

JACKSON COUNTY FIRE DISTRICT NO. 5

AUDIT REPORT

For the Year Ended

June 30, 2020

JACKSON COUNTY FIRE DISTRICT NO. 5

June 30, 2020

ELECTED BOARD OF DIRECTORS

<u>Name</u>	<u>Position Number</u>	<u>Term Expires</u>	<u>Address</u>
Vicki Purslow Chairperson	5	06/30/21	1275 Neil Creek Rd. Ashland, OR 97520
Kevin George Vice-Chairperson	1	06/30/23	802 W. 1st Street Phoenix, OR 97535
Cary Halligan Secretary	2	06/30/23	102 School House Rd. Talent, OR 97540
Bill Robertson	3	06/30/21	P.O. Box 776 Ashland, OR 97520
Kittie Harrison	4	06/30/21	345 Willow Springs Dr. Talent, OR 97540

REGISTERED AGENT AND FIRE CHIEF

Charles Hanley	5811 S. Pacific Highway Phoenix, OR 97535
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REGISTERED OFFICE

Jackson County Fire District No. 5	5811 S. Pacific Highway Phoenix, OR 97535
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For the Year Ended June 30, 2020
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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
JACKSON COUNTY FIRE DISTRICT NO. 5
5811 South Pacific Highway
Phoenix, OR 97535

I have audited the accompanying financial statements of the governmental activities and each major fund of Jackson County Fire District No. 5 (the District), as of and for the year ended June 30, 2020, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund Jackson County Fire District No. 5, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), as listed in the table of contents, and the required supplementary information (RSI), as listed in the table of contents, 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.

I have applied certain limited procedures to the MD&A 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the MD&A because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The RSI has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the RSI is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County Fire District No. 5's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information (SI) is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the SI is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated November 12, 2020, on my consideration of Jackson County Fire District No. 5's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.

Richard W. Brewster
Certified Public Accountant

November 12, 2020

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

This discussion and analysis is intended to be an easily readable analysis of Jackson County Fire District No.5's financial activities based on currently known facts, decisions or conditions. The analysis focuses on current year activities and should be read in conjunction with the District's financial statements.

1. REPORT LAYOUT

The District's annual financial report consists of several sections. Taken together they provide a comprehensive financial look at the District. The components of the report include the following:

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the District.

Basic Financial Statements. Includes government-wide financial statements, fund financial statements and the notes to financial statements.

Government-wide financial statements provide information about the activities of the District government-wide (or "as a whole") on the accrual basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District. The statement of net position includes *all* of the District's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets, deferred outflows, liabilities, and deferred inflows – is one way to measure the District's financial health, or *position*.

Fund financial statements focus on major governmental funds. Governmental fund statements follow the more traditional presentation of financial statements. The District's major governmental funds are presented in their own column and the remaining funds are combined into a column titled "Other Governmental Funds." The District has designated all funds as major.

The notes to financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the District's financial condition.

Required Supplementary Information. The General Fund budgetary comparison schedule represents financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes to financial statements.

Supplementary Information. This part of the report includes optional financial information such as details to budgetary comparison schedules, tax transactions schedules, and principle and interest transactions. This supplemental financial information is provided to address certain specific needs of various users of the District's annual report.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

2. DISTRICT AS A WHOLE

Government-Wide Financial Statements

A condensed version of the Statement of Net Position at June 30, 2020 and 2019 follows.

Table 1
Net Position

	Governmental Activities		Total Percentage Change
	2020	2019	2019-2020
Current and other assets	\$ 1,282,284	\$ 2,882,376	(55.51) %
Capital assets	4,802,877	3,344,140	43.62
Total assets	<u>6,085,161</u>	<u>6,226,516</u>	(2.27)
 Total deferred outflows of resources	 <u>2,962,410</u>	 <u>2,753,890</u>	 7.57
 Long-term liabilities outstanding	 13,279,370	 11,600,162	 14.48
Other liabilities	<u>145,199</u>	<u>107,181</u>	35.47
Total liabilities	<u>13,424,569</u>	<u>11,707,343</u>	14.67
 Total deferred inflows of resources	 <u>647,149</u>	 <u>657,949</u>	 (1.64)
 Net position			
Net investment in capital assets	1,791,590	383,202	367.53
Unrestricted (deficit)	<u>(6,815,737)</u>	<u>(3,768,088)</u>	80.88
Total net position	<u>\$ (5,024,147)</u>	<u>\$ (3,384,886)</u>	48.43

In this summary of the Statement of Net Position (found on page 11), the comparison to the prior fiscal year shows that the District's Total Net Position decreased in FY 2020 by \$1,639,261. Total assets increased by \$67,165, liabilities increased significantly by \$1,706,426.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

2. DISTRICT AS A WHOLE (Continued)

A condensed version of the Statement of Activities for June 30, 2020 and 2019 follows.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>Percentage</u>
			<u>Change</u>
			<u>2019-2020</u>
Revenues			
Program revenue:			
Property taxes	\$ 5,442,272	\$ 5,215,100	4.36 %
Charges for services	94,295	150,176	(37.21)
General revenue:			
Earnings on investments	39,986	49,859	(19.80)
Sale of assets	9,513	300	3071.00
Donations	60,308	14,204	324.58
Miscellaneous	5,089	17,404	(70.76)
Total revenues	<u>5,651,463</u>	<u>5,447,043</u>	3.75
Expenses			
Fire suppression			
Personnel services	5,984,266	5,028,959	19.00
Materials and services	934,029	902,184	3.53
Depreciation	265,425	201,422	31.78
Debt service	107,004	71,910	48.80
Total expenses	<u>7,290,724</u>	<u>6,204,475</u>	17.51
Increase (decrease) in net position	(1,639,261)	(757,432)	116.42
Beginning net position	<u>(3,384,886)</u>	<u>(2,627,454)</u>	28.83
Ending net position	<u>\$ (5,024,147)</u>	<u>\$ (3,384,886)</u>	48.43

Revenues increased by \$204,420 in FY 2020 primarily because of increased tax collection, while expenses increased by \$1,086,249. The breakdown of categories in Table 2 compares the current and past fiscal years and illustrates which types of revenues and expenses incurred the changes. The overall impact to net position was a decrease of \$1,639,261 when compared to FY 2019.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

3. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Total change in fund balances for the years ended June 30, 2020 and 2019 follows:

Table 3
Changes in Fund Balances

Fund Balances	Governmental Activities		Total
	2020	2019	Percentage Change 2019-2020
General Fund	\$ 760,431	\$ 1,076,198	(29.34) %
Capital Projects Fund	6,001	1,350,373	(99.56)
Total fund balances	<u>\$ 766,432</u>	<u>\$ 2,426,571</u>	(68.42)

The District's total fund balances decreased in FY 2020 by \$1,660,139. This is a summary of the District's near-term inflows, outflows and balances, which is detailed further in the basic financial statements beginning on page 11. The fund balance may be an indicator of how the District is financially poised to begin a new fiscal year. The District has originated a reserve (unappropriated fund balance) in the 2019-21 budget. It is \$145,000 and its purpose is to help mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures) and to help ensure stable tax rates.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

4. BUDGETARY HIGHLIGHTS

The District made two changes to the general fund budget during the fiscal year detailed below:

Table 4
Budget Changes

	<u>Original</u>	<u>Final</u>	<u>Change</u>
General Fund			
Receipts	\$ 5,703,000	\$ 5,703,000	\$ -
Expenses			
Personnel services	4,632,100	4,732,100	100,000
Materials and services	913,700	1,063,700	150,000
Capital outlay	120,000	448,796	328,796
Debt service	372,200	387,200	15,000
Total expenses	<u>6,038,000</u>	<u>6,631,796</u>	<u>593,796</u>
Other financing sources (uses)	<u>(523,000)</u>	<u>70,796</u>	<u>593,796</u>
Net change in fund balances	<u>\$ (858,000)</u>	<u>\$ (858,000)</u>	<u>\$ -</u>

