LEBANON FIRE DISTRICT
Lebanon, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2018

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

DISTRICT OFFICIALS

June 30, 2018

BOARD OF DIRECTORS

Name	Term Expires
Allen Forster, President 34391 Meridian Road Lebanon, Oregon 97355	June 30, 2022
Jamel Mercado, Vice President 100 E. Milton Lebanon, Oregon 97355	June 30, 2019
Jeff King, Secretary-Treasurer 224 2nd Street Lebanon, Oregon 97355	June 30, 2022
Duane Taylor Po Box 2530 Lebanon, Oregon 97355	June 30, 2019
Michael Schrader 2355 Mountain River Drive Lebanon, Oregon 97355	June 30, 2022

FIRE CHIEF

Gordon Sletmoe
1050 W Oak Street
Lebanon, Oregon 97355

LEGAL COUNSEL

Local Government Law Group, P.C.
Speer Hoyt LLC
975 Oak Street, Suite 700
Eugene, Oregon 97401

LEBANON FIRE DISTRICT
Lebanon, Oregon

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FINANCIAL SECTION

Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Lebanon Fire District, Lebanon, Oregon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

436 1st Avenue W | P.O. Box 1072 | Albany, Oregon 97321
(541) 223-5555 | www.accuitycpas.com | Fax (541) 730-4420

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of Lebanon Fire District, Lebanon, Oregon as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – OPEB medical benefit, and the budgetary comparison information on pages 4 through 10 and 55 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, and the schedules of changes in OPEB liability and related ratios – OPEB medical benefit in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We do not express an opinion or provide any assurance on the management's discussion and analysis, schedules of funding progress and employer contributions, and schedules of the District's proportionate share of the net pension liability and District contributions, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lebanon Fire District's basic financial statements.

The individual fund schedules and schedule of property tax transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2019 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lebanon Fire District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated February 1, 2019 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide and opinion on compliance.

Accuity, LLC

By: ______________________

Kori L. Sarrett, CPA

Albany, Oregon
February 1, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

LEBANON FIRE DISTRICT
Lebanon, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

As management of Lebanon Fire District, Lebanon, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2018, total net position of Lebanon Fire District amounted to $2,888,743. Of this amount, $3,139,397 was invested in capital assets, net of related debt. The remaining balance included $44,588 restricted for debt service and $(295,242) of unrestricted net position.

- The District's total net position increased by $706,218 during the current fiscal year.

- Overall revenues were $8,460,823, which exceeded total expenses of $7,754,605 by $706,218.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include fire suppression and administrative support.

The business-type activities of the District include an ambulance transport service. The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of Lebanon Fire District can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds**

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

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

  The District maintains three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Reserve, and Debt Service Funds, all of which are considered to be major governmental funds.

  Lebanon Fire District adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

  The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

- **Proprietary Funds**

  Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one enterprise fund.

  Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for ambulance transportation services.

  The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 54 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios – medical benefit, and budgetary comparison information for the General Fund. This required supplementary information can be found on page 55 through 58 of this report.

Individual fund schedules can be found immediately following the required supplementary information on pages 59 through 61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by $2,888,743 at the close of the most recent fiscal year.

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

District's Net position

At the end of the current fiscal year, the District was able to report positive balances in all categories of net position, with exception to unrestricted net position. The District's net position increased by $706,218 due to management of expenses.

Condensed statement of net position information is shown on the following page.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 4,752,841	$ 4,433,669	$ 1,104,826	$ 663,223	$ 5,857,667	$ 5,096,892
Restricted assets	44,588	36,745	-	-	44,588	36,745
Net capital assets	3,947,454	4,068,957	380,860	418,276	4,328,314	4,487,233
Total assets	8,744,883	8,539,371	1,485,686	1,081,499	10,230,569	9,620,870
Deferred outflows of resources	1,256,578	1,791,626	1,100,134	1,588,801	2,356,712	3,380,427
Liabilities						
Current liabilities	672,278	627,673	33,522	44,495	705,800	672,168
Noncurrent liabilities	4,939,269	5,773,727	2,549,128	4,052,630	7,488,397	9,826,357
Total liabilities	5,611,547	6,401,400	2,582,650	4,097,125	8,194,197	10,498,525
Deferred inflows of resources	214,760	169,731	184,811	150,516	399,571	320,247
Net position						
Net investment in capital assets	2,758,537	2,529,127	380,860	418,276	3,139,397	2,947,403
Restricted for debt service	44,588	36,745	-	-	44,588	36,745
Unrestricted	1,372,029	1,193,994	(1,667,271)	(1,995,617)	(295,242)	(801,623)
Total net position	$ 4,175,154	$ 3,759,866	$ (1,286,411)	$ (1,577,341)	$ 2,888,743	$ 2,182,525

District's Changes in Net position

The condensed statement of activities information shown on the following page explains changes in net position.

Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Program revenues						
Administrative	$ 532,714	$ 430,175	$ -	$ -	$ 532,714	$ 430,175
Ambulance	-	-	2,708,504	2,656,773	2,708,504	2,656,773
Total program revenues	532,714	430,175	2,708,504	2,656,773	3,241,218	3,086,948
General revenues						
Property taxes - general	4,146,699	3,732,066	-	-	4,146,699	3,732,066
Property taxes - debt service	439,983	425,861	-	-	439,983	425,861
Investment earnings	74,618	46,707	-	-	74,618	46,707
Miscellaneous	315,910	52,187	241,435	17,124	557,345	69,311
Unrestricted grants and contributions	960	931	-	-	960	931
Total general revenues	4,978,170	4,257,752	241,435	17,124	5,219,605	4,274,876
Total revenues	5,510,884	4,687,927	2,949,939	2,673,897	8,460,823	7,361,824
Program expenses						
Fire suppression	2,715,750	2,555,465	-	-	2,715,750	2,555,465
Fire prevention	633,743	327,933	-	-	633,743	327,933
Administrative	1,689,387	1,927,418	-	-	1,689,387	1,927,418
Interest on long-term debt	56,716	62,076	-	-	56,716	62,076
Ambulance	-	-	2,659,009	3,910,465	2,659,009	3,910,465
Total program expenses	5,095,596	4,872,892	2,659,009	3,910,465	7,754,605	8,783,357
Transfers	-	(63,431)	-	63,431	-	-
Change in net position	415,288	(248,396)	290,930	(1,173,137)	706,218	(1,421,533)
Net position - beginning, as restated	3,759,866	4,008,262	(1,577,341)	(404,204)	2,182,525	3,604,058
Net position - end of year	$ 4,175,154	$ 3,759,866	$ (1,286,411)	$ (1,577,341)	$ 2,888,743	$ 2,182,525

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of $4,336,815, an increase of $291,346 from the prior year.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund amounted to $1,368,253, a decrease of $1,449,865 over the prior year.

Proprietary Funds

The District's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the proprietary fund amounted to a deficit of $1,286,411 at year-end. Of this amount, $380,860 was invested in capital assets and the remaining balance was a deficit of $1,667,271.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and one approved supplemental budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lebanon Fire District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounted to $3,947,454 and $380,860 (net of accumulated depreciation), respectively. This investment in capital assets includes land, buildings, equipment, and vehicles. Total depreciation expense related to the District's investment in capital assets for its governmental and business-type activities amounted to $236,937 and $64,233, respectively.

Additional information on the District's capital assets can be found on pages 31 through 33 of this report.

Long-Term Liabilities

At the end of the current fiscal year, the District had total debt outstanding of $1,188,917. This amount comprises debt backed by general obligation bonds and bond premiums. The District's total debt decreased by $350,913 during the current year.

Additional information on the District's long-term debt can be found on page 34 of this report.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

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

- Unknown options for health insurance coverage and costs due to health care reform both nationally and in the State of Oregon, create some concern as to costs, administration, and future options.

- Continued increases in PERS rates will affect the budget and costs, it is anticipated that there will be at least a 5% increase per biennium for the next several bienniums.

- The main fire station and several major fire apparatuses are nearing the end of expected useful life.

- The rate of increase of property tax and ambulance revenue is not projected to keep up with required increases in personnel costs, capital costs and operating costs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of District's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional information should be addressed to Gordon Sletmoe, Fire Chief, Lebanon Fire District, 1050 W. Oak Street, Lebanon, Oregon 97355.

BASIC FINANCIAL STATEMENTS

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF NET POSITION

June 30, 2018

ASSETS	Governmental Activities	Business-Type Activities	Total
Current assets			
Cash and cash equivalents	$ 4,181,828	$ 830,865	$ 5,012,693
Cash with agent	7,652	-	7,652
Accounts receivable, net of allowance for uncollectibles	65,477	237,165	302,642
Property taxes receivable	377,019	-	377,019
Prepaid expenses	74,434	36,796	111,230
Fuel inventory	33,840	-	33,840
Total current assets	4,740,250	1,104,826	5,845,076
Restricted assets			
Cash restricted for debt service	8,331	-	8,331
Property taxes receivable restricted for debt service	36,257	-	36,257
Total restricted assets	44,588	-	44,588
OPEB RHIA asset	12,591	-	12,591
Capital assets not being depreciated	273,212	9,538	282,750
Capital assets, net of accumulated depreciation	3,674,242	371,322	4,045,564
Total assets	8,744,883	1,485,686	10,230,569
DEFERRED OUTFLOWS OF RESOURCES	1,256,578	1,100,134	2,356,712
LIABILITIES			
Current liabilities			
Accounts payable	59,393	3,293	62,686
Payroll liabilities	5,132	18,790	23,922
Accrued interest payable	5,100	-	5,100
Compensated absences payable	232,653	11,439	244,092
Long-term liabilities, current portion	370,000	-	370,000
Total current liabilities	672,278	33,522	705,800
Noncurrent liabilities			
Long-term liabilities, less current portion	818,917	-	818,917
Net pension liability - PERS	2,874,549	2,549,128	5,423,677
OPEB medical benefit liability	1,245,803	1,104,770	2,350,573
Total noncurrent liabilities	4,939,269	3,653,898	8,593,167
Total liabilities	5,611,547	3,687,420	9,298,967
DEFERRED INFLOWS OF RESOURCES	214,760	184,811	399,571
NET POSITION			
Net investment in capital assets	2,758,537	380,860	3,139,397
Restricted for debt service	44,588	-	44,588
Unrestricted	1,372,029	(1,667,271)	(295,242)
Total net position	$ 4,175,154	$ (1,286,411)	$ 2,888,743

