



**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2019



**Accuity, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
436 1st Avenue W | PO Box 1072  
Albany, Oregon 97321 | (541) 223-5555

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**DISTRICT OFFICIALS**

June 30, 2019

**BOARD OF DIRECTORS**

Carroll Penhollow, Chairman  
Redmond, Oregon

Mac McIntosh, Vice Chairman  
Redmond, Oregon

Craig Unger, Secretary/Treasurer  
Redmond, Oregon

Ken Kerfoot  
Redmond, Oregon

Gary Ollerenshaw  
Redmond, Oregon

**FIRE CHIEF**

Ken Kehmna  
341 NW Dogwood Ave  
Redmond, Oregon 97756

**REGISTERED AGENT**

Ken Jones  
975 Oak Street, Suite 700  
Eugene, Oregon 97401

**ADMINISTRATION**

Jodi Burch, Chief Financial Officer (1/7/19 – 6/30/19)  
Melinda Nichols, Chief Financial Officer (7/1/18 – 1/6/19)  
Diane Cox, Office Administrator

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

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**FINANCIAL SECTION**



# Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Redmond Fire & Rescue  
Redmond, Oregon 97352

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Redmond Fire & Rescue, Redmond, Oregon as of and for the year ended June 30, 2019, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Redmond Fire & Rescue, Redmond, Oregon as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2019, the District adopted new accounting guidance: GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. Our opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit, and budgetary comparison information on pages 4 through 9 and 48 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, and the schedules of changes in OPEB liability and related ratios – medical benefit in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management's discussion and analysis or the schedules of the District's proportionate share of the net pension liability and District contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary comparison 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 30, 2019 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
December 30, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **REDMOND FIRE & RESCUE**

## **Redmond, Oregon**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

#### **INTRODUCTION**

As management of Redmond Fire & Rescue, Redmond, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. It should be read in conjunction with the District's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- At June 30, 2019, total net position of Redmond Fire & Rescue amounted to \$(1,254,121). Of this amount, \$1,464,922 was invested in capital assets, net of related debt. The remaining balance included \$6,684 restricted for donor and grantor projects, and \$(2,725,727) of unrestricted net position.
- The District's total net position decreased by \$638,506 during the current fiscal year.
- Overall expenditures were \$10,205,976, which exceeded total revenues of \$9,567,470 by \$638,506.

#### **OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Redmond Fire & Rescue's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

##### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide financial statements can be found on pages 10 through 11 of this report.

##### **Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting.

## **REDMOND FIRE & RESCUE**

### **Redmond, Oregon**

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. Redmond Fire & Rescue's single fund is a governmental fund.

#### **□ Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be major governmental fund.

Redmond Fire & Rescue adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its respective budget. The basic governmental fund financial statements can be found on pages 12 through 15 of this report.

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

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 16 through 47 of this report.

#### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). RSI includes the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, schedules of the changes in OPEB liability and related ratios - OPEB medical benefit, and the budgetary comparison information. This required supplementary information can be found on pages 48 through 51 of this report.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2019, the District's liabilities exceeded assets by \$1,254,121.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**District's Net Position**

The District's net position decreased by \$638,506 during the current fiscal year. Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

|                                       | <b>Governmental Activities</b> |                     |
|---------------------------------------|--------------------------------|---------------------|
|                                       | <b>2019</b>                    | <b>2018</b>         |
| <b>Assets</b>                         |                                |                     |
| Current assets and other assets       | \$ 3,797,887                   | \$ 4,256,926        |
| Restricted assets                     | 6,684                          | 4,635               |
| Net capital assets                    | <u>3,772,098</u>               | <u>3,839,304</u>    |
| Total assets                          | <u>7,576,669</u>               | <u>8,100,865</u>    |
| <b>Deferred outflows of resources</b> | <u>3,237,553</u>               | <u>2,792,998</u>    |
| <b>Liabilities</b>                    |                                |                     |
| Current liabilities                   | 1,342,540                      | 1,386,089           |
| Noncurrent liabilities                | <u>9,748,804</u>               | <u>9,790,747</u>    |
| Total liabilities                     | <u>11,091,344</u>              | <u>11,176,836</u>   |
| <b>Deferred inflows of resources</b>  | <u>976,999</u>                 | <u>332,642</u>      |
| <b>Net position</b>                   |                                |                     |
| Net investment in capital assets      | 1,464,922                      | 1,223,763           |
| Restricted for donor projects         | 6,684                          | 4,635               |
| Unrestricted                          | <u>(2,725,727)</u>             | <u>(1,844,013)</u>  |
| Total net position                    | <u>\$ (1,254,121)</u>          | <u>\$ (615,615)</u> |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**District's Changes in Net Position**

The condensed statement of activities information shown below explains changes in net position.

**Changes in Net Position**

|                                         | <b>Governmental Activities</b> |                     |
|-----------------------------------------|--------------------------------|---------------------|
|                                         | <u>2019</u>                    | <u>2018</u>         |
| <b>Program revenues</b>                 |                                |                     |
| Charges for services                    | \$ 1,966,273                   | \$ 2,220,414        |
| Operating grants and contributions      | <u>177,831</u>                 | <u>4,500</u>        |
| Total program revenues                  | <u>2,144,104</u>               | <u>2,224,914</u>    |
| <b>General revenues</b>                 |                                |                     |
| Property taxes - general                | 6,599,851                      | 6,228,738           |
| Investment earnings                     | 87,034                         | 62,086              |
| Unrestricted grants and contributions   | 25,865                         | 1,100               |
| Contract services - airport             | 546,569                        | 520,427             |
| Conflagration                           | 54,428                         | 176,699             |
| Gain on sale of capital assets          | -                              | 800                 |
| Miscellaneous                           | <u>109,619</u>                 | <u>53,003</u>       |
| Total general revenues                  | <u>7,423,366</u>               | <u>7,042,853</u>    |
| Total revenues                          | <u>9,567,470</u>               | <u>9,267,767</u>    |
| <b>Program expenses</b>                 |                                |                     |
| Public safety                           | <u>10,205,976</u>              | <u>9,980,781</u>    |
| Total program expenses                  | <u>10,205,976</u>              | <u>9,980,781</u>    |
| <b>Change in net position</b>           | (638,506)                      | (713,014)           |
| <b>Net position - beginning of year</b> | <u>(615,615)</u>               | <u>97,399</u>       |
| <b>Net position - end of year</b>       | <u>\$ (1,254,121)</u>          | <u>\$ (615,615)</u> |

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental fund reported fund balance of \$3,160,357, a decrease of \$467,244 from the prior year.

The General Fund is the operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$3,160,357. Of this amount, \$2,015,139 constitutes unassigned fund balance, which is available for spending at the District's discretion.

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounted to \$3,772,098, net of accumulated depreciation. This investment in capital assets includes land, building, equipment and vehicles, and land improvements. The total depreciation expense related to the District's investment in capital assets for its governmental activities during the current fiscal year was \$435,031.