The District completed two budget resolutions during the fiscal year ending June 30, 2020. The resolutions were made to allow for unforeseen expenditures for personnel expense and apparatus repairs.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

4. BUDGETARY HIGHLIGHTS (Continued)

A condensed version of the General Fund Budgetary comparison schedule for the year ended June 30, 2020, follows:

Table 5
Budget Versus Actual

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
General Fund			
Receipts	\$ 5,703,000	\$ 5,641,733	\$ (61,267)
Expenses			
Personnel services	4,732,100	4,599,813	132,287
Materials and services	1,063,700	934,029	129,671
Capital outlay	448,796	376,516	72,280
Debt service	387,200	385,451	1,749
Total expenses	<u>6,631,796</u>	<u>6,295,809</u>	<u>335,987</u>
Other financing sources (uses)	<u>70,796</u>	<u>338,309</u>	<u>267,513</u>
Net change in fund balances	<u>\$ (858,000)</u>	<u>\$ (315,767)</u>	<u>\$ 542,233</u>

District receipts were greater than anticipated, largely due to increased tax collection.

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

5. CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District had invested \$4,802,877 (net of accumulated depreciation) in capital assets as reflected in the following table, which represents a net increase (additions, deductions, and depreciation) of \$1,458,737.

Table 6
Capital Assets at Fiscal Year-End
(net of accumulated depreciation)

	<u>2020</u>	<u>2019</u>	<u>Total Percentage Change 2019-2020</u>
Land	\$ 230,586	\$ 230,586	0.00 %
Buildings and improvements	1,804,382	1,860,489	(3.02)
Vehicles	2,159,803	1,157,736	86.55
Equipment	608,106	95,329	537.90
Totals	<u>\$ 4,802,877</u>	<u>\$ 3,344,140</u>	43.62

The following table reconciles the change in capital assets. Additions are assets acquired during the year end. Reductions are for disposition of assets and depreciation.

Table 7
Change in Capital Assets

	<u>2020</u>	<u>2020</u>
Beginning balance	\$ 3,344,140	\$ 3,278,659
Additions	1,722,915	265,656
Depreciation current year	<u>(264,178)</u>	<u>(200,175)</u>
Ending balance	<u>\$ 4,802,877</u>	<u>\$ 3,344,140</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

5. CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt Outstanding

As of year-end, the District has \$3,011,287 in long-term debt outstanding. This debt is directly related to the construction of a station in 2003 and the purchase of new equipment.

Table 8
Outstanding Debt at Year End

	Totals		Total Percentage Change
	2020	2019	2019-2020
Governmental			
Lease purchase grass fire vehicles	\$ 528,473	\$ 581,063	(9.05)
Lease purchase office equipment	26,147	34,050	(23.21)
Lease purchase office equipment	4,775	5,825	(18.03)
Lease purchase quad pumper/SCBA	904,339	990,000	(8.65)
Lease purchase equipment	123,557	150,000	(17.63)
Lease purchase pumper	299,000		100.00
Lease purchase computer system	29,996		100.00
Credit Refunding Obligations	<u>1,095,000</u>	<u>1,200,000</u>	(8.75)
Total	<u><u>\$ 3,011,287</u></u>	<u><u>\$ 2,960,938</u></u>	1.70

6. ECONOMIC FACTORS

The Budget Officer for the District anticipates a four and a half percent (4.5%) growth in assessed value of properties within the boundaries of Jackson County Fire District 5 for the 2020-2021 fiscal year.

During the fiscal year, the District completed a review of its financial policies, implementing Board approved updates, to fine-tune policies for personnel changes made over the past two years.

7. FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional information, please contact the District at 5811 South Pacific Highway, Phoenix, OR 97535.

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY FIRE DISTRICT NO. 5
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 829,082	\$ 6,001	\$ 835,083
Prepays	28,425		28,425
Receivables			
Taxes	368,282		368,282
Accounts	-		-
RHIA post employment asset			
Land			
Other capital assets, net of depreciation			-
Total assets	1,225,789	6,001	1,231,790
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions after measurement date			
RHIA contributions after measurement date			
Deferred outflows - pension and RHIA			
Deferred charge on refunding			
Total deferred outflows of resources	-	-	-
Total assets and deferred outflows of resources	\$ 1,225,789	\$ 6,001	\$ 1,231,790
LIABILITIES			
Accounts payable	\$ 10,350	\$ -	\$ 10,350
Payroll payable	134,849		134,849
Post employment benefits	-		-
Compensated absences	-		-
Net pension liability	-		-
Long-term liabilities	-		-
Due within one year	-		-
Due after one year	-		-
Total liabilities	145,199	-	145,199
DEFERRED INFLOWS OF RESOURCES			
Pension related inflows			-
PERS RHIA OPEB related inflows			-
Unavailable revenue - property taxes	320,159		320,159
Total deferred inflows of resources	320,159	-	320,159
FUND BALANCES			
Assigned - capital expense		6,001	6,001
Non-spendable	28,425		28,425
Unassigned	732,006		732,006
Total fund balance	760,431	6,001	766,432
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,225,789	\$ 6,001	\$ 1,231,790
NET POSITION			
Net investment in capital assets			
Unrestricted			
Total net position			

The notes to the financial statements are an integral part of this statement.

<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ -	\$ 835,083
	28,425
	368,282
	-
50,494	50,494
230,586	230,586
<u>4,572,291</u>	<u>4,572,291</u>
<u>4,853,371</u>	<u>6,085,161</u>
795,830	795,830
671	671
2,155,926	2,155,926
(9,983)	9,983
<u>2,942,444</u>	<u>2,962,410</u>
-	10,350
	134,849
1,386,050	1,386,050
526,119	526,119
8,355,914	8,355,914
317,733	317,733
<u>2,693,554</u>	<u>2,693,554</u>
<u>13,279,370</u>	<u>13,424,569</u>
636,087	636,087
11,062	11,062
(320,159)	-
<u>326,990</u>	<u>647,149</u>
(6,001)	-
(28,425)	-
(732,006)	-
<u>(766,432)</u>	<u>-</u>
1,791,590	1,791,590
(6,815,737)	(6,815,737)
<u>\$ (5,024,147)</u>	<u>\$ (5,024,147)</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Reconciliation of the Balance Sheet of the Governmental Funds to the
Statement of Net Position
June 30, 2020

Amounts reported by governmental activities in the Statement of Net Position are different because:

Total fund balance of government funds		\$ 766,432
Capital assets and used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets, net of accumulated depreciation		4,802,877
The following pension transactions are not available resources and, therefore, are not reported in the funds.		
RHIA post employment asset	\$ 50,494	
Deferred outflows - pension	2,155,926	
Pension and RHIA contributions after measurement date	796,501	
Pension and RHIA related deferred inflows of resources	<u>(647,149)</u>	
Total		2,355,772
Deferred charges on refunding used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Charge on refunding, net of accumulated amortization		9,983
Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds.		
		320,159
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Post employment benefits	(1,386,050)	
PERS pension liability	(8,355,914)	
Compensated absences	(526,119)	
Notes payable	<u>(3,011,287)</u>	
Total long-term liabilities		<u>(13,279,370)</u>
Net position of governmental activities		<u>\$ (5,024,147)</u>

The notes to the financial statements are an integral part of this statement.