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
Fire suppression	$ 2,715,750	$ -	$ -	$ -	$ (2,715,750)	$ -	$ (2,715,750)
Fire prevention	633,743	-	-	-	(633,743)	-	(633,743)
Administrative	1,689,387	264,865	261,849	6,000	(1,156,673)	-	(1,156,673)
Interest on long-term debt	56,716	-	-	-	(56,716)	-	(56,716)
Total governmental activities	$ 5,095,596	$ 264,865	$ 261,849	$ 6,000	(4,562,882)	-	(4,562,882)
Business-type activities							
Ambulance	$ 2,659,009	$ 2,708,504	$ -	$ -	-	49,495	49,495
General revenues							
Property taxes levied for general purposes					4,146,699	-	4,146,699
Property taxes levied for debt service					439,983	-	439,983
Investment earnings					74,618	-	74,618
Miscellaneous					315,910	241,435	557,345
Unrestricted grants and contributions					960	-	960
Total general revenues					4,978,170	241,435	5,219,605
Change in net position					415,288	290,930	706,218
Net position - beginning, as restated					3,759,866	(1,577,341)	2,182,525
Net position - ending					$ 4,175,154	$ (1,286,411)	$ 2,888,743

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2018

	General Fund	Reserve Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,235,646	$ 2,953,834	$ 8,331	$ 4,197,811
Grants receivable	65,477	-	-	65,477
Property taxes receivable	377,019	-	36,257	413,276
Prepaid expenses	48,159	-	-	48,159
Total assets	$ 1,726,301	$ 2,953,834	$ 44,588	$ 4,724,723
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	$ 59,393	$ -	$ -	$ 59,393
Payroll liabilities	5,132	-	-	5,132
Total liabilities	64,525	-	-	64,525
Deferred inflows of resources				
Unavailable revenue - property taxes	293,523	-	29,860	323,383
Fund balances				
Nonspendable	48,159	-	-	48,159
Restricted	-	-	14,728	14,728
Committed	-	2,953,834	-	2,953,834
Unassigned	1,320,094	-	-	1,320,094
Total fund balances	1,368,253	2,953,834	14,728	4,336,815
Total liabilities, deferred inflows of resources, and fund balances	$ 1,726,301	$ 2,953,834	$ 44,588	$ 4,724,723

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

June 30, 2018

Total fund balances		$ 4,336,815
Capital assets are not financial resources and are therefore not reported in the governmental funds. These amounts consist of:		
Cost	7,853,119	
Accumulated depreciation	(3,905,665)	3,947,454
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 30 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		323,383
Prepaid insurance is recorded as an expense when paid in the governmental fund statements and amortized over the life of the policy in the government wide statements.		26,275
Fuel inventory on hand at year-end is recorded as an asset on the government-wide statements.		33,840
Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) and OPEB are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. Amounts consist of:		
Deferred outflows of resources relating to pension expense	1,256,578	
Deferred inflows of resources relating to the return on pension assets	(214,760)	
Asset - OPEB RHIA	12,591	
Net pension liability - PERS	(2,874,549)	
OPEB medical benefit liability	(1,245,803)	(3,065,943)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(5,100)	
Compensated absences payable	(232,653)	
Bonds payable, including premiums	(1,188,917)	(1,426,670)
Net position of governmental activities		$ 4,175,154

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2018

	General Fund	Reserve Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Property taxes	$ 4,169,565	$ -	$ 410,123	$ 4,579,688
Donations	-	960	-	960
Grants	267,849	-	-	267,849
Charges for services	264,865	-	-	264,865
Investment earnings	71,031	-	3,587	74,618
Miscellaneous	315,910	-	-	315,910
Total revenues	5,089,220	960	413,710	5,503,890
EXPENDITURES				
Current				
Fire suppression	2,621,860	-	-	2,621,860
Fire prevention	396,806	-	-	396,806
Administrative	1,583,560	-	-	1,583,560
Debt service	1,429	-	406,600	408,029
Capital outlay	139,967	62,322	-	202,289
Total expenditures	4,743,622	62,322	406,600	5,212,544
Excess (deficiency) of revenues over (under) expenditures	345,598	(61,362)	7,110	291,346
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,795,463	-	1,795,463
Transfers out	(1,795,463)	-	-	(1,795,463)
Total other financing sources (uses)	(1,795,463)	1,795,463	-	-
Net change in fund balances	(1,449,865)	1,734,101	7,110	291,346
Fund balances - beginning	2,818,118	1,219,733	7,618	4,045,469
Fund balances - ending	$ 1,368,253	$ 2,953,834	$ 14,728	$ 4,336,815

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

For the Year Ended June 30, 2018

Net change in fund balances		$ 291,346
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	212,916	
Disposal of capital assets, net	(97,482)	
Depreciation expense recorded in current year	(236,937)	(121,503)
Governmental funds report fuel costs as expenditures; however, in the statement of activities, only the fuel that has been dispensed is considered an expense, and any unused fuel is shown as inventory on the statement of net position.		10,947
Long-term debt proceeds are reported as other financing sources in the governmental funds. In the statement of net position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Debt principal paid	345,000	
Amorization of bond premium	5,913	350,913
Prepaid insurance is recorded as an expense when paid in the governmental fund statements and amortized over the life of the policy in the government wide statements		2,220
Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds.		
Compensated absences		(16,688)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. On the statement of activities, property taxes are recognized as revenue when levied.		6,994
Pension and OPEB expenses or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.		(108,941)
Change in net position		$ 415,288