Additional information on the District's capital assets can be found on pages 26 through 27 of this report.

**Long-Term Liabilities**

At the end of the current fiscal year, the District had \$2,307,176 total debt outstanding. This amount is comprised of two full faith and credit bonds and six loans payable.

The District's total debt decreased by \$308,365 during the current fiscal year. This change was due to payments on principal.

Additional information on the District's long-term debt can be found on pages 27 through 29 of this report.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- The District is projecting a 5.45% increase in total Assessed Value (AV) for the fiscal year 2019-2020, with a 95.0% collection rate. The District will see a positive change in property taxes as many of these account's real market values are above the AV line.
- The District's PERS rates have been projected to increase 25% in the upcoming year.
- The 2019-2020 budget includes the purchase of an ambulance.

All of these factors were considered in preparing the District's budget for fiscal year 2019-2020.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be directed to the following address: Redmond Fire & Rescue, 341 NW Dogwood Avenue, Redmond, Oregon 97756.

## **BASIC FINANCIAL STATEMENTS**

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**  
**STATEMENT OF NET POSITION**  
June 30, 2019

|                                       | <u>Governmental<br/>Activities</u> |
|---------------------------------------|------------------------------------|
| <b>ASSETS</b>                         |                                    |
| Current assets                        |                                    |
| Cash and cash equivalents             | \$ 3,076,893                       |
| Cash with agent                       | 19,701                             |
| Accounts receivable                   | 14,428                             |
| Ambulance receivable, net             | 417,056                            |
| Property taxes receivable             | 155,038                            |
| Prepaid expenses                      | 65,034                             |
| Total current assets                  | <u>3,748,150</u>                   |
| Restricted assets                     |                                    |
| Cash and cash equivalents             | 6,684                              |
| Capital assets not being depreciated  | 206,221                            |
| Capital assets being depreciated, net | 3,565,877                          |
| OPEB asset - RHIA                     | 49,737                             |
| Total assets                          | <u>7,576,669</u>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | <u>3,237,553</u>                   |
| <b>LIABILITIES</b>                    |                                    |
| Current liabilities                   |                                    |
| Accounts payable                      | 106,550                            |
| Accrued payroll liabilities           | 360,996                            |
| Unearned revenue - grants             | 2,049                              |
| Accrued interest                      | 22,963                             |
| Compensated absences                  | 590,048                            |
| Long-term debt, current portion       | 259,934                            |
| Total current liabilities             | <u>1,342,540</u>                   |
| Noncurrent liabilities                |                                    |
| Net pension liability - PERS          | 7,493,301                          |
| OPEB liability - medical benefit      | 208,261                            |
| Long-term debt, less current portion  | 2,047,242                          |
| Total long-term liabilities           | <u>9,748,804</u>                   |
| Total liabilities                     | <u>11,091,344</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <u>976,999</u>                     |
| <b>NET POSITION</b>                   |                                    |
| Net investment in capital assets      | 1,464,922                          |
| Restricted for donor projects         | 6,684                              |
| Unrestricted                          | <u>(2,725,727)</u>                 |
| Total net position                    | <u><u>\$ (1,254,121)</u></u>       |

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

| <u>Functions/Programs</u>                  | Expenses             | Program Revenues        |                                          | Net (Expense)<br>Revenue and<br>Changes in<br>Net Position |
|--------------------------------------------|----------------------|-------------------------|------------------------------------------|------------------------------------------------------------|
|                                            |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                     |
| Governmental activities                    |                      |                         |                                          | Governmental<br>Activities                                 |
| Public safety                              | \$ 10,146,801        | \$ 1,966,273            | \$ 177,831                               | \$ -                                                       |
| Interest on long-term debt                 | 59,175               | -                       | -                                        | -                                                          |
| Total governmental activities              | <u>\$ 10,205,976</u> | <u>\$ 1,966,273</u>     | <u>\$ 177,831</u>                        | <u>\$ -</u>                                                |
| General revenues                           |                      |                         |                                          |                                                            |
| Property taxes levied for general purposes |                      |                         |                                          | 6,599,851                                                  |
| Investment earnings                        |                      |                         |                                          | 87,034                                                     |
| Unrestricted grants and contributions      |                      |                         |                                          | 25,865                                                     |
| Contract services - airport                |                      |                         |                                          | 546,569                                                    |
| Conflagration                              |                      |                         |                                          | 54,428                                                     |
| Miscellaneous                              |                      |                         |                                          | <u>109,619</u>                                             |
| Total general revenues                     |                      |                         |                                          | <u>7,423,366</u>                                           |
| Change in net position                     |                      |                         |                                          | (638,506)                                                  |
| Net position - beginning                   |                      |                         |                                          | <u>(615,615)</u>                                           |
| Net position - ending                      |                      |                         |                                          | <u>\$ (1,254,121)</u>                                      |

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

|                                                                      | General<br>Fund |
|----------------------------------------------------------------------|-----------------|
| <b>ASSETS</b>                                                        |                 |
| Cash and cash equivalents                                            | \$ 3,083,577    |
| Cash with agent                                                      | 19,701          |
| Accounts receivable                                                  | 14,428          |
| Ambulance receivable, net                                            | 417,056         |
| Property taxes receivable                                            | 155,038         |
| Prepaid expenses                                                     | 65,034          |
|                                                                      | <hr/>           |
| Total assets                                                         | \$ 3,754,834    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b> |                 |
| Liabilities                                                          |                 |
| Accounts payable                                                     | \$ 106,550      |
| Accrued payroll liabilities                                          | 360,996         |
| Unearned revenue - grants                                            | 2,049           |
|                                                                      | <hr/>           |
| Total liabilities                                                    | 469,595         |
|                                                                      | <hr/>           |
| Deferred inflows of resources                                        |                 |
| Unavailable revenue - property taxes                                 | 124,882         |
|                                                                      | <hr/>           |
| Fund balances                                                        |                 |
| Nonspendable                                                         | 65,034          |
| Restricted                                                           | 6,684           |
| Assigned                                                             | 1,073,500       |
| Unassigned                                                           | 2,015,139       |
|                                                                      | <hr/>           |
| Total fund balances                                                  | 3,160,357       |
|                                                                      | <hr/>           |
| Total liabilities, deferred inflows of resources, and fund balances  | \$ 3,754,834    |
|                                                                      | <hr/>           |

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

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

June 30, 2019

|                            |              |
|----------------------------|--------------|
| <b>Total fund balances</b> | \$ 3,160,357 |
|----------------------------|--------------|

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

|                          |                    |           |
|--------------------------|--------------------|-----------|
| Cost                     | 8,174,082          |           |
| Accumulated depreciation | <u>(4,401,984)</u> | 3,772,098 |

Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.

