

**DUNDEE RURAL FIRE PROTECTION DISTRICT
YAMHILL COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



**12700 SW 72nd Ave.
Tigard, OR 97223**

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

2017-2018
FINANCIAL REPORT

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
Dan Bechtold, President	June 30, 2021
Michelle Bechtold, Treasurer	June 30, 2019
Larissa Dehart, Secretary	June 30, 2019
Don Carpenter	June 30, 2019
Jim Hoduffer	June 30, 2021

Registered Agent

Dan Bechtold, Board President
P.O. Box 491
759 Hwy 99W
Dundee, Oregon 97115

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

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November 19, 2018

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Dundee Rural Fire Protection District
Dundee, Oregon

Report on the Basic Financial Statements

We have reviewed the accompanying basic financial statements of the governmental activities, each major fund, and the remaining fund information of Dundee Rural Fire Protection District (the District) which comprise the Statement of Net Position-Modified Cash Basis and Balance Sheet-Modified Cash Basis as of June 30, 2018, and the related Statements of Activities-Modified Cash Basis and Receipts, Disbursements and Changes in Fund Balance-Modified Cash Basis for the year then ended, and the related notes to the basic financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the basic financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the basic 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 basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for them to be in accordance with the basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

As discussed in Note 1, Dundee Rural Fire Protection District prepares its basic financial statements 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.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with the basis of accounting described in Note 1.

Supplementary Information

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with the basis of accounting described in Note 1. The supplementary information and Management's Discussion and Analysis, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplementary information is the representation of management. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements and we did not become aware of any material modifications that should be made to such information.

Reports and Other Regulatory Requirements

Management Representations Required by Oregon State Regulations is presented for purpose of additional analysis and is not a required part of the basic financial statements. These representations have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but have been compiled from information that is the representation of management. We have not audited or reviewed this information, and accordingly, we do not express an opinion or provide any assurance on such information.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

Dundee Rural Fire Protection District
P. O. Box 491
Dundee, Oregon 97115

Directors:
Jim Hoduffer
Michelle Bechtold
Don Carpenter
Dan Bechtold
Larissa DeHart

DUNDEE RURAL FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018

This section of the Dundee Rural Fire Protection District's annual Review Report presents our narrative overview and analysis of the financial performance of the District during the fiscal year ended June 30, 2018. Please read it in conjunction with the additional information furnished in the financial report that follows. It is our goal to assist users of these financial reports in interpreting significant data found in the pages that follow and to analyze the results of this fiscal year's activities.

Oregon Revised Statutes (ORS) provide that governmental entities within the state receive an annual financial audit if disbursements in the subject year exceed \$500,000. District disbursements in the fiscal year ending 6-30-2018 fell below that threshold. ORS require that when disbursements fall below the \$500,000 level the governmental entity is to obtain a "Review Report" from an approved audit firm in lieu of an audit.

BRIEF HISTORY

The Dundee Rural Fire Protection District (District) is a unit of local government managed by an elected Board of Directors consisting of five citizens within the District. It was formed to provide fire protection to a rural area surrounding the City of Dundee. The City's fire department provides fire prevention and protection services to the District on a contractual basis. Funding for this contract comes from property taxes levied by the District on taxable property within the District, as determined by the Yamhill County tax assessor.

The District has no employees and does not operate, or take part in the operation of, any firefighting apparatus. This results in minimal administrative and overhead costs. The District owns one piece of firefighting equipment (Brush Rig) used for suppressing wild fires in off-road and rough terrain areas as well as a varying number of hand-held radios and pagers for use by the volunteer firefighters. The Brush Rig is leased to the City for \$1 a year, and the City is responsible for all operating costs, insurance, maintenance and repair.

FINANCIAL HIGHLIGHTS

End of year cash balance was \$194,103, which includes \$87,702 in the Debt Service Fund.

The Board of Directors has determined that the modified cash basis of accounting is appropriate for the District due to the lack of complexity in terms of operations and administration in managing the affairs of the District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: *management's discussion and analysis* (this section) and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide information about the overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting operations in more detail than the government-wide statements. *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The District only provides "governmental activities" as defined in GASB 34, and has no substantial business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant *funds* - not the District as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes.