JACKSON COUNTY FIRE DISTRICT NO. 5
Statement of Activities and Governmental Fund
Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total General Fund</u>
REVENUES			
Program revenues:			
Property taxes	\$ 5,444,082	\$ -	\$ 5,444,082
Total property taxes	<u>5,444,082</u>	<u>-</u>	<u>5,444,082</u>
Charges for services			
Fire suppression fees	3,186		3,186
Strike Team reimbursement	90,859		90,859
Rescue fees	250		250
Total charges for services	<u>94,295</u>	<u>-</u>	<u>94,295</u>
General revenues:			
Earnings on investments	37,959	2,027	39,986
Grants and donations	60,308		60,308
Gain on sale of assets			
Miscellaneous	5,089		5,089
Total revenues	<u>5,641,733</u>	<u>2,027</u>	<u>5,643,760</u>
EXPENDITURES/EXPENSES			
Fire suppression			
Current			
Personnel services	4,599,813		4,599,813
Materials and services	934,029		934,029
Depreciation and amortization			-
Capital outlay	376,516	1,346,399	1,722,915
Debt service	385,451		385,451
Total expenditures/expenses	<u>6,295,809</u>	<u>1,346,399</u>	<u>7,642,208</u>
Excess (deficiency) of revenues over expenditures	<u>(654,076)</u>	<u>(1,344,372)</u>	<u>(1,998,448)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	9,513		9,513
Proceeds from issuance of debt	328,796	-	328,796
Total other financing sources (uses)	<u>338,309</u>	<u>-</u>	<u>338,309</u>
Net change in fund balances	(315,767)	(1,344,372)	(1,660,139)
Change in net position			
FUND BALANCE/NET POSITION			
Beginning of the year	1,076,198	1,350,373	2,426,571
End of the year	<u>\$ 760,431</u>	<u>\$ 6,001</u>	<u>\$ 766,432</u>

The notes to the financial statements are an integral part of this statement.

<u>Adjustments</u>	<u>Statement of Activities</u>
\$ (1,810)	\$ 5,442,272
<u>(1,810)</u>	<u>5,442,272</u>
	3,186
	90,859
	250
<u>-</u>	<u>94,295</u>
	39,986
-	60,308
9,513	9,513
-	5,089
<u>7,703</u>	<u>5,651,463</u>
1,384,453	5,984,266
-	934,029
265,425	265,425
(1,722,915)	-
<u>(278,447)</u>	<u>107,004</u>
<u>(351,484)</u>	<u>7,290,724</u>
<u>359,187</u>	<u>(1,639,261)</u>
(9,513)	
<u>(328,796)</u>	
<u>(338,309)</u>	
1,660,139	
(1,639,261)	(1,639,261)
<u>(5,811,457)</u>	<u>(3,384,886)</u>
<u>\$ (5,790,579)</u>	<u>\$ (5,024,147)</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
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, 2020

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

Net change in fund balances		\$ (1,660,139)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(1,810)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 1,722,915	
Depreciation and amortization	<u>(265,425)</u>	
Total capital assets		1,457,490
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	(204,698)	
Post employment benefits	(39,306)	
Various transactions affecting pension expense	<u>(1,140,449)</u>	
Total deferred expenses		(1,384,453)
Proceeds from issuance of debt and principal payments of debt are considered expense in the General Fund, but not in the Statement of Activities.		
Proceeds from issuance of debt	(328,796)	
Principal payments	<u>278,447</u>	
		<u>(50,349)</u>
Change in net position of governmental activities		<u><u>\$ (1,639,261)</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The District was organized in 1965 and provides fire protection for approximately 110 square miles of land surrounding the unincorporated areas near the cities of Talent, Phoenix and Ashland, and the cities of Talent and Phoenix. The District is managed by five elected directors. There are no other entities over which the District has responsibility or exercises control.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The governmental activities are generally financed through property tax revenues.

In the government-wide Statement of Net Position, the governmental columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – net investment in capital assets; restricted; and unrestricted. The District first utilizes un-restricted resources to finance qualifying activities.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures or expenses. The following funds are reported by function within the financial statements.

Governmental funds

The focus of the government funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The primary source of revenue is from property taxes. Primary sources of expenditures are for wages and related costs, materials and services, and capital outlay.

Capital Projects Fund is the fund used to accumulate financial resources for future capital outlay projects of the District. The primary source of revenue is from transfers from the General Fund. For the Government-wide Financial Statement presentation, under GASB 54, the Capital Projects Fund is collapsed and reported as part of the General Fund.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Accrual

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 related cash flows. Property taxes are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

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 District considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures generally are 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.

Significant revenues, which were measurable and available at June 30, 2020, under the modified accrual basis of accounting, are property taxes collected within 31 days of year-end. All other revenue items are considered to be measurable and available only when cash is received by the District.

ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less when purchased. Investments maintained in the Oregon Local Government Investment Pool are carried at cost, which approximates fair value, and are classified as a cash equivalent.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The District invests in the Oregon Local Government Investment Pool and considers this investment as a cash equivalent. See the cash and cash equivalents note above.

Receivables

Recorded property taxes receivable that are collected within 31 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, pathways, pipelines, etc.), are reported in the governmental activities column in the government-wide financial statement. Capital assets are charged to expenditures as purchased in the governmental fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of the donation.

Capital assets are defined by the District as assets with an initial, individual cost of \$2,500 or more, and an estimated useful life of more than one year. Additions or improvements and other capital outlays, that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset, are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	40-50
Improvements other than buildings	10-20
Machinery and equipment	6-20
Vehicles	10-20

Gains or losses from sales or retirements of capital assets are included in operations of the current period.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are capitalized in the year of issue and are amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District may report pension changes as outflows of resources in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, that arises only under a modified accrual basis of accounting that 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. The District may report pension changes as inflows of resources in the Statement of Net Position.

Pensions

For purposes of measuring the net pension liability or asset, 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 (OPERS) and additions to and deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Postemployment Benefits Other Than Pensions

The District has two other post-employment (OPEB) plans: 1. Retirement Health Insurance Account (RHIA) and 2. The Health Benefit Retiree Program (HBRP). For purposes of measuring the net OPEB RHIA liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS fiduciary net position have been determined on the same basis as they are reported by OPERS. 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, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the total OPEB HBRP liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been actuarially determined using assumptions regarding the future cost of the retiree health plan that it will retain its current relationship to the cost of the active plan and that the active plan cost will maintain a reasonable relationship to direct compensation.

Net Position Flow Assumption

Sometimes the District 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 District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the District 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 District'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.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Policies

The Governmental Accounting Standards Board (GASB) issued Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which became effective for the District beginning with the fiscal year ending June 30, 2011. The statement established five classifications for fund equity; non-spendable, restricted, committed, assigned, and unassigned. The District uses the following fund balance classifications:

Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents prepaid items.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts can be spent as directed by the budget as adopted by the Board of Directors.

REVENUES AND EXPENDITURES/EXPENSES

Property Taxes

Property taxes that are collected within 31 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

Accrued Compensated Absences and Sick Pay

Accumulated vested vacation pay is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in the subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Vacation benefits are earned according to a scale based on years of service. The scale varies from 60 hours for 1 year of service to 288 hours upon completion of 15 years of service. Vacation benefits are recorded as a liability in the government-wide presentation.

Compensatory time may be accrued in lieu of extra pay. Employees may accrue no more than 240 hours of compensatory time.

Sick leave is accrued at a rate of 24 hours per month for 53 hours per week employees and 10 hours per month for 40 hours per week employees. Employees are charged hour for hour while sick or injured until sick leave is used up. Sick leave does not vest with the employees and is not paid upon termination; therefore, no liability has been recorded on the balance sheet.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

Use of Estimates

The preparation of these general purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

Interfund Transactions

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the governmental-wide financial statements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETS

See required supplementary information.