124,882

Amounts relating to the District's proportionate share of the net pension liability or asset for the Oregon Public Employees Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. Amounts consist of:

|                                                                      |                  |             |
|----------------------------------------------------------------------|------------------|-------------|
| Deferred outflows of resources relating to pension and OPEB          | 3,237,553        |             |
| Deferred inflows of resources relating to return on pension and OPEB | (976,999)        |             |
| Net pension asset - OPEB RHIA                                        | 49,737           |             |
| Net pension liability - PERS                                         | (7,493,301)      |             |
| Net pension liability - OPEB medical benefit                         | <u>(208,261)</u> | (5,391,271) |

Long-term liabilities are not due or payable in the current year and are not reported in the governmental fund. Interest on long-term debt is not accrued in the governmental fund, but rather, is recognized as an expenditure when due. These liabilities consist of:

|                                   |                  |                    |
|-----------------------------------|------------------|--------------------|
| Accrued interest                  | (22,963)         |                    |
| Compensated absences payable      | (590,048)        |                    |
| Full Faith & Credit bonds payable | (1,445,000)      |                    |
| Loans payable                     | <u>(862,176)</u> | <u>(2,920,187)</u> |

|                                                |                       |
|------------------------------------------------|-----------------------|
| <b>Net position of governmental activities</b> | \$ <u>(1,254,121)</u> |
|------------------------------------------------|-----------------------|

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

**REDMOND FIRE & RESCUE****Redmond, Oregon****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS****For the Year Ended June 30, 2019**

|                                                          | General<br>Fund            |
|----------------------------------------------------------|----------------------------|
| <b>REVENUES</b>                                          |                            |
| Property taxes                                           | \$ 6,602,708               |
| Charges for services                                     | 1,966,273                  |
| Investment earnings                                      | 87,034                     |
| Grants and contributions                                 | 203,696                    |
| Contract services - airport                              | 546,569                    |
| Conflagration                                            | 54,428                     |
| Miscellaneous                                            | 109,619                    |
| Total revenues                                           | <u>9,570,327</u>           |
| <b>EXPENDITURES</b>                                      |                            |
| Current                                                  |                            |
| Public safety                                            | 9,428,744                  |
| Capital outlay                                           | 223,991                    |
| Debt service                                             | 400,076                    |
| Total expenditures                                       | <u>10,052,811</u>          |
| Excess (deficiency of revenues over (under) expenditures | (482,484)                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                            |
| Sale of assets                                           | <u>15,240</u>              |
| Net change in fund balance                               | (467,244)                  |
| Fund balances - beginning                                | <u>3,627,601</u>           |
| Fund balances - ending                                   | <u><u>\$ 3,160,357</u></u> |

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

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

For the Year Ended June 30, 2019

|                                    |              |
|------------------------------------|--------------|
| <b>Net change in fund balances</b> | \$ (467,244) |
|------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                                                   |                  |          |
|---------------------------------------------------|------------------|----------|
| Expenditures for capital assets                   | 301,702          |          |
| Disposal of capital assets, net                   | 67,076           |          |
| Depreciation expense recorded in the current year | <u>(435,031)</u> | (66,253) |

Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.

|                            |                |         |
|----------------------------|----------------|---------|
| Accrued interest           | (19,598)       |         |
| Payments on long-term debt | <u>308,365</u> | 288,767 |

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in governmental funds.

|                      |  |         |
|----------------------|--|---------|
| Compensated absences |  | (4,413) |
|----------------------|--|---------|

Pension expense or credits that do not meet the measureable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.

|                   |              |           |
|-------------------|--------------|-----------|
| Change in GASB 68 | (393,116)    |           |
| Change in GASB 75 | <u>6,610</u> | (386,506) |

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized as revenue when levied.

|  |  |                |
|--|--|----------------|
|  |  | <u>(2,857)</u> |
|--|--|----------------|

|                               |  |                     |
|-------------------------------|--|---------------------|
| <b>Change in net position</b> |  | <u>\$ (638,506)</u> |
|-------------------------------|--|---------------------|

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Redmond Fire & Rescue have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 District's accounting policies are described below.

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

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District.

**B. Reporting Entity**

Deschutes County Rural Fire Protection District No. 1 (the RFPD) was formed under the authority of Oregon Revised Statutes (ORS) Chapter 478. Through June 30, 2011, the RFPD provided fire protection for the unincorporated areas immediately surrounding the city of Redmond, Oregon (the City). Protection was provided solely through a contract with the City, which operated substations within the RFPD.

On November 2, 2010, the residents of the City voted to annex the property within the city limits of the City into the RFPD territory, effective July 1, 2011. The annexation measure, along with a companion measure also approved by voters, had no impact on the total property taxes that may be levied on City residents. However, the measure provided that taxes on City residents for fire protection services previously levied and received by the City would be redirected to the RFPD.

On July 1, 2011, as a result of the vote of the citizens on the City, the RFPD annexed city limits of the City into the RFPD territory and began providing fire protection and emergency medical services both within the City limits and the unincorporated surrounding areas. As part of this annexation, the City transferred substantially all operational responsibilities and capital assets associated with fire protection services to the RFPD. The RFPD changed its legal name to Redmond Fire & Rescue (the District) effective July 1, 2011.

Upon the effective date of the annexation on July 1, 2011, there was no disruption or material change in service as a result of this annexation. All employees of the City's fire department became employees of the District on July 1, 2011; prior to that date, the RFPD had no employees. Redmond Fire & Rescue continues to be governed by a five-member board elected by the residents of the District's service area.

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

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

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

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major funds.

The District reports the following major governmental fund:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes. Expenditures are primarily for fire suppression and administrative support.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the government.

**F. Budgetary Information**

The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for general, special revenue, capital projects, and enterprise funds. All funds are budgeted on the modified accrual basis of accounting.

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for the fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and operating contingencies are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting.

A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. The District does not use encumbrances, and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**2. Investments**

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

**3. Accounts and Ambulance Receivables**

Accounts receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all accounts receivables collectible.

Ambulance receivables are recorded as revenue when earned and are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated by management based on collection experience and industry guidance.

**4. Capital assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land, construction in progress, and antiques are not depreciated. Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u>          | <u>Years</u> |
|------------------------|--------------|
| Apparatus and vehicles | 5-15         |
| Equipment              | 5-15         |
| Land improvements      | 7-15         |
| Buildings              | 15-40        |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**7. Fund Balance Flow Assumption**

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

**8. Fund Balance Policies**

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

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

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

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

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

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

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

**3. Compensated Absences**

Amounts vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**4. Pensions**

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

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

**A. Cash Deposits with Financial Institutions**

The District maintains a cash and cash equivalents pool that is available for use by the District. Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

**Fair Value Measurement**

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

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2019.

Fair values of assets measured on a recurring basis at June 30, 2019 are as follows:

|                                         | <u>Level 2</u>      |
|-----------------------------------------|---------------------|
| Investments                             |                     |
| Oregon Local Government Investment Pool | \$ <u>2,972,530</u> |

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool.