All of the basic services are included in the governmental fund, which focuses on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

GOVERNMENT-WIDE MODIFIED CASH BASIS NET POSITION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Assets		
Cash an Investments	\$ 194,103	182,734
Capital assets	22,588	25,098
Total Assets	<u>216,691</u>	<u>207,832</u>
Liabilities and Net Position		
Current Portion of General Obligation Bond	40,000	40,000
Noncurrent Portion of General Obligation Bond	<u>1,065,000</u>	<u>1,105,000</u>
Total Liabilities	1,105,000	1,145,000
Net Postion		
Net Investment in Capital Assets	22,588	25,098
Restricted for Debt Service	87,702	86,424
Unrestricted	<u>(998,599)</u>	<u>(1,048,690)</u>
Total Net Position	<u>(888,309)</u>	<u>(937,168)</u>

CHANGES IN MODIFIED CASH BASIS NET POSITION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Receipts	\$ 195,318	192,009
Disbursements	<u>(146,459)</u>	<u>(142,126)</u>
Excess of revenues over expenditures	<u>48,859</u>	<u>49,883</u>
Beginning Net Position	<u>(937,168)</u>	<u>(987,051)</u>
Ending Net Position	<u>\$ (888,309)</u>	<u>(937,168)</u>

REQUESTS FOR INFORMATION

This Review Report is intended to provide a general overview of the Dundee Rural Fire Protection District's financial condition. Questions concerning information provided in this report or requests for additional information should be addressed to the Dundee RFPD, P. O. Box 491, Dundee, OR 97115.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

BASIC FINANCIAL STATEMENTS

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
At June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 194,103
Capital Assets	<u>22,588</u>
 TOTAL ASSETS	 <u>216,691</u>
 LIABILITIES AND NET POSITION	
Liabilities	
Current Portion of General Obligation Bond	40,000
Noncurrent Portion of General Obligation Bond	<u>1,065,000</u>
 TOTAL LIABILITIES	 <u>1,105,000</u>
 Net Position	
Net Investment in Capital Assets	22,588
Restricted for Debt Service	87,702
Unrestricted	<u>(998,599)</u>
 TOTAL NET POSITION	 <u><u>\$ (888,309)</u></u>

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the Year Ended At June 30, 2018

<u>FUNCTIONS</u>	<u>DISBURSEMENTS</u>	<u>PROGRAM RECEIPTS</u>		<u>NET RECEIPTS (DISBURSEMENTS) AND CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
Fire Services	\$ 146,459	\$ -	\$ 2,500	\$ (143,959)
Total Governmental Activities	<u>\$ 146,459</u>	<u>\$ -</u>	<u>\$ 2,500</u>	<u>(143,959)</u>
General Receipts				
Property Taxes				192,220
Interest Income				97
Miscellaneous				<u>501</u>
Total General Receipts				<u>192,818</u>
Changes in Net Position				48,859
Net Position - Modified Cash Basis - Beginning				<u>(937,168)</u>
Net Position - Modified Cash Basis - Ending				<u>\$ (888,309)</u>

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

BALANCE SHEET - MODIFIED CASH BASIS

At June 30, 2018

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
ASSETS			
Cash and Investments	\$ 106,401	\$ 87,702	\$ 194,103
FUND BALANCE			
Restricted	\$ -	\$ 87,702	\$ 87,702
Unassigned	106,401	-	106,401
Total	\$ 106,401	\$ 87,702	\$ 194,103

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
At June 30, 2018

Total Fund Balance - Governmental Funds \$ 194,103

The cost of capital assets (equipment) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the District as a whole. 22,588

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Notes Payable (1,105,000)

Net Position \$ (888,309)

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

For the Year Ended At June 30, 2018

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
RECEIPTS			
Property Taxes	\$ 107,459	\$ 84,761	\$ 192,220
Operating Grants	2,500	-	2,500
Earnings on Investments	90	7	97
Miscellaneous	501	-	501
Total Receipts	110,550	84,768	195,318
DISBURSEMENTS			
Materials and Supplies	97,959	-	97,959
Capital Outlay	2,500	-	2,500
Debt Service	-	83,490	83,490
Total Disbursements	100,459	83,490	183,949
Net Change in Fund Balance	10,091	1,278	11,369
Beginning Fund Balance - Modified Cash Basis	96,310	86,424	182,734
Ending Fund Balance - Modified Cash Basis	<u>\$ 106,401</u>	<u>\$ 87,702</u>	<u>\$ 194,103</u>

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS
For the Year Ended At June 30, 2018