DEFICIT NET POSITION

The difference between the District’s assets, deferred outflows, deferred inflows and liabilities equals its net position. The District’s net position as of June 30, 2020, has a negative balance of \$5,024,147, largely due to its calculated future PERS and OPEB liabilities.

3. DETAILED NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Cash, cash equivalents and investments are comprised of the following at June 30, 2020:

	June 30, 2020
Cash with financial institution	\$ 278,938
Local government investment pool	556,145
Total	\$ 835,083

Deposits

Custodial Credit Risk. The District follows the Oregon statutes for custodial credit risk. Deposits with financial institutions are comprised of bank demand deposits. Beginning July 1, 2009, the District’s deposits at approved banks are covered by collateral held in multiple financial institution collateral pool administered by the Oregon State Treasurer. At June 30, 2020, the District’s deposits had a bank value of \$284,014. These deposits were covered by Federal Deposit Insurance Corporation.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

Investments

Interest Rate Risk. The District does not have an investment policy regarding interest rate risk.

Credit Risk. State statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the Oregon Local Government Investment Pool, among others.

The State of Oregon Local Government Investment Pool (LGIP or Pool) is not registered with the U.S. Securities and Exchange Commission as an investment company and is unrated. The Pool investments are not categorized into credit risk since they are not evidenced by specific securities. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool.

These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investment in the fund is further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. The Oregon Audits Division of the Secretary of State's office audits the Pool annually. The Division's report on the Pool, as of and for the year ended June 30, 2020, was unqualified.

Custodial Credit Risk. The District's investments in the Oregon Local Government Investment Pool are not evidenced by securities that exist in physical or book entry form and thus are not subject to custodial credit risk disclosures.

RECEIVABLES

At June 30, 2020, all of the District's receivables of \$368,282 are from property taxes.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020, was as follows:

	<u>Balances July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances June 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 230,586	\$ -	\$ -	\$ 230,586
Total non-depreciable	<u>230,586</u>			<u>230,586</u>
Other capital assets				
Buildings and improvements	3,017,622			3,017,622
Vehicles	2,513,750	1,132,534	78,274	3,568,010
Equipment	890,221	590,381		1,480,602
Total depreciable	<u>6,421,593</u>	<u>1,722,915</u>	<u>78,274</u>	<u>8,066,234</u>
Accumulated depreciation				
Buildings and improvements	1,157,133	56,107		1,213,240
Vehicles	1,356,014	130,467	78,274	1,408,207
Equipment	794,892	77,604		872,496
Total accumulated depreciation	<u>3,308,039</u>	<u>264,178</u>	<u>78,274</u>	<u>3,493,943</u>
Governmental activities capital assets, net	<u>\$ 3,344,140</u>	<u>\$ 1,458,737</u>	<u>\$ -</u>	<u>\$ 4,802,877</u>

DEFERRED CHARGE ON REFUNDING

During the fiscal year ending June 30, 2012, the District refinanced its construction debt for the fire station located in Talent, Oregon. The loan fees totaling \$21,207 from this refinance are being amortized over 17 years. Amortization expense for the year ending June 30, 2020 is \$1,247. Total accumulated amortization expense is \$11,224 leaving a net balance of \$9,983. The net balance of amortized loan fees are listed on page 11 and 12 as a deferred charge on refunding.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

LONG-TERM DEBT

The District's long-term debt on June 30, 2020, consists of the following:

<p>Lease-purchase agreement dated July 10, 2013, for the purchase of two fire engines. The original amount of the lease was \$840,000. Principal and interest payments are required semi-annually on July 10th and January 10th of 2028. Interest on the lease varies from 1.5% to 3.48% as scheduled per the lease agreement.</p>	<p>\$ 528,473</p>
<p>Lease-purchase agreement dated January 22, 2018 for the purchase of office equipment. The original amount of the lease was \$42,909. Principal and interest payments totaling \$906.23 are required monthly for 60 months. Interest on the lease is 1% per month for advanced funding. Interest calculated upon the start of the lease was 9.75% per the scheduled lease agreement.</p>	<p>26,147</p>
<p>Lease-purchase agreement dated June 5, 2018 for the purchase of office equipment. The original amount of the lease was \$10,692. Principal and interest payments totaling \$178.20 are required monthly for 60 months. Interest on the lease is 1% per month for advanced funding. Interest calculated upon the start of the lease was 17.21% per the scheduled lease agreement.</p>	<p>4,775</p>
<p>Lease-purchase agreement dated May 22, 2019, for the purchase of protective clothing and fire equipment. The original amount of the lease was \$150,000. Principal and interest payments are due February 28th each year until 2024. Interest on the lease is set at 3.51% and is included in the \$30,000 and \$35,000 annual payments as scheduled.</p>	<p>123,557</p>
<p>Lease-purchase agreement dated May 10, 2019, for the purchase of a fire engine and SCBA. The original amount of the lease was \$990,000. Principal and interest payments are due January 22nd each year until 2030. Interest on the lease is set at 3.48% and is included in the \$108,629 annual payments as scheduled.</p>	<p>904,339</p>
<p>Lease-purchase agreement dated February 14, 2020, for the purchase of one HME Type III Wildland Fire Truck. The original amount of the lease was \$299,000. Principal and interest payments are required semi-annually on February 14th until 2030. Interest on the lease is set at 2.92% and is included in the scheduled payments.</p>	<p>299,000</p>
<p>Lease-purchase agreement dated December 3, 2019, for the purchase of computer equipment. The original amount of the lease was \$29,996. Principal and interest payments totaling \$1,835.37 to include interest calculated at 8.24%, required quarterly for 60 months.</p>	<p>29,996</p>
<p>Credit Refunding Obligations dated February 1, 2012, for the refinancing of construction debt for a fire station in Talent, Oregon. The original amount of the certificates was \$1,949,127. Interest on refunding varies from 2% to 3.125% as scheduled per the agreement. Interest payments are required semi-annually on June 15th and December 15th of each year, with annual principal payments due December 15th until 2028.</p>	<p>1,095,000</p>
<p>TOTAL LONG-TERM DEBT</p>	<p><u><u>\$ 2,328,335</u></u></p>

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

LONG-TERM DEBT (Continued)

Future aggregate maturities of long-term debt are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
06/30/21	\$ 198,392	\$ 67,861	\$ 110,000	\$ 27,900	\$ 308,392	\$ 95,761
06/30/22	211,267	59,987	115,000	25,100	326,267	85,087
06/30/23	216,994	51,548	115,000	22,225	331,994	73,773
06/30/24	214,631	43,608	115,000	19,063	329,631	62,671
06/30/25	187,509	35,928	120,000	16,125	307,509	52,053
06/30/26 - 6/30/30	887,494	83,461	520,000	30,875	1,407,494	114,336
Total	<u>\$ 1,916,287</u>	<u>\$ 342,395</u>	<u>\$ 1,095,000</u>	<u>\$ 141,287</u>	<u>\$ 3,011,287</u>	<u>\$ 483,682</u>

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2020:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Lease/purchase agreement #1	\$ 581,063	\$ -	\$ 52,590	\$ 528,473	\$ 54,436
agreement #2	34,050		7,903	26,147	8,709
agreement #3	5,825		1,050	4,775	1,284
agreement #4	150,000		26,443	123,557	30,000
agreement #5	990,000		85,661	904,339	82,105
agreement #6		299,000	-	299,000	26,176
agreement #7		29,996	-	29,996	5,023
Credit Refunding Obligations	1,200,000		105,000	1,095,000	110,000
Total	<u>\$ 2,960,938</u>	<u>\$ 328,996</u>	<u>\$ 278,647</u>	<u>\$ 3,011,287</u>	<u>\$ 317,733</u>

SHORT-TERM LOAN

On July 1, 2019, the District opened a \$1,200,000 Non-revolving Line of Credit with KeyBank National Association. Any outstanding balance shall bear interest at the Prime Rate, minus one percent. During the fiscal year ending June 30, 2020, the District borrowed \$1,000,000, in order to cover expenditures while waiting for property tax revenues to be collected by the County and turned over to the District. The District repaid the \$1,000,000, in addition to the \$950 loan fee plus \$14,048 of interest. This line of credit matured on December 31, 2019.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

INFLOWS OF RESOURCES

Governmental funds report deferred in flows of revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds consist of the following:

Deferred property taxes	\$ 320,159
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RESTRICTED ASSETS

The District currently has no restricted assets.