The District has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2019, the District had the following investments:

|                                         | <u>Credit Quality<br/>Rating</u> | <u>Maturities</u> | <u>Fair Value</u> |
|-----------------------------------------|----------------------------------|-------------------|-------------------|
| Oregon Local Government Investment Pool | Unrated                          | -                 | \$ 2,972,530      |

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The District holds accounts at First Interstate Bank, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2019, the District had deposits of \$170,392 fully insured by the FDIC.

Deposits

The District's deposits and investments at June 30, 2019 are as follows:

|                   |                            |
|-------------------|----------------------------|
| Petty cash        | \$ 400                     |
| Checking accounts | 110,647                    |
| Total investments | <u>2,972,530</u>           |
| Total deposits    | <u><u>\$ 3,083,577</u></u> |

Cash and investments by restriction type:

|                                        |                            |
|----------------------------------------|----------------------------|
| Governmental activities - unrestricted |                            |
| General Fund                           | \$ 3,076,893               |
| Governmental activities - restricted   |                            |
| General Fund                           | <u>6,684</u>               |
| Total cash and investments             | <u><u>\$ 3,083,577</u></u> |

Restricted cash is for donor and grantor projects.

**B. Ambulance Receivables**

Ambulance receivables as of June 30, 2019, including the applicable allowances for uncollectible accounts, are as follows:

|                       | Gross<br>Receivables | Allowance for<br>Uncollectibles | Net<br>Receivables |
|-----------------------|----------------------|---------------------------------|--------------------|
| Ambulance receivables | <u>\$ 544,272</u>    | <u>\$ (127,216)</u>             | <u>\$ 417,056</u>  |

Collections made during the year on accounts previously written off totaled \$15,829. Amounts 120 days past due at June 30, 2019 totaled \$95,604.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**C. Deferred Inflows/Outflows of Resources**

Deferred inflows and outflows of resources are summarized on the statement of net position:

|                                          | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------|-----------------------------------|----------------------------------|
| Pension liability - PERS related         | \$ 3,206,317                      | \$ (945,624)                     |
| OPEB liability - RHIA related            | 25,252                            | (14,464)                         |
| OPEB liability - Medical benefit related | 5,984                             | (16,911)                         |
| Total                                    | <u>\$ 3,237,553</u>               | <u>\$ (976,999)</u>              |

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

|                                             | Beginning<br>Balance | Increases          | Decreases          | Transfers       | Ending<br>Balance   |
|---------------------------------------------|----------------------|--------------------|--------------------|-----------------|---------------------|
| Governmental activities                     |                      |                    |                    |                 |                     |
| Capital assets not being depreciated        |                      |                    |                    |                 |                     |
| Land                                        | \$ 16,500            | \$ 33,101          | \$ (2,800)         | \$ -            | \$ 46,801           |
| Antiques                                    | -                    | 15,000             | -                  | 30,000          | 45,000              |
| Construction in progress                    | 5,571                | 114,420            | (5,571)            | -               | 114,420             |
| Total capital assets not being depreciated  | <u>22,071</u>        | <u>162,521</u>     | <u>(8,371)</u>     | <u>30,000</u>   | <u>206,221</u>      |
| Capital assets being depreciated            |                      |                    |                    |                 |                     |
| Buildings                                   | 3,171,368            | -                  | (10,288)           | -               | 3,161,080           |
| Equipment                                   | 4,902,042            | 121,551            | (190,651)          | (4,060,648)     | 772,294             |
| Apparatus and Vehicles                      | -                    | 85,422             | (120,177)          | 4,036,125       | 4,001,370           |
| Land improvements                           | 19,409               | 29,882             | (10,697)           | (5,477)         | 33,117              |
| Total capital assets being depreciated      | <u>8,092,819</u>     | <u>236,855</u>     | <u>(331,813)</u>   | <u>(30,000)</u> | <u>7,967,861</u>    |
| Less accumulated depreciation for           |                      |                    |                    |                 |                     |
| Buildings                                   | (939,019)            | (90,793)           | 9,347              | -               | (1,020,465)         |
| Equipment                                   | (3,321,135)          | (125,765)          | 173,532            | 2,711,498       | (561,870)           |
| Apparatus and Vehicles                      | -                    | (218,473)          | 115,057            | (2,712,998)     | (2,816,414)         |
| Land improvements                           | (15,432)             | -                  | 10,697             | 1,500           | (3,235)             |
| Total accumulated depreciation              | <u>(4,275,586)</u>   | <u>(435,031)</u>   | <u>308,633</u>     | <u>-</u>        | <u>(4,401,984)</u>  |
| Total capital assets being depreciated, net | <u>3,817,233</u>     | <u>(198,176)</u>   | <u>(23,180)</u>    | <u>(30,000)</u> | <u>3,565,877</u>    |
| Governmental activities capital assets, net | <u>\$ 3,839,304</u>  | <u>\$ (35,655)</u> | <u>\$ (31,551)</u> | <u>\$ -</u>     | <u>\$ 3,772,098</u> |

Depreciation expense was reported on the statement of activities as follows:

|               |                   |
|---------------|-------------------|
| Public safety | <u>\$ 435,031</u> |
|---------------|-------------------|

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

|                          | Capital<br>Assets   | Accumulated<br>Depreciation | Net Capital<br>Assets |
|--------------------------|---------------------|-----------------------------|-----------------------|
| Governmental activities  |                     |                             |                       |
| Land                     | \$ 46,801           | \$ -                        | \$ 46,801             |
| Construction in progress | 114,420             | -                           | 114,420               |
| Antiques                 | 45,000              | -                           | 45,000                |
| Buildings                | 3,161,080           | (1,020,465)                 | 2,140,615             |
| Equipment                | 772,294             | (561,870)                   | 210,424               |
| Apparatus and Vehicles   | 4,001,370           | (2,816,414)                 | 1,184,956             |
| Land improvements        | 33,117              | (3,235)                     | 29,882                |
| Total capital assets     | <u>\$ 8,174,082</u> | <u>\$ (4,401,984)</u>       | <u>\$ 3,772,098</u>   |

**E. Compensated Absences**

The following is a summary of compensated absences transactions for the year:

|                         | Beginning<br>Balance | Additions       | Reductions  | Ending<br>Balance |
|-------------------------|----------------------|-----------------|-------------|-------------------|
| Governmental activities |                      |                 |             |                   |
| Compensated absences    | <u>\$ 585,635</u>    | <u>\$ 4,413</u> | <u>\$ -</u> | <u>\$ 590,048</u> |