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2018

	Business-Type Activities Enterprise Fund Ambulance
ASSETS	
Current assets	
Cash and cash equivalents	$ 830,865
Accounts receivable, net of allowance for uncollectibles	237,165
Prepaid expenses	36,796
Total current assets	1,104,826
Capital assets, net of accumulated depreciation	380,860
Total assets	1,485,686
DEFERRED OUTFLOWS OF RESOURCES	1,100,134
LIABILITIES	
Current liabilities	
Accounts payable	3,293
Payroll liabilities	18,790
Compensated absences	11,439
Total current liabilities	33,522
Net pension liability - PERS	2,549,128
Net pension liability - OPEB medical benefit	1,104,770
Total liabilities	3,687,420
DEFERRED INFLOWS OF RESOURCES	184,811
NET POSITION	
Investment in capital assets	380,860
Unrestricted	(1,667,271)
Total net position	$ (1,286,411)

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

For the Year Ended June 30, 2018

	Business-Type Activities Enterprise Fund Ambulance
Operating revenues	
Charges for services	$ 2,708,504
Miscellaneous	241,435
Total operating revenues	2,949,939
Operating expenses	
Personnel services	2,319,773
Materials and services	275,003
Depreciation	64,233
Total operating expenses	2,659,009
Operating income (loss)	290,930
Net position - beginning, as restated	(1,577,341)
Net position - ending	$ (1,286,411)

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

LEBANON FIRE DISTRICT
Lebanon, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2018

		Business-Type Activities Enterprise Fund Ambulance
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	2,690,830
Payments to employees		(2,201,612)
Payments to suppliers		(306,609)
Other receipts		241,435
Net cash provided (used) by operating activities		424,044
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchases of capital assets		(26,818)
Net cash provided (used) by noncapital financing activities		(26,818)
Net increase (decrease) in cash and cash equivalents		397,226
Cash and cash equivalents - beginning		433,639
Cash and cash equivalents - ending	$	830,865
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	$	290,930
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		64,233
Changes in assets and liabilities		
(Increase) decrease in:		
Receivables		(76,675)
Bad debt provision		59,000
Prepaid assets		(26,701)
Deferred outflows		488,667
Increase (decrease) in:		
Deferred inflows		34,295
Net pension liability/OPEB liability		(409,705)
Net cash provided (used) by operating activities	$	424,044

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

NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

Lebanon Fire District was formed in 1884 and covers 134 square miles, serving the communities of Lebanon, Waterloo, Sodaville, and Lacomb. Services provided include fire suppression, emergency medical services, and fire prevention education. The District's emergency medical services are provided to an area of 416 square miles that includes, in addition to the fire district, the cities of Brownsville, Crabtree, and Scio. The District is governed by a five-member board of directors, elected from the District at large. Each member is elected to a four-year term.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – The General Fund is the District's primary operating fund. It accounts for all financial resources of the District except for those required to be accounted for in another fund. The primary source of revenue is property taxes. Primary expenditures are for public safety.

Capital Projects Fund

Reserve Fund – The Reserve Fund is used to account for the revenues and expenditures associated with the purchase, construction, and major repair of governmental capital assets. The primary sources of revenue are donations and grants.

Debt Service Fund – The Debt Service Fund accounts for the servicing of general long-term debt. The primary sources of revenue are property taxes and investment earnings.

The District reports the following major proprietary fund:

Enterprise Fund

Ambulance Fund – The Ambulance Fund is used to account for the operations of the District's ambulance service, which is provided to the general public. The primary source of revenue is user charges.

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

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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

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

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures 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.

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

F. Budgetary Information

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

The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The board of directors legally adopts the budget by resolution prior to the beginning of the District's fiscal year. The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, and capital outlay for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. The board of directors may adopt supplemental budgets less than 10% of a fund's original budget at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors. During the year, there was one supplemental budget. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts and one approved supplemental budget.

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

1. Cash and Cash Equivalents

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

2. Investments

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

3. Accounts Receivable

Receivables of the enterprise fund are recorded as revenue when earned. Receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts is calculated by management based on prior collection experience.

4. Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Capital assets

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

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

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment	3-20
Licensed vehicles	5-20
Buildings	10-50

6. Deferred Outflows/Inflows of Resources – (Non Pension Related)

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

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

7. Net Position Flow Assumption

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

8. Fund Balance Flow Assumption

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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

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

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is divided into two billings: the first billing (mailed on July 1) is an estimate of the current year's levy based on prior year's taxes; the second billing (mailed on January 1) reflects adjustments to the current year's actual levy. The billings are considered past due 15 days after the respective billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes collected within approximately 30 days of fiscal year-end are recognized as revenue, while the remaining are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

3. Compensated Absences

Vacation

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave

Accumulated sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists.

4. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds-outstanding method, which does not differ significantly from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

5. Other Post-Employment Benefits

The District provides post-employment healthcare benefits. Employees with 10 years of service at December 31, 1998 were eligible for the program. This was a one-time only offer for eligible employees as of December 31, 1998. The District also offered the benefit to union employees hired prior to July 1, 2002. The District provides healthcare insurance to these qualified retirees until the age of 65, or until eligible for Medicare, equal to the current program in effect for its current employees. Benefits terminate upon death. Post-employment benefits are reported as long-term liabilities on the statement of net position.

6. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operation. The principal operating revenues of the District’s proprietary fund is ambulance charges for services provided. Operating expenses for the District’s proprietary fund are the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

I. Use of Estimates

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Cash Deposits with Financial Institutions

The District maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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

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

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

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

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

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

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

	Level 2
Investments:	
Oregon Local Government Investment Pool	$ 4,545,082

Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

Investments

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

	Credit Quality Rating	Maturities	Fair Value
Oregon Local Government Investment Pool	Unrated	-	$ 4,545,082

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District holds an interest-bearing account at KeyBank, for which deposits are insured by the FDIC up to $250,000. At June 30, 2018, the District had deposits of $250,000 insured by the FDIC and $218,184 collateralized under the PFCP.

Deposits

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

Checking account	$ 475,942
Total investments	4,545,082
Total deposits and investments	$ 5,021,024

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	$ 1,227,994
Reserve Fund	2,953,834
Total governmental activities - unrestricted	4,181,828
Business-type activities - unrestricted	
Ambulance Fund	830,865
Subtotal unrestricted cash and investments	5,012,693
Governmental activities - restricted	
Debt Service Fund	8,331
Total cash and investments	$ 5,021,024

Restricted cash is for future payments of principal and interest on long-term debt.

B. Accounts Receivable

Accounts receivable at June 30, 2018, including the applicable allowances for uncollectible accounts, were as follows:

	Ambulance Fund
Ambulance billings	$ 735,165
Less allowance for uncollectibles	(498,000)
Net total receivables	$ 237,165

Collections on accounts previously written off amounted to $56,861.

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 273,212	$ -	$ -	$ 273,212
Total capital assets not being depreciated	273,212	-	-	273,212
Capital assets being depreciated				
Buildings	4,347,056	95,548	-	4,442,604
Equipment	210,558	56,309	-	266,867
Vehicles	3,154,647	61,059	(345,270)	2,870,436
Total capital assets being depreciated	7,712,261	212,916	(345,270)	7,579,907
Less accumulated depreciation for				
Buildings	(1,591,400)	(99,459)	-	(1,690,859)
Equipment	(113,737)	(28,630)	-	(142,367)
Vehicles	(2,211,379)	(108,848)	247,788	(2,072,439)
Total accumulated depreciation	(3,916,516)	(236,937)	247,788	(3,905,665)
Total capital assets being depreciated, net	3,795,745	(24,021)	(97,482)	3,674,242
Governmental activities capital assets, net	$ 4,068,957	$ (24,021)	$ (97,482)	$ 3,947,454

(Continued)

(Continued)	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	$ 9,538	$ -	$ -	$ 9,538
Capital assets being depreciated				
Buildings	112,011	-	-	112,011
Equipment	40,313	26,818	-	67,131
Vehicles	848,941	-	-	848,941
Total capital assets being depreciated	1,001,265	26,818	-	1,028,083
Less accumulated depreciation for				
Buildings	(101,766)	(1,845)	-	(103,611)
Equipment	(12,249)	(9,640)	-	(21,889)
Vehicles	(478,513)	(52,748)	-	(531,261)
Total accumulated depreciation	(592,528)	(64,233)	-	(656,761)
Total capital assets being depreciated, net	408,737	(37,415)	-	371,322
Business-type activities capital assets, net	$ 418,275	$ (37,415)	$ -	$ 380,860

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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	$ 273,212	$ -	$ 273,212
Buildings	4,442,604	(1,690,859)	2,751,745
Equipment	266,867	(142,367)	124,500
Vehicles	2,870,436	(2,072,439)	797,997
Total governmental capital assets	$ 7,853,119	$ (3,905,665)	$ 3,947,454
Business-type activities			
Land	$ 9,538	$ -	$ 9,538
Buildings	112,011	(103,611)	8,400
Equipment	67,131	(21,889)	45,242
Vehicles	848,941	(531,261)	317,680
Total business-type capital assets	$ 1,037,621	$ (656,761)	$ 380,860

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

Governmental activities	
Fire suppression	$ 23,083
Fire prevention	55,414
Administrative	158,440
Total governmental activities	$ 236,937
Business-type activities	
Ambulance	$ 64,233

D. Interfund Transfers

Interfund transfers during the year consisted of:

	Transfer in: Reserve Fund
Transfer out:	
General Fund	$ 1,795,463

The principal purposes of the transfers were to reserve cash for future equipment purchases.