GRANTS

During the fiscal year ending June 30, 2020, the District received multiple grants and donations totaling \$60,308. These funds were used towards, equipment, improvements, and Covid-19 relief.

COMPENSATED ABSENCES

The District's compensated absences on June 30, 2020, consist of the following:

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020
Compensated absences	\$ 390,532	\$ 291,934	\$ (156,347)	\$ 526,119

DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description

Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003.

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at:

<https://oregon.gov/pers/Documents/financials/cafr/2019-cafr.pdf>

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

Benefits provided

1. Tier One/Tier Two Retirement Benefit ORS Chapter 238

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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

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

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

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

JACKSON COUNTY FIRE DISTRICT NO. 5
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June 30, 2020

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. As a result of the *Moro* Decision, the cap on the COLA was restored to 2.0 percent for fiscal year 2015 and beyond.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on COLA in fiscal year 2020 is 2.0%.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

2. Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003 and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the individual Account Program of IAP). Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS' members retain their existing PERS accounts, but future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as they remain in covered employment.

3. OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

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. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2020 were \$811,096 excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 32.25 percent for Tier One/Tier Two General Service Member, 23.86 percent for Tier One/Tier Two Police and Fire, 19.23 percent for OPSRP Pension Program General Service Members, 13.49 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2020, the District reported a liability of \$8,355,914 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the District's proportion was 0.04497503 percent, which was changed from its proportion measured as of June 30, 2017 at 0.04358174 percent.

For the year ended June 30, 2020, the District's recognized pension expense of \$2,129,624. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 460,804	\$ -
Changes of assumptions	1,133,575	
Net difference between projected and actual earnings on pension plan investments		236,882
Changes in proportionate share	561,522	92,375
Differences between employer contributions and employer's proportionate share of system contributions		306,830
Subtotal	2,155,901	636,087
District contributions subsequent to the measurement date	795,830	
Total	\$ 2,951,731	\$ 636,087

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

\$795,830 reported is deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years		Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Years ended June 30:		
2020	\$	812,536
2021		156,918
2022		299,695
2023		230,255
2024		20,411
Thereafter		
Total	\$	1,519,815

Actuarial assumptions

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an 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 16 years. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2017 rolled forward to measurement date
Measurement date	June 30, 2019
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
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 overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Health retirees and beneficiaries: PF-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active Members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

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

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 2017 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Traget Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Intermediate - Term Bonds	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micol Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds - Diversified	2.50%	4.09%
Hedge Funds - Event Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.85%	3.84%
Total	100.00%	
Assumed Inflation - Mean		2.50%

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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 discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	<u>\$ 13,381,255</u>	<u>\$ 8,355,914</u>	<u>\$ 4,150,396</u>

Pension plan fiduciary net position

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

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Retirement Health Insurance Account (RHIA)

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700 or online at: <https://sos.oregon.gov/audits/documents/2019-14.pdf>

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Retirement Health Insurance Account (RHIA) (Continued)

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight 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 (3) enroll in a PERS-sponsored health plan.

Death Benefits

A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions

Participating governments are contractually required to contribute to RHIA at a rate assessed each year. For the year ended June 30, 2019, PERS employers contributed 0.07 of all PERS-covered salaries for Tier One and Tier Two members to fund salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. There rates were based on the December 31, 2016 actuarial valuation. The District's contributions for the year ended June 30, 2020, equaled the required contributions for the year. Employees are not required to contribute to the OPEB plan.

Employer contributions are advance funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of active plan RHIA participants receiving benefits was 46,033 for the fiscal year ended June 30, 2019 and there were 56,200 active and 61,248 inactive members who meet the requirements to receive RHIA benefits when they retire.

OPEB Asset/Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2020, the District has an asset of \$50,494 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016 rolled forward to June 30, 2019. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2020, the District's proportionate share was .02613065% which is a increase from its proportion of .02387833% as of June 30, 2019.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

For the year ended June 30, 2020, the District recognized OPEB expense reduction from this plan of \$20,145. At June 30, 2020, the District had deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,659
Changes of assumptions	-	52
Net difference between projected and actual earnings on pension plan investments		3,117
Changes in proportionate share	25	1,234
Differences between employer contributions and employer's proportionate share of system contributions		
Subtotal	25	11,062
District contributions subsequent to the measurement date	671	
Total	\$ 696	\$ 11,062

Deferred outflows of resources related to OPEB, resulting from the District's contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Employer subsequent fiscal years		Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Years ended June 30:		
2020	\$	(5,614)
2021		(5,107)
2022		(637)
2023		321
2024		-
Thereafter		
Total	\$	(11,037)

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions

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. The discount rate used to measure the total OPEB liability was 7.20 percent for the OPEB plans. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make are made about the future. Experience studies are performed as of December 31 of even numbered years. The assumptions are identical to the ones presented on page 32 for PERS system.

Long-term expected rate of return

The long-term expected rate of return asset class is identical to the one presented on page 32 for PERS.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.20 percent for the OPEB plans. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the OPEB plans' 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 OBEP plan investments for the OPEB Plans was applied to all periods of projected benefit payments to determine the total OPEB liability. The District does not have an OPEB liability for the fiscal year.

Sensitivity of the District's proportionate share of the net OPEB liability (asset) to changes in the discount rate

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the RHIA account	<u>\$ (39,146)</u>	<u>\$ (50,494)</u>	<u>\$ (60,163)</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Plan Fiduciary Net Position

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

Changes in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.5% to 7.2% on July 28, 2017. The change is effective January 1, 2018 and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

HEALTH BENEFIT RETIREE PROGRAM – SINGLE EMPLOYER PLAN

Plan Description

The District maintains a single-employer retiree benefit healthcare plan that provides post-employment health benefits (medical, dental, and vision coverage) to eligible retirees and their spouses/dependents. The level of benefits provided by the plan is the same as those afforded to active employees. In order for the retiree to be eligible to receive benefits they must retire and receive a pension from Oregon Public Employees Retirement System (PERS). Eligibility requirements for retirement under Oregon PERS are as follows: General Service Tier One or Tier Two employees – age 60 or any age with 30 years; Police and Fire Tier One or Tier Two employees - age 50 with 25 years or age 55; OPSRP General Service employees - age 65 or 58 with 30 years of service, and OPSRP Police and Fire – age 53 with 25 years of service or age 60.

The District's post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that retirees be allowed to continue their health care coverage at their own expense.

ORS stipulates that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active and retirees. Due to the effect of age, retiree claims costs are generally higher than claims cost for all members as a whole. The difference between retiree claims cost and the amount of retiree health care premiums represents the District's implicit employer contribution. The benefit duration covers all retirees and eligible dependents until Medicare eligibility, typically age 65.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan. The amortization period for this plan is closed. The plan is accounted for on a flow of economic resources measurement focus and uses the accrual basis of accounting. Benefits are recognized when incurred.