**F. Long-Term Liabilities**

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

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

|                                   | Interest<br>Rate | Original<br>Amount  | Beginning<br>Balance | Additions   | Reductions          | Ending<br>Balance   | Due<br>Within<br>One Year |
|-----------------------------------|------------------|---------------------|----------------------|-------------|---------------------|---------------------|---------------------------|
| Governmental activities           |                  |                     |                      |             |                     |                     |                           |
| Bonds                             |                  |                     |                      |             |                     |                     |                           |
| 2006 FF&C Bonds                   | 3.75-4.7%        | \$ 935,000          | \$ 630,000           | \$ -        | \$ (35,000)         | \$ 595,000          | \$ 40,000                 |
| 2012 FF&C Bonds                   | 2.0-4.0%         | 1,540,000           | 930,000              | -           | (80,000)            | 850,000             | 85,000                    |
| Total bonds                       |                  | 2,475,000           | 1,560,000            | -           | (115,000)           | 1,445,000           | 125,000                   |
| Loans                             |                  |                     |                      |             |                     |                     |                           |
| BOTC - Defibrillator Loan         | 3.47%            | 148,609             | 30,040               | -           | (30,040)            | -                   | -                         |
| BOTC - 2014 Ambulance Loan        | 3.47%            | 150,000             | 29,652               | -           | (29,652)            | -                   | -                         |
| BOTC - 2016 Ambulance Loan        | 3.61%            | 156,905             | 94,143               | -           | (31,239)            | 62,904              | 31,381                    |
| PNC Equipment - Engine Loan       | 3.98%            | 498,807             | 448,134              | -           | (26,839)            | 421,295             | 27,958                    |
| First Interstate Bank - Ambulance | 3.99%            | 201,536             | 201,536              | -           | (33,589)            | 167,947             | 33,589                    |
| First Interstate Bank - Ambulance | 3.99%            | 252,036             | 252,036              | -           | (42,006)            | 210,030             | 42,006                    |
| Total loans                       |                  | 1,407,893           | 1,055,541            | -           | (193,365)           | 862,176             | 134,934                   |
| Total governmental activities     |                  | <u>\$ 3,882,893</u> | <u>\$ 2,615,541</u>  | <u>\$ -</u> | <u>\$ (308,365)</u> | <u>\$ 2,307,176</u> | <u>\$ 259,934</u>         |

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**2. Legal Debt Limit**

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2019, was approximately \$83,155,517. The District's legal debt service limit is 1.25% or the real market value of property within the District.

**3. Governmental Activity – 2006 Full Faith and Credit Bonds**

The 2006 Series FF&C bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District's outstanding bonds represent funding used primarily to finance the construction of the Terrebonne Fire Station. Interest is fixed and ranges between 3.75% and 4.70%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

**4. Governmental Activity – 2012 Full Faith and Credit Bonds**

The 2012 Series FF&C bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District's outstanding bonds represent funding used primarily to refinance capital leases with the City and take legal title to the District's primary fire station and 2006 fire engine. Interest is fixed and ranges between 2.00% and 4.00%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on June 1 and December 1. Principal is due annually on June 1.

**5. Governmental Activity – First Interstate Bank – Defibrillator Loan**

On June 20, 2014, the District obtained a loan from First Interstate Bank to provide funds for the purchase of defibrillators, which are pledged as collateral. Interest is fixed at 3.47%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1. The loan was paid in full during the current fiscal year.

**6. Governmental Activity – First Interstate Bank – 2014 Ambulance Loan**

On August 18, 2014, the District obtained a loan from First Interstate Bank to provide funds for the purchase of an ambulance, which is pledged as collateral. Interest is fixed at 3.47%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1. The loan was paid in full during the current fiscal year.

**7. Governmental Activity – First Interstate Bank – 2016 Ambulance Loan**

On January 14, 2016, the District obtained a loan from First Interstate Bank to provide funds for the purchase of an ambulance, which is pledged as collateral. Interest is fixed at 3.61%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

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**8. Governmental Activity - PNC Equipment Finance - Fire Engine Loan**

On December 8, 2015, the District obtained a loan from PNC Equipment Finance to provide funds for the purchase of a fire engine, which is pledged as collateral. Interest is fixed at 3.98%. Principal and interest are due semiannually on December 8.

**9. Governmental Activity - First Interstate Bank - Ambulance Loan**

On May 24, 2018, the District obtained a loan from First Interstate Bank to provide funds for the purchase of an ambulance, which is pledged as collateral. Interest is fixed at 3.99%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

**10. Governmental Activity - First Interstate Bank - Ambulance Loan**

On May 24, 2018, the District obtained a loan from First Interstate Bank to provide funds for the purchase of an ambulance, which is pledged as collateral. Interest is fixed at 3.99%. Interest is due semiannually on July 1 and January 1. Principal is due annually on January 1.

**11. Governmental Activity - Future Maturities of Long-Term Liabilities**

| Year Ending<br>June 30 | Full Faith & Credit Bonds |                   | Loans             |                   | Total               |                   |
|------------------------|---------------------------|-------------------|-------------------|-------------------|---------------------|-------------------|
|                        | Principal                 | Interest          | Principal         | Interest          | Principal           | Interest          |
| 2020                   | \$ 125,000                | \$ 54,316         | \$ 134,934        | \$ 33,167         | \$ 259,934          | \$ 87,483         |
| 2021                   | 130,000                   | 49,126            | 136,208           | 27,798            | 266,208             | 76,924            |
| 2022                   | 125,000                   | 44,626            | 105,863           | 22,410            | 230,863             | 67,036            |
| 2023                   | 135,000                   | 40,121            | 107,089           | 18,126            | 242,089             | 58,247            |
| 2024                   | 140,000                   | 35,331            | 108,365           | 13,793            | 248,365             | 49,124            |
| 2025-2029              | 665,000                   | 97,210            | 184,865           | 40,238            | 849,865             | 137,448           |
| 2030-2032              | 125,000                   | 5,994             | 84,852            | 5,188             | 209,852             | 11,182            |
| Total                  | <u>\$ 1,445,000</u>       | <u>\$ 326,724</u> | <u>\$ 862,176</u> | <u>\$ 160,720</u> | <u>\$ 2,307,176</u> | <u>\$ 487,444</u> |

**12. Default Risk**

If the District is unable to make payment on the loans, the obligations each contain an event of default; the lenders may declare the entire unpaid principal balance and all unpaid accrued interest immediately due.

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**G. Constraints on Fund Balances**

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

|                                | <u>General<br/>Fund</u>    |
|--------------------------------|----------------------------|
| Fund balances:                 |                            |
| Nonspendable: prepaid expenses | \$ 65,034                  |
| Restricted for:                |                            |
| Donor and grantor projects     | 6,684                      |
| Assigned to:                   |                            |
| Building needs                 | 398,000                    |
| Equipment needs                | 275,500                    |
| Operating needs                | 350,000                    |
| Workers compensation reserves  | 50,000                     |
| Unassigned                     | <u>2,015,139</u>           |
| Total fund balances            | <u><u>\$ 3,160,357</u></u> |

**H. Charges for Services - Ambulance**

The District's ambulance billings in the Ambulance Fund are net of discounts for capitation and insurance adjustments. Charges for services at June 30, 2019 consisted of the following:

|                      |                            |
|----------------------|----------------------------|
| Ambulance fees       | \$ 2,128,210               |
| Ambulance discounts  | <u>(161,937)</u>           |
| Charges for services | <u><u>\$ 1,966,273</u></u> |

**III. OTHER INFORMATION**

**A. Risk Management**

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

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

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Name of Pension Plan

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

Description of Benefit Terms

*Plan Benefits – PERS Pension (Chapter 238)*

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

*PERS Pension*

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

*Pension Benefits*

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

*Death Benefits*

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

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

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service.