Net Change in Fund Balances - Governmental Funds \$ 11,369

Capital outlays are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Depreciation Expense (2,510)

Principal Payment on Long-Term Debt 40,000

Change in Net Position \$ 48,859

See independent accountants' review report and accompanying notes to the financial statements

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Dundee Rural Fire Protection District (District) have been prepared in conformity with the modified cash basis of accounting as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

The District is a municipal corporation, exempt from federal and state income taxes, which is governed by an elected board. It was organized under provisions of Oregon Statutes Chapter 478 for the purpose of providing fire protection and other emergency services. Accounting principles generally accepted in the United States of America require that these financial statements present the primary government and all component units, if any. Component units, as established by GASB Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. The District has no component units.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

Financial operations are accounted for in the following funds:

General Fund

This fund accounts for all financial revenue and expenditures of the District, except those required to be accounted for in another fund. The principal source of disbursements is property taxes and the primary expenditures are for fire protection and administration.

Equipment Reserve Fund

This fund is used to accumulate resources for the maintenance of district equipment. This fund's activities have been combined with the General Fund Activities in accordance with GASB #54 due to its financial resources being derived primarily from General Fund transfers.

Debt Service Fund

This fund is used to account for financial resources to be used for the repayment of general obligation and other long term debt.

C. BASIS OF ACCOUNTING

The basic financial statements report information on the modified cash basis of accounting. Under the modified cash basis of accounting, receipts are recognized when collected rather than when measurable and available and disbursements are recognized when paid rather than when incurred. The principal modifications from the cash basis are the recording of capital assets, depreciation and long-term debt in the government-wide statements.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING (CONTINUED)

The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. Accounting principles generally accepted in the United States of America would require that all funds considered to be governmental funds be accounted for on the modified accrual basis of accounting whereby revenues are recorded when measurable and available, and expenditures are recorded when incurred, with certain modifications. For the government-wide statements, generally accepted accounting principles requires that the accrual basis of accounting be applied. Under the accrual basis of accounting, the cost of capital assets is capitalized and depreciated over their estimated useful lives, inventory is expensed when used instead of when purchased, debt is recorded as incurred, receipts are recorded when earned irrespective of the collection of cash and expenses, including depreciation, are recorded when incurred. Management believes the modified cash basis of accounting is preferable due to the District's size and the necessity of assessing available cash resources. The modified cash basis of accounting is allowed under Oregon Local Budget Law.

D. CASH AND CASH EQUIVALENTS

The 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.

E. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or 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 upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

F. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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) have been adopted, as applicable to the modified cash basis financial statements. The Statement requires presentation of both government-wide and fund financial statements, and reconciliation of the two types of statements, if necessary.

The government-wide financial statements report information about the entire District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct disbursement of a given function or segment is offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

G. BUDGET

A budget is required to be prepared and legally adopted for each fund in the main program categories required by the Oregon Local Budget Law. The budget for all funds is adopted on a basis consistent with the modified cash basis of accounting. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted disbursements for each fund may not be increased by more than ten percent. The budget is adopted and appropriations are made no later than June 30th.

Disbursements budgets are appropriated at the following levels for each fund:

Level of Control

Materials and Supplies
Capital Outlay
Debt Service
Contingency
Transfers

Disbursements cannot legally exceed the above appropriations levels. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted. Expenditures of the various funds were within authorized appropriations.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

I. CAPITAL ASSETS

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. The capital assets are depreciated using the straight-line method over useful life estimates between 10 to 20 years. The District has no ownership interest in any buildings.

J. USE OF ESTIMATES

The preparation of the modified cash basis basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

K. NET POSITION

Net position is comprised of the various net earnings from operations, nonoperating receipts, disbursements and contributions of capital. Net position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions* is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, there are five classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the Board for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Board or by an official to whom that authority has been given by the Board.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, committed or assigned fund balances at year end.

The Board has not adopted a policy that dictates the order of spending regarding fund balance categories; therefore, the default approach assumes that restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for disbursements. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2018 was \$194,105, all of which was covered by federal depository (FDIC) insurance.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

The balance of cash and investments at June 30, 2018 were comprised of the following:

Type of Deposit	Total
Insured deposits with financial institutions	\$ 122,784
Certificates of Deposit	71,319
Total Cash and Investments	\$ 194,103

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments.

Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no policy for custodial credit risk. As of June 30, 2018, none of the bank balance was exposed to custodial credit risk.

3. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2017 are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance At June 30, 2018
Depreciable Assets				
Equipment	\$ 66,013	\$ -	\$ -	\$ 66,013
Subtotal	66,013	-	-	66,013
Accumulated Depreciation				
Equipment	40,915	2,510	-	43,425
Subtotal	40,915	2,510	-	43,425
Capital Assets, Net	\$ 25,098			\$ 22,588

All depreciation is allocated to Fire Services.

The District uses space in the City's Fire Department building, and therefore does not own land or buildings of its own, see Note 6 for further information.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. RISK MANAGEMENT

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage for the last three fiscal years.

5. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon passed a constitutional limit on property taxes for governmental operations. Under the limitation, tax receipts are separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10 per \$1,000 of real market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. Local government taxes in the District do not exceed the \$10 rate limit; however, this limitation may affect the availability of future tax receipts for the District.

In May 1997 state voters approved Measure 50, which rolled back assessed values to 90% of the assessed value of 1995-96 and limited future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are fixed and not subject to change. Voters may approve local initiatives above the fixed rate provided that a majority approves at either (1) a general election in an even number year, or (2) any other election in which at least 50% of registered voters cast a ballot.

6. GENERAL OBLIGATION BOND

On June 20, 2012 the District entered into a construction agreement with the City of Dundee, Oregon after voters approved Measure 36-151 on May 15, 2012, which allowed the District to issue up to \$1,290,000 in general obligation bonds to finance a one-third share of the capital improvement and construction costs for a new fire station in the City that will serve District residents, and to pay bond issuance costs. The District has no ownership interest in the new fire station and therefore capital assets associated with these bonds are not recorded in the basic financial statements.

The changes in long-term debt for the year ended June 30, 2018 is comprised of the following:

	Outstanding July 1, 2017	Additions	Reductions	Outstanding June 30, 2018	Due Within One Year
2012 GO Bond Series	\$ 1,145,000	\$ -	\$ (40,000)	\$ 1,105,000	\$ 40,000

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. GENERAL OBLIGATION BOND (CONTINUED)

Future debt service requirements for the bond payable are as follows:

	Principal	2012 GO Bond Interest	Total
2018-2019	40,000	42,540	82,540
2019-2020	40,000	41,340	81,340
2020-2021	40,000	40,140	80,140
2021-2022	40,000	38,940	78,940
2022-2023	45,000	37,665	82,665
2023-2028	240,000	161,550	401,550
2028-2033	295,000	107,381	402,381
2033-2038	365,000	39,322	404,322
	\$ 1,105,000	\$ 508,878	\$ 1,613,878

7. INTERGOVERNMENTAL AGREEMENT

There is a contract for fire and rescue services with the City of Dundee. The terms of this agreement call for the City to provide fire protection services to the District throughout the time period the District GO Bonds are outstanding, but no longer than 25 years from the issuance date of the District GO Bonds, in exchange for 85% of the permanent rate tax levy revenues collected by Yamhill County and paid to the District during each contract year of the agreement. Payments to the City are made by the 15th of the month equal to 85% of the permanent rate tax levy revenues received by the District from Yamhill County in the preceding month.

8. PENSION PLAN OBLIGATION

The District has no employees, therefore, there is no pension liability to record.

9. DEFICIT NET POSITION

The Statement of Net Position has a deficit net position of \$888,309 as of June 30, 2018. This amount represents the balance of General Obligation bonded debt for construction of a new Fire Station owned by the City of Dundee. Over time this balance will be eliminated through Debt Service payments on bonds outstanding.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