E. Deferred Inflows/Outflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension asset - OPEB RHIA	$ 16,001	$ (6,355)
Net pension liability - PERS	2,170,402	(299,705)
Net pension liability - OPEB medical benefit	170,309	(93,511)
Total	$ 2,356,712	$ (399,571)

F. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	$ 215,965	$ 16,688	$ -	$ 232,653
Business-type activities				
Compensated absences	$ 17,507	$ -	$ (6,068)	$ 11,439

G. Long-Term Liabilities

1. Changes in Long-Term Liabilities

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

	Interest Rate	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds	4-5%	$ 3,750,000	$ 1,530,000	$ -	$ 345,000	$ 1,185,000	$ 370,000
Bond premiums	-	64,271	9,830	-	5,913	3,917	-
Total governmental activities		$ 3,814,271	$ 1,539,830	$ -	$ 350,913	$ 1,188,917	$ 370,000

2. General Obligation Bonds

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The bonds are payable on June 1 and December 1 of each year. Interest is variable over a fixed schedule, set out at the issuance date. The District's outstanding general obligation bonds represent funding primarily for capital projects. The Debt Service Fund has been used to liquidate the general obligation debt.

3. Note Payable

The District signed the note payable on July 30, 2011 to finance the purchase of new apparatus. The note calls for quarterly payments of $17,710. The General Fund has been used to liquidate the note payable.

4. Future Maturities of General Obligation Bonds

Year Ending	Bonds		
June 30	Principal	Interest	Total
2019	$ 370,000	$ 47,400	$ 417,400
2020	395,000	32,600	427,600
2021	420,000	16,800	436,800
Total	$ 1,185,000	$ 96,800	$ 1,281,800

5. Legal Debt Limit

The District's legal annual debt service limit (as defined by Oregon Revised Statute 478.410) as of June 30, 2018 was approximately $34,308,716. The District's legal debt service limit is 1.25% of the real market value of property within the District.

H. Charges for Services

The District's ambulance billings in the Ambulance Fund are net of discounts for capitation and insurance adjustments. Charges for services at June 30, 2018 consisted of the following:

Ambulance fees	$ 6,598,543
Ambulance discounts	(3,890,039)
Charges for services	$ 2,708,504

I. Constraints on Fund Balances

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

	General Fund	Reserve Fund	Nonmajor Fund Debt Service	Total Governmental Funds
Fund balances				
Nonspendable	$ 48,159	$ -	$ -	$ 48,159
Restricted for:				
Debt service	-	-	14,728	14,728
Committed to:				
Equipment purchases	-	2,953,834	-	2,953,834
Unassigned	1,320,094	-	-	1,320,094
Total fund balances	$ 1,368,253	$ 2,953,834	$ 14,728	$ 4,336,815

III. OTHER INFORMATION

A. Risk Management

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

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Name of Pension Plan

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

<u>Description of Benefit Terms</u>

Plan Benefits – PERS Pension (Chapter 238)

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

PERS Pension

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

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary.

A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Death Benefits

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

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

Disability Benefits

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

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

Benefit Changes after Retirement

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

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

OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

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

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

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

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

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

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

Contributions

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

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

Employer contributions for the year ended June 30, 2018 were $699,139.

Pension Plan Comprehensive Annual Financial Report (CAFR)

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

Actuarial Valuations

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

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with *Moro* decision; blend based on service.
Mortality	**Health retirees and beneficiaries:** RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption.

These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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

Assumed Asset Allocation

Asset Class	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

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

At June 30, 2018, the District reported a liability of $5,423,677 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 the District's proportion was 0.04023488%. For the year ended June 30, 2018, the District recognized pension expense of $1,191,173.

At June 30, 2018, 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	$ 262,291	$ -
Changes of assumptions	988,640	-
Net difference between projected and actual earnings on investments	55,877	-
Changes in proportionate share	24,229	266,894
Differences between employer contributions and employer's proportionate share of system contributions	159,841	32,811
Total (prior to post-MD contributions)	1,490,878	299,705
Contributions subsequent to the MD	679,524	-
Totals	$ 2,170,402	$ 299,705

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2018	$ 223,996
2019	660,754
2020	432,220
2021	(135,453)
2022	9,655

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

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

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

1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
$ 9,242,936	$ 5,423,677	$ 2,230,069

Changes in Assumptions

The Board reviews the discount rate in odd-numbered years as part of the Board's adoption of actuarial methods and assumptions. That rate is then adopted in an administrative rule at the time the Board sets the new rate. On July 28, 2017, the PERS Board adopted a 7.20% assumed rate. The rule specifies that the adopted assumed rate will be effective for PERS transactions with an effective date of January 1, 2018, consistent with this Board's policy decision from 2013 that the assumed rate will be effective January 1 following the Board's adoption of the rate. A January 1 effective date also provides equitable treatment to all members who retires in a year that a change is adopted, no matter which month they retire. The adopted assumed rate will be aligned with the new actuarial equivalency factors (AEFs), which will allow for a clear effective date for all transactions that involve calculations using both the rate and AEF components.

1. Deferred Compensation Plan

The District has authorized a deferred compensation plan to be made available to its employees wherein they may execute an individual agreement with the District for amounts earned by them, not to be paid until a future date when they are terminated by reason of death, permanent disability, retirement, or separation. The deferred compensation plan is authorized under Internal Revenue Code (IRC) Section 457 and has been approved by the Internal Revenue Service. Under the plan document, the District has a fiduciary responsibility to administer the plan in accordance with the requirements of IRC Section 457. The District has no liability for any losses that may be incurred under the plan.

2. Supplemental Retirement Plan

The District offers a Length of Service Award Program (LOSAP) to volunteers as a reward for service to the community. The plan provides tax deferred income benefits to volunteers through discretionary contributions made by the District. The District is not contingently liable to make contributions based on volunteer service. The District contributed $22,988 during the year ended June 30, 2018.