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Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

*Benefit Changes after Retirement*

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

OPSRP Pension Program (OPSRP DB)

*Pension Benefits*

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

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age: police and fire - 1.8 percent is multiplied by the number of years of service and the final average salary.

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

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

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

*Death Benefits*

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

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*Disability Benefits*

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

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision.

Contributions

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

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Employer contributions for the year ended June 30, 2019 were \$1,211,619.

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2017-CAFR.pdf>. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Valuations

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

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For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

|                                   |                                                                                                                                                                 |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                    | December 31, 2016                                                                                                                                               |
| Measurement Date                  | June 30, 2018                                                                                                                                                   |
| Experience Study                  | 2016, published July 26, 2017                                                                                                                                   |
| <i>Actuarial Assumptions:</i>     |                                                                                                                                                                 |
| Actuarial Cost Method             | Entry age normal                                                                                                                                                |
| Inflation Rate                    | 2.50 percent                                                                                                                                                    |
| Long-term Expected Rate of Return | 7.20 percent                                                                                                                                                    |
| Discount Rate                     | 7.20 percent                                                                                                                                                    |
| Projected Salary Increases        | 3.50 percent                                                                                                                                                    |
| Cost of living adjustment (COLA)  | Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.                                               |
| Mortality                         | <b>Health retirees and beneficiaries:</b> RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. |

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|  |                                                                                                                                                                                                                                                                                                                                |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>Active members:</b> Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.</p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Assumed Asset Allocation

| <u>Asset Class</u> | <u>Low Range</u> | <u>High Range</u> | <u>OIC Target</u> |
|--------------------|------------------|-------------------|-------------------|
| Cash               | 0.0%             | 3.0%              | 0.0%              |

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|                       |       |       |        |
|-----------------------|-------|-------|--------|
| Debt Securities       | 15.0% | 25.0% | 20.0%  |
| Public Equity         | 32.5% | 42.5% | 37.5%  |
| Private Equity        | 13.5% | 21.5% | 17.5%  |
| Real Estate           | 9.5%  | 15.5% | 12.5%  |
| Alternative Equity    | 0.0%  | 12.5% | 12.5%  |
| Opportunity Portfolio | 0.0%  | 3.0%  | 0.0%   |
| Total                 |       |       | 100.0% |

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

At June 30, 2019, the District reported a liability of \$7,493,301 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 employers, actuarially determined. At December 31, 2018 the District's proportion was 0.04946503%.

For the year ended June 30, 2019, the District recognized pension expense of \$1,370,294. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                      | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between projected and actual experience                                                  | \$ 254,900                        | \$ -                             |
| Change in assumptions                                                                                | 1,742,178                         | -                                |
| Net differences between projected and actual earnings on investments                                 | -                                 | (332,745)                        |
| Changes in proportionate share                                                                       | 41,859                            | (600,371)                        |
| Differences between employer contribution and employer's proportionate share of system contributions | 186,437                           | (12,508)                         |
| Total (prior to post-MD contributions)                                                               | 2,225,374                         | (945,624)                        |
| Contributions subsequent to the MD                                                                   | 980,943                           | -                                |
| Total                                                                                                | \$ 3,206,317                      | \$ (945,624)                     |

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Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

| Year ended June 30: | Deferred<br>Outflow/ (Inflow) of<br>Resources (prior to<br>post-measurement<br>date contributions) |
|---------------------|----------------------------------------------------------------------------------------------------|
| 2020                | \$ 851,864                                                                                         |
| 2021                | 556,675                                                                                            |
| 2022                | (178,374)                                                                                          |
| 2023                | 18,241                                                                                             |
| 2024                | 31,344                                                                                             |

*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 7.20 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

District's proportionate share of the net pension liability (asset):

| 1% Decrease<br>(6.20%) | Discount Rate<br>(7.20%) | 1% Increase<br>(8.20%) |
|------------------------|--------------------------|------------------------|
| \$ 12,522,721          | \$ 7,493,301             | \$ 3,341,926           |

*Changes Subsequent to the Measurement Date*

We are not aware of any changes subsequent to the June 30, 2018 measurement date that meet this requirement and thus would require a brief description under GASB standard.

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**C. Other Post-Employment Benefits (GASB 75) RHIA – Oregon PERS Plan**

**1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)**

*General Information about the OPEB Plan*

Name of OPEB Plan

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan.

Description of Benefit Terms

*Plan Benefits – PERS RHIA (Chapter 238)*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

*OPEB Membership*

The ORS Chapter 238 Defined Benefit OPEB Plan is closed to new members hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more 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 (C) enroll in a PERS-sponsored health plan.

As of June 30, 2018, the inactive RHIA plan participants currently receiving benefits totaled 46,033, and there were 56,200 active and 15,215 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements.

Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

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Contributions

Employer contributions for the year ended June 30, 2019 were \$25,252.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2018. That independently audited report was dated March 1, 2019 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2019/GASB-75-RHIA-YE-06-30-2018.pdf>

Proportionate Share Allocation Methodology

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

|                                   |                                                                                                                                                                 |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                    | December 31, 2016                                                                                                                                               |
| Measurement Date                  | June 30, 2018                                                                                                                                                   |
| Experience Study                  | 2016, published July 26, 2017                                                                                                                                   |
| <i>Actuarial Assumptions:</i>     |                                                                                                                                                                 |
| Actuarial Cost Method             | Entry age normal                                                                                                                                                |
| Inflation Rate                    | 2.50 percent                                                                                                                                                    |
| Long-term Expected Rate of Return | 7.20 percent                                                                                                                                                    |
| Discount Rate                     | 7.20 percent                                                                                                                                                    |
| Projected Salary Increases        | 3.50 percent                                                                                                                                                    |
| Retiree healthcare participation  | Healthy retirees: 38%; disabled retirees: 20%                                                                                                                   |
| Mortality                         | <b>Health retirees and beneficiaries:</b> RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

|  |                                                                                                                                                                                                                                                                                                                                |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p><b>Active members:</b> Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.</p> |
|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Actuarial valuations of an ongoing plan involve estimates of the value of 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 on the 2016 Experience Study, which reviewed experience for the four-year period ended December 31, 2016.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 7.20. 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 RHIA 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 OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB 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 (fair market value of assets) is projected to cover benefit payments and administrative expenses.

*OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2019, the District reported an asset of \$49,737 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018 the District's proportion was 0.044556080%.

