)
Total	(2,669,549)	(115,284)	-	(2,784,833)
Total Depreciable Fixed Assets, net	740,847	(92,768)	-	648,079
Total Fixed Assets, Net	\$ 778,847	\$ (92,768)	\$ -	\$ 686,079

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the District has purchased insurance coverage.

No losses were incurred during the prior three years ended June 30, 2018 that exceeded the District's insurance coverage.

6. Interfund Transfers and Balances

Transactions are used to move unrestricted revenues to finance various expenditures that the District must account for in other funds in accordance with budgetary authorization.

Transfers between funds for the year ended June 30, 2018 are shown below:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	\$ 98,000
Equipment reserve fund	98,000	-
Total	<u>\$ 98,000</u>	<u>\$ 98,000</u>

7. Long-term Debt

During the year ended June 30, 2017, the entered into a lease-purchase agreement with a bank for a new International Pumper Fire Truck. The amount financed was \$161,714 and requires annual payments including interest at 2.69%.

Current fiscal year activity for this loan was as follows:

<u>Beginning Balance</u>	<u>Principal Paid</u>	<u>Ending Balance Principal</u>	<u>Due Within One Year</u>	<u>Due After One Year</u>
\$ 161,714	\$ (20,003)	\$ 141,711	\$ 22,041	\$ 119,670

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

7. Long-term Debt, Continued

The future minimum payment schedule is shown below as of June 30, 2018:

Fiscal Year	Payment	Principal	Interest
2018-2019	\$ 25,853	\$ 22,041	\$ 3,812
2019-2020	25,853	22,634	3,219
2020-2021	25,853	23,243	2,610
2021-2022	25,853	23,868	1,985
2022-2023	25,853	24,510	1,343
2023-2024	25,853	25,415	438
	<u>\$ 155,118</u>	<u>\$ 141,711</u>	<u>\$ 13,407</u>

8. Pension Plan

General Information about the Pension Plan

Plan Description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Plan Benefits

Tier One/Tier Two Retirement Benefit:

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.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

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

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member 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 when determining the 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 (COLA) changes. The COLA is capped at 2.0 percent.

OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) 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:

- 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.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

OPSRP Individual Account Program (IAP)

Pension Benefits

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

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

Death Benefits

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

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

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, 2013 actuarial valuation as subsequently modified by 2015 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$47,625, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2018 were 17.61 percent for Tier One/Tier Two General Service Member, 11.93 percent for OPSRP Pension Program General Service Members, 10.44 percent for OPSRP Police and Fire Members and 6 percent for OPSRP Individual Account Program.

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported a liability of \$281,351 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was 0.00208717 percent, which was a decrease from its proportion of 0.00226715 percent measured as of June 30, 2016. Under the modified cash basis of accounting there is no pension liability reported on the accompanying financial statements.

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age normal method.

For the ORS 238 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), and (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 ORS 238A OPSRP Pension Program 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 actuarially determined amount for funding a disability benefit component, and (3) an amount for the

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2105
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50%
Investment Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table

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

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

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. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class/Strategy	Assumed Asset Allocation		
	Low Range	High Range	Target
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	14.0%	21.0%	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%

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00	3.61
Intermediate-Term Bonds	3.00	5.42
High Yield Bonds	1.00	6.20
Large Cap US Equities	15.75	6.70
Small Cap US Equities	1.30	6.99
Mid Cap US Equities	1.30	7.01
Developed Foreign Equities	13.13	6.73
Emerging Foreign Equities	4.12	7.25
Non-US Small Cap Entities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds – Diversified	2.50	4.64
Hedge Fund – Event-Driven	0.63	6.72
Timber	1.88	5.85

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.25	4.58
Total	100%	

Assumed Inflation – Mean 2.50%

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is our independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

8. Pension Plan, continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability (asset)	\$ 479,474	\$ 281,351	\$ 115,684

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2017 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

On July 28, 2017, subsequent to the June 30, 2017 measurement date, the OSPERS Board lowered the assumed rate to 7.2 percent. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The new rate will take effect January 1, 2018. The effect on the District has not been determined.

9. Other Post-Employment Health Benefits

Retirement Health Insurance Account

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statue (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

TILLAMOOK FIRE DISTRICT

Notes to Financial Statements - Continued

June 30, 2018

9. Other Post-Employment Health Benefits, continued

Because RHIA was created by enabling legislation, contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight or more years of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC). The ARC represents a level of funding that is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions for the year ended June 30, 2018 equaled the required contributions for the year.

10. Length of Service Award Plan

The District adopted a Length of Service Award Plan (LOSAP) for its volunteers to provide volunteers of the District with an award to recognize their contribution to community welfare. The District may make contributions to the plan on behalf of a volunteer in accordance with the contribution formula. The assets of the plan are reflected in the District's financial statements both as an asset and as a liability equal to the amount due to the volunteers. The cash value of the plan at June 30, 2018 was \$21,844 and there were no contributions to the plan during the year ended June 30, 2018.

11. Subsequent Events

The District did not have any subsequent events through March 14, 2019, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2018.