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

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

General Information about the OPEB Plan

Name of OPEB Plan

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

Description of Benefit Terms

Plan Benefits – PERS RHIA (Chapter 238)

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

OPEB Membership

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

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

As of June 30, 2017, the inactive RHIA plan participants currently receiving benefits totaled 44,769, and there were 61,208 active and 16,369 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

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

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

Contributions

Employer contributions for the year ended June 30, 2018 were $16,001.

OPEB RHIA Plan Comprehensive Annual Financial Report (CAFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2017. That independently audited report was dated April 11, 2018 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2018/GASB_75_06.30.2017.pdf

Proportionate Share Allocation Methodology

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 23, 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.50 percent
Long-term Expected Rate of Return	7.50 percent
Discount Rate	7.50 percent
Projected Salary Increases	3.50 percent
Retiree healthcare participation	Healthy retirees: 38%; disabled retirees: 20%

Mortality	**Health retirees and beneficiaries:** RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of health retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex distinct, generational per scale BB, disabled mortality table.

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 7.50. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

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

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

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

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

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

At June 30, 2018, the District reported an asset of $12,591 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017 the District's proportion was 0.03016854%.

For the year ended June 30, 2018, the District recognized OPEB credit of $126. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on investments	$ -	$ (5,831)
Changes in proportionate share	-	(524)
Total (prior to post-MD contributions)	- -	(6,355)
Contributions subsequent to the MD	16,001	-
Total	$ 16,001	$ (6,355)

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period.

Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2017 measurement period is 3.7 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2018.

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

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2019	$ (1,652)
2020	(1,652)
2021	(1,594)
2022	(1,458)
2023	-

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

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

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

1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
$ 1,755	$ (12,591)	$ (24,792)

Changes in Assumptions

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

D. Other Post-Employment Benefits (GASB 75) – District Medical Benefit Plan

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

General Information about the OPEB Plan

Name of OPEB Plan

The District provides a post-employment health benefits program for employees who have retired early from the District. Covered employees under the plan are eligible to receive District-paid benefits until reaching the age of eligibility for Medicare benefits. Benefits accrue at 4% per year of service and terminate at death. The program was established by Resolution 10-98. Eligible employees had completed ten years of service to the District upon adoption of the resolution.

Description of Benefit Terms

Plan Benefits – Implicit Medical Benefit

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243.

ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees.
The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

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

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

Medical Benefit Membership and Eligibility

All employee of the District retiring from active service with a pension benefit are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

Medical Benefit Duration and Amount

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

Participant Statistics

As of July 1, 2016, there were 41 active participants and 12 inactive participants in the Medical Benefit plan. The average age of active and retired participants is 44.1 and 57.4, respectively.

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

Funding Policy

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

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of July 1, 2016 using age entry normal, level percent of salary Actuarial Cost Method.

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

Valuation Date	July 1, 2016
Measurement Dates/Fiscal Year Ends	June 30, 2017 and June 30, 2018
Actuarial Assumptions:	
Actuarial Cost Method	Entry age normal
Salary Increases	3.50 percent per year
General Inflation Rate	2.50 percent per year
Discount Rate	2.85 percent for June 30, 2017 valuation and 3.58 percent for June 30, 2018 valuation

Mortality rates were based on the RP=2000 Active/Healthy white collar male and female tables, as appropriate and were projected on a generational basis using Scale BB for males and females.

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

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

Current medical and vision premiums were modeled using an average monthly premium of $539 for retirees and $603 for spouses. Dental premiums were modeled using average monthly premiums of $52 for retirees and $39 for spouses.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2017, as restated	$	2,456,540
Changes for the year:		
Service cost		95,362
Interest		70,402
Change in assumptions		(107,263)
Benefit payments		(164,468)
Net changes		(105,967)
Total OPEB Liability at June 30, 2018	$	2,350,573

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

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

June 30 Disclosure	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	$ 2,501,185	$ 2,350,573	$ 2,209,003

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

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 2,230,966	$ 2,350,573	$ 2,487,492

At June 30, 2018, 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
Changes in assumptions	$ -	$ (93,511)
Benefit payments	170,309	-
Total	$ 170,309	$ (93,511)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

Year ended June 30:	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2019	$ (13,752)
2020	$ (13,752)
2021	$ (13,752)
2022	$ (13,752)
2023	$ (13,752)
Thereafter	$ (24,751)

E. New Pronouncements

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

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

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

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

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

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

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements* – This statement addresses the information that is disclosed in the notes to government financial statements related to debt, including borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for fiscal years beginning after June 15, 2018.

F. Restatement

The previously issued financial statements have been restated as follows:

Government-wide basis	Governmental Activities	Business-type Activites
Net position - beginning, as originally reported	$ 4,116,514	$ (422,767)
To restate OPEB medical benefit per valuation	(347,737)	(1,154,574)
To restate OPEB RHIA benefit per valuation	(8,911)	-
Net position - beginning, as restated	$ 3,759,866	$ (1,577,341)

LEBANON FIRE DISTRICT
Lebanon, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

GAAP/budget basis	Ambulance Fund
Net position - beginning, as originally reported	$ (422,767)
To restate OPEB medical benefit per valuation	(1,154,574)
Net position - beginning, as restated	$ (1,577,341)

G. Bargaining Unit

At June 30, 2018, the District had a total of approximately 42 employees. Of this total, approximately 74% are represented by a union. The union agreement was ratified on April 20, 2016 and extends through June 30, 2019.