Funding Policy

The benefits from this program are paid by the retired employees on a self-pay basis and required contribution is based on projected pay-as-you-go financial requirements. There is no obligation on the part of the District to fund these benefits in advance, therefore no funds within the general fund have been used to liquidate other postemployment benefit obligations.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

Net OPEB obligation - beginning of year	\$ 1,458,743
Annual Required Contribution	N/A
Interest on net OPEB obligation	52,792
Effect of assumptions or other inputs	(179,403)
Service cost	53,918
Net OPEB obligation - end of year	<u>\$ 1,386,050</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current fiscal year is as follows:

Fiscal Year Ended	Annual OPEB Cost	Net OPEB Obligation
June 30, 2013	\$ 178,944	\$ 759,961
June 30, 2014	183,516	897,782
June 30, 2015	202,246	1,059,621
June 30, 2016	207,377	1,231,217
June 30, 2017	228,154	1,411,929
June 30, 2018	57,320	1,460,550
June 30, 2019	53,918	1,458,743
June 30, 2020	53,918	1,386,050

Funding Status and Funding Progress

As of June 30, 2020, the net actuarial accrued liability for benefits was \$1,386,050, all of which is unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,816,249, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 51.8 percent based on the June 30, 2020 actuarial valuation measurement date.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. No funding progress was available prior to the fiscal year ended June 30, 2010.

Actuarial Valuation Date	Actuarial Accrued Liability-- Simplified Entry Age (a)	Actuarial Value of Assets (b)	Unfunded Liability (UAAL) (a-b)	Funded Status (b/a)	Annual Covered Payroll (c)	UAAL as a % of Payroll ([a-b]/c)
6/30/2009	\$ 2,139,450	\$ -	\$ 2,139,450	0%	\$ 2,947,232	72.6%
6/30/2012	1,929,260	-	1,929,260	0%	3,179,869	60.7%
6/30/2015	2,550,682	-	2,550,682	0%	2,320,141	109.9%
6/30/2017	2,483,551	-	2,483,551	0%	2,439,090	101.8%
6/30/2019	1,458,743	-	1,458,743	0%	2,816,249	51.8%
6/30/2020	1,386,050	-	1,386,050	0%	2,899,341	49.2%

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term prospective of the calculations. The following simplifying assumptions were made:

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL FUNDS (Continued)

OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Age Adjustment Factor:	1.797294
Average Retirement Age:	53
Employer Future Premium Contribution:	Remain a level % of the total cost over time
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Assets Backing OPEB Liability:	\$-0-
Plan Asset Return:	0.00%
Bond Yield:	3.49%
Discount rate:	3.49%
Measurement date:	June 30, 2020
Prior measurement date:	June 30, 2019
Prior year discount rate:	3.49%
Projected Salary Increases:	2.00%
Amortization Period:	20 years
Percentage Participation:	80.00%
Asset Valuation Method	Market value of assets
NOL and ADC:	Calculated using the Alternative Measurement Method in accordance with GASB methodology
Mortality Table:	RP2000 Mortality Table for Males and Females Projected 18 years; this assumption does not include a margin for future improvements in longevity
Turnover Assumption:	Derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of employee group covered by the Federal Employees Retirement System

4. OTHER INFORMATION

RISK MANAGEMENT

The District is exposed to various risk of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters for which the District carries commercial insurance.

During the current year, there were no significant reductions in insurance coverage from the prior year in any major category of coverage. In addition, insurance settlements have not exceeded insurance coverage's during any of the past three fiscal years.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to full time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All amounts of compensation deferred under the plan are held in trust by the plan administrator for the sole benefit of the participants.

For the year ended June 30, 2020, the District contributed a matching \$115 bi-weekly for all eligible employees. Deferred compensation costs to the District amounted to \$76,985 for the year ended June 30, 2020.

PROPERTY TAX LIMITATION

The State of Oregon has a constitutional limit on property taxes for governmental operations. Under the limitation, tax revenue is separated into those for public schools and those for local governments other than public schools. The limitation specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value, while schools are similarly limited to a \$5.00 maximum rate. Local government taxes in the District currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the District.

In May 1997, voters approved Measure 50 which rolled back assessed values to 90% of 1995-96, and limits future increases of taxable assessed values to 3% per year, except for major improvements. Tax rates are now fixed and not subject to change. Voters may approve local initiatives above the fixed rate.

COMMITMENTS

The District has adopted the reimbursement method of contributions to the State Employment Division in lieu of unemployment contributions at a set rate of payroll. Under this method, the District reimburses directly to the Oregon Unemployment Fund the actual amount of benefits paid to former District employees. During the fiscal year ending June 30, 2020, the District paid no unemployment benefits.

The District entered into a contract with IAFF Local 2596 covering the employment of the District's firefighters for the period July 1, 2019 through June 30, 2023.

In June 2020, the District approved an emergency communications contract with Emergency Communications of Southern Oregon covering the year ended June 30, 2020. The total amount of the contract is \$160,182.20, which requires quarterly payments of \$40,045.55.

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Basic Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

SUBSEQUENT EVENTS

On July 1, 2020, the District opened a Non-revolving Line of Credit with KeyBank National Association. The balance of the line of credit shall not exceed \$1,500,000. Any outstanding balance shall bear interest at the Prime Rate, minus zero percent. This loan is subject to a \$750 fee. This line of credit has a maturity date of December 31, 2020.

On September 8, 2020, the District's patrons and property tax values suffered devastating losses with the Almeda fire which destroyed over 1,000 structures within the District. This fire will impact the potential property tax revenues to the District for future years.

The District has evaluated subsequent events through November 12, 2020. November 12, 2020 is the same date as the auditor's report which is based upon the completion of the Management's Discussion and Analysis section of the financial statements. The report was available to be issued on November 16, 2020, after the completion of the Management's Discussion and Analysis section.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Budget Comparison Schedules
June 30, 2020

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

Each biennium, the budget officer, appointed by the District Board of Directors (the Board), submits a proposed budget to the Budget Committee (consisting of the Board of Directors and an equal number of citizens of the District). The District is required to budget all funds. The District's budget is prepared for each fund on the modified accrual basis of accounting. For all fund types, inter-fund transfers are budgeted as sources and used in accordance with state budget laws. Estimated revenues and expenditures are budgeted for by fund and object. Information on the past two years' actual revenues and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the Board for final adoption. The approved expenditures for each fund may not be increased by more than 10% by the Board without returning to the Budget Committee for a second approval. After the Board adopts the budget and certifies the total of ad valorem taxes to be levied, no additional tax levy may be made for that fiscal year.

The Board legally adopts the budget by resolution before July 1. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the object group level (i.e. personnel services, materials and services, capital outlay, debt service, interfund transfers, and contingency). Appropriations lapse at the end of the fiscal year.

The District may change the budget throughout the biennium by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Oregon Revised Statutes. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Board. Expenditures appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issues during the budget period. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to the object groups themselves, which is the legal level of control.

The District completed a budget resolution during the fiscal year ending June 30, 2020 to increase debt and capital expenditures of \$328,796. This was for the purchase of a Type 3 Wildland Pumper and miscellaneous equipment.

The second resolution was made to transfer \$265,000 from the General fund's contingency to personnel services for \$100,000, materials and services for \$150,000, and then debt service for the remaining \$15,000 totaling the \$265,000 to cover unforeseen costs.

The District did over expend its budget in the Capital Projects Fund by \$156,399. A budget resolution was prepared, but not completed during Covid-19 lockdown procedures.