For the year ended June 30, 2019, the District recognized OPEB credit of \$5,064. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                      | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                   | \$ -                              | \$ (2,819)                       |
| Changes of assumptions                                               | -                                 | (158)                            |
| Net differences between projected and actual earnings on investments | -                                 | (10,723)                         |
| Changes in proportionate share                                       | -                                 | (764)                            |
| Total (prior to post-MD contributions)                               | - -                               | (14,464)                         |
| Contributions subsequent to the MD                                   | 25,252                            | -                                |
| Total                                                                | \$ 25,252                         | \$ (14,464)                      |

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2018 measurement period is 3.3 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2019.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

| Year ended June 30: | Deferred<br>Outflow/(Inflow) of<br>Resources (prior to<br>post-measurement<br>date contributions) |
|---------------------|---------------------------------------------------------------------------------------------------|
| 2020                | \$ (4,909)                                                                                        |
| 2021                | (4,837)                                                                                           |
| 2022                | (3,651)                                                                                           |
| 2023                | (1,066)                                                                                           |
| 2024                | -                                                                                                 |

*Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

District's proportionate share of the net OPEB (asset) liability:

| 1% Decrease<br>(6.20%) | Discount Rate<br>(7.20%) | 1% Increase<br>(8.20%) |
|------------------------|--------------------------|------------------------|
| \$ (28,959)            | \$ (49,737)              | \$ (67,423)            |

*Changes Subsequent to the Measurement Date*

We are not aware of any changes subsequent to the June 30, 2018 measurement date that meet this requirement and thus would require a brief description under GASB standard.

**2. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)**

*General Information about the OPEB Plan*

Name of OPEB Plan

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

Description of Benefit Terms

*Plan Benefits – Implicit Medical Benefit*

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

*Medical Benefit Membership and Eligibility*

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

*Medical Benefit Duration and Amount*

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

*Participant Statistics*

As of June 30, 2019, there were 50 active members and 1 retired participant in the Medical Benefit plan. The average age of participants is 42.4 and 57, respectively.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of June 30, 2019 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

|                                    |                                       |
|------------------------------------|---------------------------------------|
| Valuation Date                     | July 1, 2017                          |
| Measurement Dates/Fiscal Year Ends | June 30, 2017 through June 30, 2019   |
| <i>Actuarial Assumptions:</i>      |                                       |
| Actuarial Cost Method              | Entry age normal                      |
| Interest Discount                  | 3.58 percent discount rate assumption |
| General Inflation                  | 2.50 percent per year                 |
| Salary Scale                       | 3.50 percent per year                 |

Election and lapse rates: 30% of eligible employees – 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2017.

Milliman's Health Cost Guidelines were used to allocate costs by age and gender. Retirees' costs include a load for expected health status of retirees relative to active employees and spouses.

For the period July 1, 2017 through June 30, 2019, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$553 per retiree per month, and \$613 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$53 per retiree and \$51 per spouse.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Table for males and females, as appropriate.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

*Changes in Medical Benefit OPEB Liability*

|                                       |                   |
|---------------------------------------|-------------------|
| Total OPEB Liability at June 30, 2018 | \$ <u>189,175</u> |
| Changes for the year:                 |                   |
| Service cost                          | 22,495            |
| Interest                              | 7,487             |
| Change in assumptions                 | (5,754)           |
| Benefit payments                      | <u>(5,142)</u>    |
| Net changes                           | <u>19,086</u>     |
| Total OPEB Liability at June 30, 2019 | \$ <u>208,261</u> |

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                        | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|------------------------|-----------------------------------|----------------------------------|
| Changes in assumptions | \$ -                              | \$ (16,911)                      |
| Benefit payments       | <u>5,984</u>                      | <u>-</u>                         |
| Total                  | <u>\$ 5,984</u>                   | <u>\$ (16,911)</u>               |

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

| Year ended June 30: | Deferred<br>Outflow/(Inflow) of<br>Resources (prior to post-<br>measurement date<br>contributions) |
|---------------------|----------------------------------------------------------------------------------------------------|
| 2020                | \$ (1,433)                                                                                         |
| 2021                | (1,433)                                                                                            |
| 2022                | (1,433)                                                                                            |
| 2023                | (1,433)                                                                                            |
| 2024                | (1,433)                                                                                            |
| Thereafter          | (9,746)                                                                                            |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

*Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates*

The following presents the net OPEB liability, calculated using the discount rate of 3.58%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <u>June 30 Disclosure</u> | <u>1% Decrease<br/>(2.58%)</u> | <u>Current<br/>Discount Rate<br/>(3.58%)</u> | <u>1% Increase<br/>(4.58%)</u> |
|---------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| Total OPEB Liability      | \$ 229,046                     | \$ 208,261                                   | \$ 189,344                     |

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

| <u>June 30 Disclosure</u> | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|-------------------------------|--------------------|
| Total OPEB Liability      | \$ 180,374         | \$ 208,261                    | \$ 241,846         |

**D. Deferred Compensation Plan**

Plan Description and Funding Policy

The District has authorized a deferred compensation plan to be made available to its employees. Employees may execute an individual agreement with the District for amounts earned by them not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. Participation in the plan is voluntary. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. Contributions are made from salary deductions from participating employees within the limits specified in the Code.

**E. Concentrations**

**1. Collective Bargaining Agreement**

At June 30, 2019, the District had approximately 58 full-time and 16 part-time employees who are accounted for under the governmental activities of the District. Of this total, 75% are covered under a collective bargaining agreement. The existing agreement was ratified on July 1, 2016 and expired on June 30, 2019.

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2019

**F. New Pronouncements**

For the fiscal year ended June 30, 2019, the District implemented the following new accounting standards:

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

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

GASB Statement No. 84, *Fiduciary Activities* – This statement established criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

GASB Statement No. 87, *Leases* – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2019.

**G. Subsequent Events**

**1. Operations**

The District has discontinued its Community Paramedic Program due to a lapse in the grant which funded the program. The District estimates that there will be no economic impact to continuing operations.

**2. Debt**

The District entered into a loan agreement to purchase a new ambulance in September 2019 for approximately \$208,000.

Management has evaluated subsequent events through December 30, 2019, which was the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

**OREGON PERS SYSTEM**

**Schedule of the District's Proportionate  
Share of the Net Pension Liability**

|                                                                                                                     | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  | <u>2016</u>  | <u>2015</u>    |
|---------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|----------------|
| District's proportion of the net pension liability (asset)                                                          | 0.0494650%   | 0.0541139%   | 0.0570993%   | 0.0592230%   | 0.0516000%     |
| District's proportionate share of the net pension liability (asset)                                                 | \$ 7,493,301 | \$ 7,294,569 | \$ 8,570,916 | \$ 3,400,266 | \$ (1,168,725) |
| District's covered-employee payroll (from actuarial exhibits)                                                       | \$ 4,307,867 | \$ 4,394,739 | \$ 4,264,819 | \$ 4,049,068 | \$ 3,702,614   |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 173.94%      | 165.98%      | 200.97%      | 83.98%       | -31.56%        |
| Plan fiduciary net position as a percentage of the total pension liability                                          | 82.07%       | 83.12%       | 80.53%       | 91.88%       | 103.59%        |