SUPPLEMENTARY INFORMATION

TILLAMOOK FIRE DISTRICT

Schedule of Proportionate Share of Net Pension Liability and Related Ratios

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.002505%	\$ (56,776)	\$ 277,829	-20.4%	103.6%
6/30/2016	0.002355%	\$ 135,210	\$ 277,829	48.7%	91.9%
6/30/2017	0.002267%	\$ 340,352	\$ 280,779	121.2%	80.5%
6/30/2018	0.002087%	\$ 281,351	\$ 293,501	95.9%	83.1%

Schedule of the District's Contributions
Oregon Public Employees Retirement System

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2015	\$ 23,511	\$ 23,511	\$ -	\$ 277,829	8.5%
6/30/2016	\$ 35,206	\$ 35,206	\$ -	\$ 277,829	12.7%
6/30/2017	\$ 36,303	\$ 36,303	\$ -	\$ 280,779	12.9%
6/30/2018	\$ 47,625	\$ 47,625	\$ -	\$ 293,501	16.2%

Note: 10-year trend information required by GASB Statement 68 will be presented prospectively

TILLAMOOK FIRE DISTRICT

Modified Cash Basis Schedule of Receipts, Disbursements and
Changes in Fund Balance – Budget and Actual – General Fund

For the Year Ended June 30, 2018

	Original and Final Budget Fund	Actual	Variance to Final Budget Positive (Negative)
RECEIPTS:			
Property taxes	\$ 677,005	\$ 731,104	\$ 54,099
Grant revenues	343,600	20,000	(323,600)
Interest	1,000	6,635	5,635
Miscellaneous income	13,550	4,518	(9,032)
Total receipts	<u>1,035,155</u>	<u>762,257</u>	<u>(272,898)</u>
DISBURSEMENTS:			
Fire Protection Services:			
Personal Services	483,480	453,144	30,336
Materials and services	399,675	218,024	181,651
Capital outlay	25,000	-	25,000
Contingency	-	-	-
Total disbursements	<u>908,155</u>	<u>671,168</u>	<u>236,987</u>
Excess of receipts over (under) disbursements	<u>127,000</u>	<u>91,089</u>	<u>(35,911)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(392,000)</u>	<u>(98,000)</u>	<u>294,000</u>
Total other financing sources (uses)	<u>(392,000)</u>	<u>(98,000)</u>	<u>294,000</u>
Change in fund balance	<u>(265,000)</u>	<u>(6,911)</u>	<u>258,089</u>
Modified Cash Basis Net Position - beginning of year	<u>310,000</u>	<u>338,225</u>	<u>28,225</u>
Modified Cash Basis Net Position - end of year	<u>\$ 45,000</u>	<u>\$ 331,314</u>	<u>\$ 286,314</u>

Reconciliation to Governmental Fund Balance as required by GASB 54

Ending fund balance:

 Equipment Reserve Fund

142,428

Total

\$ 473,742

TILLAMOOK FIRE DISTRICT

Modified Cash Basis Schedule of Receipts, Disbursements and Changes in
Fund Balance – Budget and Actual – Equipment Reserve Fund

For the Year Ended June 30, 2018

	Original and Final Budget Fund	Actual	Variance to Final Budget Positive (Negative)
RECEIPTS:			
Grant revenues	\$ -	\$ 22,516	\$ 22,516
Interest	150	2,012	1,862
Miscellaneous income	-	-	-
Total receipts	<u>150</u>	<u>24,528</u>	<u>24,378</u>
DISBURSEMENTS:			
Materials and services	150	-	150
Debt service	25,853	25,853	-
Capital outlay	327,000	22,516	304,484
Total disbursements	<u>353,003</u>	<u>48,369</u>	<u>304,634</u>
Excess of receipts over (under) disbursements	<u>(352,853)</u>	<u>(23,841)</u>	<u>329,012</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	392,000	98,000	(294,000)
Total other financing sources (uses)	<u>392,000</u>	<u>98,000</u>	<u>(294,000)</u>
Change in fund balance	<u>39,147</u>	<u>74,159</u>	<u>35,012</u>
Modified Cash Basis Net Position - beginning of year	<u>68,000</u>	<u>68,269</u>	<u>269</u>
Modified Cash Basis Net Position - end of year	<u>\$ 107,147</u>	<u>\$ 142,428</u>	<u>\$ 35,281</u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 because there are no substantial restricted or committed revenue inflows.

TILLAMOOK FIRE DISTRICT

Schedule of Property Tax Collections and Taxes Receivable

For the year ended June 30, 2018

Transactions by Year	Property Taxes Uncollected, Beginning	Levy as Extended by Assessor	Discounts and Adjustments	Collections	Property Taxes Uncollected, Ending
2017-2018	\$ -	\$ 742,122	\$ (18,656)	\$ (704,859)	\$ 18,607
2016-2017	20,329	-	(47)	(10,880)	9,402
2015-2016	10,353	-	(42)	(4,244)	6,067
2014-2015	6,981	-	(40)	(4,329)	2,612
2013-2014	5,020	-	(39)	(2,111)	2,870
2012-2013	2,412	-	(37)	(225)	2,150
2011-2012	379	-	(31)	(145)	203
2011 & prior	1,422	-	(5)	(93)	1,324
	<u>\$ 46,896</u>	<u>\$ 742,122</u>	<u>\$ (18,897)</u>	<u>\$ (726,886)</u>	<u>\$ 43,235</u>

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

Independent Auditor's Report
Required by Oregon State Regulations

To the Board of Directors
Tillamook Fire District
Tillamook, Oregon

We have audited the accompanying financial statements of Tillamook Fire District as of June 30, 2018, and for the year then ended and have issued our report dated February 12, 2019. We have 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 Tillamook Fire District's financial statements are free of material misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including provisions of the Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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
- Insurance and Fidelity Bond Coverage
- Budgets legally required (ORS Chapter 294)
- Public Contracting and Purchasing
- Programs Funded From Outside Sources
- Authorized investment of surplus funds (ORS Chapter 294)

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In connection with our testing nothing came to our attention that caused us to believe Tillamook Fire District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Tillamook Fire District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Tillamook Fire District's internal control over financial reporting.

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.

Our consideration of the internal control structure was for the limited purpose 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. However, we have identified deficiencies in internal control that we consider to be material weaknesses that are disclosed in a separate letter.

This report is intended for the information of Tillamook Fire District's board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Richard Winkel, CPA
March 14, 2019