JACKSON COUNTY FIRE DISTRICT NO. 5
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
District property taxes				
Current year's levy	\$ 5,343,750	\$ 5,343,750	\$ 5,340,782	\$ (2,968)
Prior years' levy	156,250	156,250	103,300	(52,950)
Total property taxes	<u>5,500,000</u>	<u>5,500,000</u>	<u>5,444,082</u>	<u>(55,918)</u>
Charges for services				
Fire suppression fees	5,000	5,000	3,186	(1,814)
Strike Team reimbursement	100,000	100,000	90,859	(9,141)
Rescue fees	3,000	3,000	250	(2,750)
Total charges for services	<u>108,000</u>	<u>108,000</u>	<u>94,295</u>	<u>(13,705)</u>
Earnings on investments	30,000	30,000	37,959	7,959
Donations and grants	50,000	50,000	60,308	10,308
Miscellaneous	15,000	15,000	5,089	(9,911)
Total revenues	<u>5,703,000</u>	<u>5,703,000</u>	<u>5,641,733</u>	<u>(61,267)</u>
EXPENDITURES				
Fire suppression				
Current				
Personnel services	4,632,100	4,732,100	4,599,813	132,287
Materials and services	913,700	1,063,700	934,029	129,671
Capital outlay	120,000	448,796	376,516	72,280
Debt service	372,200	387,200	385,451	1,749
Total expenditures	<u>6,038,000</u>	<u>6,631,796</u>	<u>6,295,809</u>	<u>335,987</u>
Excess (deficiency) of revenues over expenditures	<u>(335,000)</u>	<u>(928,796)</u>	<u>(654,076)</u>	<u>274,720</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	9,513	4,513
Proceeds from issuance of debt	140,000	468,796	328,796	(140,000)
Operating contingency	(668,000)	(403,000)	-	403,000
Total other financing sources (uses)	<u>(523,000)</u>	<u>70,796</u>	<u>338,309</u>	<u>267,513</u>
Change in fund balances	(858,000)	(858,000)	(315,767)	542,233
FUND BALANCE - beginning	<u>990,000</u>	<u>990,000</u>	<u>1,076,198</u>	<u>86,198</u>
FUND BALANCE - ending	<u>\$ 132,000</u>	<u>\$ 132,000</u>	<u>\$ 760,431</u>	<u>\$ 628,431</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Notes to Required Pension Schedules
For the Year Ended June 30, 2020

Changes in Plan Provisions

A summary of key changes in plan provisions are described in the Oregon Public Employees Retirement System's GASB 68 Disclosure Information which can be found at:
<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

Changes of assumptions

Additional details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 2019, and can be found at: <http://www.oregon.gov/pers/emp/documents/2016-Exp-Study.pdf>

JACKSON COUNTY FIRE DISTRICT NO. 5

For the Year Ended June 30, 2020

**Schedule of the District's Proportionate Share of the Net Pension Liability
For the Last Fiscal Year**

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.04615906%	\$ (1,046,294)	\$ 2,267,038	-46.15%	103.60%
2016	0.04480271%	2,572,330	2,271,649	113.24%	91.9%
2017	0.03925688%	5,893,369	2,566,957	229.59%	80.5%
2018	0.04358174%	5,874,835	2,634,419	223.00%	83.1%
2019	0.04497503%	6,813,125	2,816,249	241.92%	82.1%
2020	0.04830677%	8,355,914	2,899,341	288.20%	80.2%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**Schedule of District Pension Contributions
For the Last Fiscal Year**

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 325,719	\$ 325,719	\$ -	\$ 2,365,842	13.77%
2016	503,249	331,397	171,852	2,271,649	14.59%
2017	383,670	378,172	5,498	2,566,957	14.73%
2018	679,240	679,240	-	2,634,419	25.78%
2019	765,760	765,760	-	2,816,249	27.19%
2020	811,096	811,096	-	2,899,341	27.98%

The amounts presented for each fiscal year were actuarial determined at December 31 and rolled forward to the measurement date.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

JACKSON COUNTY FIRE DISTRICT NO. 5
For the Year Ended June 30, 2020

**Schedule of the District's Proportionate Share of Net PERS-RHIA OPEB (Asset)/Liability
For the Last Fiscal Year**

Year Ended June 30,	(a) District's proportion of the net OPEB liability (asset)	(b) District's proportionate share of the net OPEB liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2018	0.02394183%	\$ (9,992)	\$ 2,634,419	-0.38%	83.1%
2019	0.02387833%	(26,655)	2,816,249	-0.95%	82.1%
2020	0.02613065%	(50,494)	2,899,341	-1.74%	80.2%

The amounts presented for each fiscal year were actuarial determined at December 31, 2016 and rolled forward to the measurement date of June 30, 2019.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Year Ended June 30,	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2018	\$ -	\$ -	-	\$ 2,634,419	0.00%
2019	11,461	11,461	-	2,816,249	0.41%
2020	12,965	12,965	-	2,899,341	0.45%

The amounts presented for each fiscal year were actuarial determined at December 31, 2016 and rolled forward to the measurement date of June 30, 2019.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

JACKSON COUNTY FIRE DISTRICT NO. 5

For the Year Ended June 30, 2020

**Schedule of the District's Total OPEB Liability
Single-Employer Plan – Health Benefit Retiree Program
For the Last Fiscal Year**

Year Ended June 30,	(a) District's Total OPEB liability (asset)	(b) Covered Payroll	(a/b) Total OPEB liability as a percentage of covered payroll
2018	\$ 1,404,805	\$ 2,634,419	53.3%
2019	1,458,743	2,816,249	51.8%
2020	1,386,050	2,899,341	47.8%

The amounts presented for each fiscal year were actuarial determined at December 31, and rolled forward to the measurement date of June 30.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**The Schedule of Changes in Total OPEB (Asset)/Liability is as follows:
For the Last Fiscal Year**

Year Ended June 30,	Total OPEB Liability beginning balance	Service costs	Interest on total OPEB liability	Changes in economic demographic (gain) or loss	Changes of assumptions	Projected benefit payments	Total OPEB Liability ending balance
2018	\$ 1,404,805	\$ 48,206	\$ 50,710	\$ (43,171)			\$ 1,460,550
2019	1,460,550	53,918	52,792	(108,517)			1,458,743
2020	1,458,743	50,573	52,792	(176,058)			1,386,050