SUPPLEMENTARY INFORMATION

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DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - GENERAL FUND
For the Year Ended At June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS				
Property Taxes	\$ 110,782	\$ 110,782	\$ 107,459	\$ (3,323)
Operating Grants	5,000	5,000	2,500	(2,500)
Earnings on Investments	5	5	-	(5)
Miscellaneous	500	500	501	1
Total Receipts	116,287	116,287	110,460	(5,827)
DISBURSEMENTS				
Materials and Supplies	100,140	100,140 (1)	97,959	2,181
Capital Outlay	3,000	3,000 (1)	2,500	500
Contingency	2,000	2,000 (1)	-	2,000
Total Disbursements	105,140	105,140	100,459	4,681
Excess of Receipts, Over (Under) Disbursements	11,147	11,147	10,001	(1,146)
OTHER FINANCING SOURCES (USES)				
Transfer Out	(5,000)	(5,000) (2)	-	5,000
Transfer In	-	-	-	-
Total Other Financing Sources (Uses)	(5,000)	(5,000)	-	5,000
Net Change in Fund Balance	6,147	6,147	10,001	3,854
Beginning Fund Balance	22,935	22,935	(3,803)	(26,738)
Ending Fund Balance	\$ 29,082	\$ 29,082	6,198	\$ (22,884)
Equipment Reserve Fund - combined in accordance with GASB #54			100,203	
			<u>\$ 106,401</u>	

(1) Appropriation Level

(2) Transfer to Equipment Reserve Fund, which is combined with General Fund in accordance with GASB#54.

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - EQUIPMENT RESERVE FUND
For the Year Ended At June 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
RECEIPTS				
Interest	\$ 50	\$ 50	\$ 90	\$ 40
Miscellaneous	-	-	-	-
Total Receipts	<u>50</u>	<u>50</u>	<u>90</u>	<u>40</u>
Net Change in Fund Balance	50	50	90	40
Beginning Fund Balance	<u>80,075</u>	<u>80,075</u>	<u>100,113</u>	<u>20,038</u>
Ending Fund Balance	<u><u>\$ 80,125</u></u>	<u><u>\$ 80,125</u></u>	<u><u>\$ 100,203</u></u>	<u><u>\$ 20,078</u></u>

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB #54 due to it's financial resources being derived primarily from General Fund transfers.

See independent accountants' review report

DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
ACTUAL AND BUDGET - DEBT SERVICE FUND**

For the Year Ended At June 30, 2018

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
RECEIPTS				
Taxes	\$ 87,500	\$ 87,500	\$ 84,761	\$ (2,739)
Interest	5	5	7	2
Total Receipts	<u>87,505</u>	<u>87,505</u>	<u>84,768</u>	<u>(2,737)</u>
DISBURSEMENTS				
Debt Service				
Principal	40,000	40,000	40,000	-
Interest	<u>43,840</u>	<u>43,840</u>	<u>43,490</u>	<u>350</u>
Total Disbursements	<u>83,840</u>	<u>83,840</u> (1)	<u>83,490</u>	<u>350</u>
Net Change in Fund Balance	3,665	3,665	1,278	(2,387)
Beginning Fund Balance	<u>82,448</u>	<u>82,448</u>	<u>86,424</u>	<u>3,976</u>
Ending Fund Balance	<u>\$ 86,113</u>	<u>\$ 86,113</u>	<u>\$ 87,702</u>	<u>\$ 1,589</u>

(1) Appropriation Level

See independent accountants' review report

**DUNDEE RURAL FIRE PROTECTION DISTRICT
DUNDEE, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED
For the Year Ended At June 30, 2018**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED AT JULY 1, 2017	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT JUNE 30, 2018
Current						
2017-18	\$ 198,716	\$ 5,126	\$ (973)	\$ 175	\$ 187,169	\$ 5,623
Prior Years						
2016-17	6,250	-	(400)	302	2,549	3,603
2015-16	3,281	-	(408)	379	1,278	1,974
2014-15	2,262	-	(441)	418	883	1,356
2013-14	1,591	(0)	(323)	300	515	1,053
Prior	948	(0)	2,393	160	131	3,369
Total Prior	14,332	(0)	821	1,558	5,357	11,355
Total	<u>\$ 213,048</u>	<u>\$ 5,126</u>	<u>\$ (152)</u>	<u>\$ 1,733</u>	192,525	<u>\$ 16,978</u>

Reconciliation to Revenue:

Taxes in Lieu	(305)
Total	<u>\$ 192,220</u>

Reconciliation to Funds:

General Fund	\$ 107,459
Debt Service Fund	84,761
Total	<u>\$ 192,220</u>

See independent accountants' review report

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS

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DUNDEE RFPD

November 19, 2018

P.O. BOX 491

DUNDEE, OR 97115

Management Representation of Fiscal Affairs Required by Oregon Regulation

The Dundee Rural Fire Protection District is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, division 40) including, but not limited to:

- **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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C).**

The management of Dundee Rural Fire Protection District is aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.



Signature

Dan Bechtold Treasurer

Printed Name

Title

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