**Schedule of District Contributions**

|                                                                      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    |
|----------------------------------------------------------------------|------------------|------------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 1,211,619     | \$ 1,158,776     | \$ 786,004     | \$ 883,761     | \$ 810,968     |
| Contributions in relation to the contractually required contribution | <u>1,211,619</u> | <u>1,158,776</u> | <u>786,004</u> | <u>883,761</u> | <u>810,968</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| District's covered-employee payroll                                  | \$ 5,141,147     | \$ 4,314,800     | \$ 4,235,547   | \$ 4,246,705   | \$ 4,264,819   |
| Contributions as a percentage of covered-employee payroll            | 24%              | 27%              | 19%            | 21%            | 19%            |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
OPEB LIABILITY (ASSET) AND DISTRICT CONTRIBUTIONS

**OREGON PERS SYSTEM**

**Schedule of the District's Proportionate Share of the OPEB  
Liability (Asset)**

|                                                                                                                 | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  |
|-----------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|
| District's proportion of the OPEB liability (asset)                                                             | 0.044556080% | 0.042340380% | 0.045682190% |
| District's proportionate share of the OPEB liability (asset)                                                    | \$ (49,737)  | \$ (17,670)  | \$ 12,406    |
| District's covered-employee payroll (from actuarial exhibits)                                                   | \$ 4,307,867 | \$ 4,394,739 | \$ 4,264,819 |
| District's proportionate share of the OPEB liability (asset) as a<br>percentage of its covered-employee payroll | -1.15%       | -0.40%       | 0.29%        |
| Plan fiduciary net position as a percentage of the total OPEB<br>liability                                      | 123.99%      | 108.88%      | 94.15%       |

**Schedule of District Contributions**

|                                                                         | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
|-------------------------------------------------------------------------|---------------|---------------|---------------|
| Contractually required contribution                                     | \$ 25,252     | \$ 21,574     | \$ 21,184     |
| Contributions in relation to the contractually required<br>contribution | <u>25,252</u> | <u>21,574</u> | <u>21,184</u> |
| Contribution deficiency (excess)                                        | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| District's covered-employee payroll                                     | \$ 5,141,147  | \$ 4,314,800  | \$ 4,235,547  |
| Contributions as a percentage of covered-employee payroll               | 0.5%          | 0.5%          | 0.5%          |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)  
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

**DISTRICT MEDICAL BENEFIT PLAN**

| Schedule of Changes                                                      | 2019              | 2018              |
|--------------------------------------------------------------------------|-------------------|-------------------|
| <b>Total Medical Benefit Pension Liability - beginning</b>               | <u>\$ 189,175</u> | <u>\$ 178,186</u> |
| Changes for the year:                                                    |                   |                   |
| Service Cost                                                             | \$ 22,495         | \$ 23,831         |
| Interest                                                                 | 7,487             | 5,687             |
| Change in assumptions                                                    | (5,754)           | (13,597)          |
| Benefit Payments                                                         | <u>(5,142)</u>    | <u>(4,932)</u>    |
| Net changes for the year                                                 | <u>19,086</u>     | <u>10,989</u>     |
| <b>Total Medical Benefit Pension Liability - ending</b>                  | <u>\$ 208,261</u> | <u>\$ 189,175</u> |
| <br>District's covered-employee payroll                                  | <br>\$ 5,141,147  | <br>\$ 4,314,800  |
| Net Medical Benefit Pension Liability as a Percentage of Covered Payroll | 4.05%             | 4.38%             |

**REDMOND FIRE & RESCUE**  
**Redmond, Oregon**

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

GENERAL FUND

For the Year Ended June 30, 2019

|                                                              | Original and<br>Final<br>Budget | Variance with<br>Final Budget<br>Over (Under) | Actual<br>GAAP<br>Basis |
|--------------------------------------------------------------|---------------------------------|-----------------------------------------------|-------------------------|
| <b>REVENUES</b>                                              |                                 |                                               |                         |
| Property taxes                                               | \$ 6,471,377                    | \$ 131,331                                    | \$ 6,602,708            |
| Charges for services                                         | 2,429,500                       | (463,227)                                     | 1,966,273               |
| Investment earnings                                          | 46,875                          | 40,159                                        | 87,034                  |
| Grants and contributions                                     | 519,672                         | (315,976)                                     | 203,696                 |
| Contract services - airport                                  | 555,155                         | (8,586)                                       | 546,569                 |
| Conflagration                                                | 15,000                          | 39,428                                        | 54,428                  |
| Miscellaneous                                                | 37,900                          | 71,719                                        | 109,619                 |
| Total revenues                                               | <u>10,075,479</u>               | <u>(505,152)</u>                              | <u>9,570,327</u>        |
| <b>EXPENDITURES</b>                                          |                                 |                                               |                         |
| Current                                                      |                                 |                                               |                         |
| Operations                                                   | 8,574,933                       | (582,564)                                     | 7,992,369               |
| Administrative                                               | 1,209,764                       | (75,476)                                      | 1,134,288               |
| Fire and Life Safety                                         | 412,182                         | (110,095)                                     | 302,087                 |
| Capital outlay                                               | 889,000                         | (665,009)                                     | 223,991                 |
| Debt Service                                                 | 487,000                         | (86,924)                                      | 400,076                 |
| Contingency                                                  | 2,240,725                       | (2,240,725)                                   | -                       |
| Total expenditures                                           | <u>13,813,604</u>               | <u>(3,760,793)</u>                            | <u>10,052,811</u>       |
| Excess (deficiency) of revenues<br>over (under) expenditures | (3,738,125)                     | 3,255,641                                     | (482,484)               |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                    |                                 |                                               |                         |
| Sale of assets                                               | 2,000                           | 13,240                                        | 15,240                  |
| Loan proceeds                                                | 260,000                         | (260,000)                                     | -                       |
| Total other financing sources (uses)                         | <u>262,000</u>                  | <u>(246,760)</u>                              | <u>15,240</u>           |
| Net change in fund balance                                   | (3,476,125)                     | 3,008,881                                     | (467,244)               |
| Fund balance - beginning                                     | <u>3,476,125</u>                | <u>151,476</u>                                | <u>3,627,601</u>        |
| Fund balance - ending                                        | <u>\$ -</u>                     | <u>\$ 3,160,357</u>                           | <u>\$ 3,160,357</u>     |

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



# Accuity, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Directors  
Redmond Fire & Rescue  
Redmond, Oregon 97352

We have audited the basic financial statements of Redmond Fire & Rescue as of and for the year ended June 30, 2019, and have issued our report thereon December 30, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

### **Compliance**

As part of obtaining reasonable assurance about whether Redmond Fire & Rescue's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

**Deposit of public funds with financial institutions (ORS Chapter 295)**

**Indebtedness limitations, restrictions and repayments**

**Budgets legally required (ORS Chapter 294)**

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

**Authorized investment of surplus funds (ORS Chapter 294)**

**Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. The District did retain adequate documentation of quotes received for one capital purchase which is in violation of public contracts and purchasing requirements.

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

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

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



Accuity, LLC

December 30, 2019