The amounts presented for each fiscal year were actuarial determined at December 31, and rolled forward to the measurement date of June 30.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY FIRE DISTRICT NO. 5
Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General revenue				
Earnings on investments	\$ 10,000	\$ 10,000	\$ 2,027	\$ (7,973)
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>2,027</u>	<u>(7,973)</u>
EXPENDITURES				
Capital outlay				
SCBA equipment	250,000	250,000		250,000
Fire apparatus	940,000	940,000	1,346,399	(406,399)
Total capital outlay	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,346,399</u>	<u>(156,399)</u>
Total expenditures	<u>1,190,000</u>	<u>1,190,000</u>	<u>1,346,399</u>	<u>156,399</u>
Excess (deficiency) of revenues over expenditures	<u>(1,180,000)</u>	<u>(1,180,000)</u>	<u>(1,344,372)</u>	<u>(164,372)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from debt issuance	<u>990,000</u>	<u>990,000</u>		<u>990,000</u>
Total other financing sources (uses)	<u>990,000</u>	<u>990,000</u>	<u>-</u>	<u>990,000</u>
Net change in fund balances	(190,000)	(190,000)	(1,344,372)	(1,154,372)
FUND BALANCE - beginning	<u>200,000</u>	<u>200,000</u>	<u>1,350,373</u>	<u>1,150,373</u>
FUND BALANCE - ending	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 6,001</u>	<u>\$ (3,999)</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General revenue				
Grant income	\$ 500	\$ 500	\$ -	\$ (500)
Reimbursements	500	500		500
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES				
Total expenditures				<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,000	1,000	-	(1,000)
FUND BALANCE - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ending	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ (1,000)</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
General Fund
Detail to Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
PERSONNEL SERVICES				
Fire chief	\$ 123,973	\$ 136,390	\$ 134,353	\$ 2,037
Office manager	55,500	62,000	69,021	(7,021)
Battalion Chief	200,000	200,000	49,750	150,250
Captains - regular pay	785,000	785,000	869,858	(84,858)
Engineers - regular pay	733,000	733,000	769,974	(36,974)
Firefighters - regular pay	444,000	444,000	448,703	(4,703)
Receptionist	28,763	28,763	30,950	(2,187)
EMT pay	67,000	67,000	65,150	1,850
Overtime	200,000	267,583	371,182	(103,599)
Overtime Strike team	50,000	50,000	20,558	29,442
Temporary summer firefighter	120,000	120,000	111,068	8,932
Longevity pay	63,000	68,500	68,399	101
Vacation pay	50,000	50,000	-	50,000
Vacation leave sold	-	-	10,745	(10,745)
Out of class pay	-	-	30,210	(30,210)
PERS	900,000	900,000	811,096	88,904
Health insurance	600,000	600,000	537,039	62,961
Worker's compensation	65,000	65,000	59,613	5,387
Disability insurance (Standard)	6,500	14,500	15,374	(874)
Disability insurance	1,000	1,000	882	118
Payroll taxes	55,364	55,364	48,903	6,461
Deferred compensation contribution	84,000	84,000	76,985	7,015
Total personnel services	<u>\$ 4,632,100</u>	<u>\$ 4,732,100</u>	<u>\$ 4,599,813</u>	<u>\$ 132,287</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
General Fund
Detail to Budgetary Comparison Schedule – (Continued)
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
MATERIALS AND SERVICES				
Office supplies	\$ 25,000	\$ 25,000	\$ 16,781	\$ 8,219
Station supplies	18,000	35,000	27,671	7,329
Fuel - gas and diesel	32,000	48,000	42,686	5,314
Apparatus maintenance	93,000	130,000	122,750	7,250
Equipment maintenance	40,000	40,000	-	40,000
Station maintenance	50,000	63,000	61,022	1,978
Legal	20,000	20,000	7,033	12,967
Labor negotiations	1,000	1,000	-	1,000
Accounting and audit	10,000	13,000	12,250	750
Utilities	80,000	80,000	76,696	3,304
Insurance	54,700	59,700	55,502	4,198
Dues and memberships	10,000	12,000	11,738	262
Periodicals and books	2,000	2,000	877	1,123
Training and conferences	38,000	38,000	21,738	16,262
Awards and incentives	1,000	1,000	450	550
Postage and freight	2,500	2,500	1,118	1,382
Fire prevention	-	-	1,760	(1,760)
Community relations program	3,000	3,000	3,458	(458)
Rescue program	5,000	5,000	37,794	(32,794)
Contract dispatch	161,000	161,000	160,182	818
Physical exams	22,500	22,500	4,620	17,880
Physician advisor	7,500	7,500	731	6,769
Uniform allowances	12,500	18,000	17,359	641
Protective clothing	35,000	38,000	38,228	(228)
Fireline meals	1,500	1,500	1,310	190
Physical fitness	5,000	5,000	1,170	3,830
Miscellaneous business expense	25,000	33,000	33,684	(684)
Fire investigation	1,500	1,500	-	1,500
Fire equipment	90,000	130,500	102,769	27,731
Wildland fire equipment	5,000	5,000	-	5,000
CPR program	2,000	2,000	-	2,000
Communications	-	-	28,256	(28,256)
SCBA	5,000	5,000	1,877	3,123
Line Safety	5,000	5,000	-	5,000
Web design and IT	50,000	50,000	42,519	7,481
Total materials and services	\$ 913,700	\$ 1,063,700	\$ 934,029	\$ 129,671

JACKSON COUNTY FIRE DISTRICT NO. 5
General Fund
Detail to Budgetary Comparison Schedule – (Continued)
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
CAPITAL OUTLAY				
Miscellaneous equipment	\$ 120,000	\$ 448,796	\$ 376,516	\$ 72,280
Total capital outlay	<u>120,000</u>	<u>448,796</u>	<u>376,516</u>	<u>72,280</u>
DEBT SERVICE				
Engines principal	52,600	52,600	52,589	11
Engines interest	20,000	20,000	19,767	233
Apparatus principal	95,000	86,000	85,661	339
Appartus interest	5,000	23,000	22,966	34
Fire station principal	105,000	105,000	105,000	-
Fire station interest	30,600	30,600	31,092	(492)
Capital lease principal	28,000	28,000	28,000	-
Capital lease interest	2,000	2,000	2,000	-
Capital lease interest	14,000	14,000	12,657	1,343
MDC capital lease	-	6,000	3,671	2,329
Bank loan interest and fees	20,000	20,000	22,048	(2,048)
Total debt service	<u>372,200</u>	<u>387,200</u>	<u>385,451</u>	<u>1,749</u>
Total expenditures	<u>\$ 6,038,000</u>	<u>\$ 6,631,796</u>	<u>\$ 6,295,809</u>	<u>\$ 335,987</u>

JACKSON COUNTY FIRE DISTRICT NO. 5
Schedule of Property Tax Transactions
For the Year Ended June 30, 2020

JACKSON COUNTY PROPERTY TAX SCHEDULE

Fiscal Years	Property Taxes Receivable July 1, 2019	Levy As Extended by Assesor	Add (Deduct) Discounts Allowed	Add Interest
19-20	\$ -	\$ 5,645,442	\$ (146,398)	\$ 1,202
PRIOR	374,521	(135)	(135)	11,052
TOTAL	\$ 374,521	5,645,442	\$ (146,533)	\$ 12,254
	Less discounts allowed	(146,533)		
	Plus interest	12,254		
	Less adjustments	(17,604)		
	Less hold back	(51,287)		
		\$ 5,442,272		

Add (Deduct) Adjustments	Deduct Collections	Property Taxes Receivable June 30, 2020
\$ (8,297)	\$ 5,340,782	\$ 151,167
(9,307)	159,016	217,115
<u>\$ (17,604)</u>	<u>5,499,798</u>	<u>\$ 368,282</u>

Less received July 2019	(52,552)
Plus received July 2020	48,123
Less hold back	(51,287)
	<u>\$ 5,444,082</u>

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Independent Auditor's Report
Required by Oregon State Regulations

Board of Directors
JACKSON COUNTY FIRE DISTRICT NO. 5
5811 South Pacific Highway
Phoenix, OR 97535

I have audited the basic financial statements of the Jackson County Fire District No. 5 as of and for the year ended June 30, 2020, and have issued my report thereon dated November 12, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Jackson County Fire District No. 5's financial statements are free of material misstatement, I 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with my testing nothing came to my attention that caused me to believe the Jackson County Fire District No. 5 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, with the exception of overspending its budgeted amount for capital outlay in the Capital Projects Fund.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered the Jackson County Fire District No. 5's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson County Fire District No. 5's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Jackson County Fire District No. 5 internal control over financial reporting. However, I did in a letter dated November 12, 2020, make recommendations to management to improve the accounting records or improve the internal control system.

This report is intended solely for the information and use of the board of directors and management of Jackson County Fire District No. 5 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Richard W. Brewster
Certified Public Accountant

November 12, 2020