H. Subsequent Events

Management has evaluated subsequent events through February 1, 2019, which was the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

OREGON PERS SYSTEM

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

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.04023488%	0.04107343%	0.04615875%	0.04357164%
District's proportionate share of the net pension liability (asset)	$ 5,423,677	$ 7,761,659	$ 7,120,305	$ (987,645)
District's covered-employee payroll	$ 3,053,215	$ 2,841,686	$ 2,841,686	$ 2,694,019
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	178%	273%	251%	-37%
Plan fiduciary net position as a percentage of the total pension liability	83%	81%	92%	104%

Schedule of District Contributions

	2018	2017	2016	2015
Contractually required contribution	$ 699,139	$ 501,205	$ 501,720	$ 453,835
Contributions in relation to the contractually required contribution	(699,139)	(501,205)	(501,720)	(453,835)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,477,184	$ 3,144,157	$ 3,074,396	$ 2,782,121
Contributions as a percentage of covered-employee payroll	20%	16%	16%	16%

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

OREGON PERS SYSTEM

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

	2018	2017
District's proportion of the OPEB liability (asset)	0.030168540%	0.032813520%
District's proportionate share of the OPEB liability (asset)	$ (12,591)	$ 8,911
District's covered-employee payroll (from actuarial exhibits)	$ 3,053,215	$ 2,853,381
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-0.41%	0.31%
Plan fiduciary net position as a percentage of the total OPEB liability	108.88%	94.15%

Schedule of District Contributions

	2018	2017
Contractually required contribution	$ 16,001	$ 15,325
Contributions in relation to the contractually required contribution	16,001	15,325
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 3,477,184	$ 3,144,157
Contributions as a percentage of covered-employee payroll	0.46%	0.49%

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

DISTRICT MEDICAL BENEFIT PLAN

Schedule of Changes		2018
Total Medical Benefit Pension Liability - beginning, as restated	$	2,456,540
Changes for the year:		
Service Cost	$	95,362
Interest		70,402
Change in assumptions		(107,263)
Benefit Payments		(164,468)
Net changes for the year		(105,967)
Total Medical Benefit Pension Liability - ending	$	2,350,573
District's covered-employee payroll	$	3,477,184
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll		67.60%

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

GENERAL FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	Actual GAAP Basis
REVENUES						
Property taxes	$ 3,863,042	$ 3,863,042	$ 239,214	$ 4,102,256	$ 67,309	$ 4,169,565
Grants	246,244	246,244	21,605	267,849	-	267,849
Charges for services	281,000	281,000	(16,135)	264,865	-	264,865
Investment earnings	22,000	22,000	49,031	71,031	-	71,031
Miscellaneous	24,900	384,900	(68,990)	315,910	-	315,910
Total revenues	4,437,186	4,797,186	224,725	5,021,911	67,309	5,089,220
EXPENDITURES						
Current						
Personnel services	3,106,407	3,381,407	(194,756)	3,186,651	-	3,186,651
Materials and services	1,547,150	1,597,150	(184,795)	1,412,355	3,220	1,415,575
Debt service	1,429	1,429	-	1,429	-	1,429
Capital outlay	121,000	156,000	(16,033)	139,967	-	139,967
Contingency	1,000,000	1,000,000	(1,000,000)	-	-	-
Total expenditures	5,775,986	6,135,986	(1,395,584)	4,740,402	3,220	4,743,622
					-	
Excess (deficiency) of revenues over (under) expenditures	(1,338,800)	(1,338,800)	1,620,309	281,509	64,089	345,598
OTHER FINANCING SOURCES (USES)						
Long-term debt financing proceeds	-	-	-	-	-	-
Transfers out	(1,881,200)	(1,881,200)	(85,737)	(1,795,463)	-	(1,795,463)
Total other financing sources (uses)	(1,881,200)	(1,881,200)	(85,737)	(1,795,463)	-	(1,795,463)
Net change in fund balance	(3,220,000)	(3,220,000)	1,706,046	(1,513,954)	64,089	(1,449,865)
Fund balance - beginning	3,220,000	3,220,000	(381,486)	2,838,514	(20,396)	2,818,118
Fund balance - ending	$ -	$ -	$ 1,324,560	$ 1,324,560	$ 43,693	$ 1,368,253

OTHER SUPPLEMENTARY INFORMATION

INDIVIDUAL FUND SCHEDULES

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

RESERVE FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		
			Budget Basis	Adjustments	GAAP Basis
REVENUES					
Donations	$ -	$ 960	$ 960	$ -	$ 960
EXPENDITURES					
Capital outlay	1,713,500	(1,651,178)	62,322	-	62,322
Excess (deficiency) of revenues over (under) expenditures	(1,713,500)	1,652,138	(61,362)	-	(61,362)
OTHER FINANCING SOURCES (USES)					
Transfers in	933,500	861,963	1,795,463	-	1,795,463
Net change in fund balance	(780,000)	2,514,101	1,734,101	-	1,734,101
Fund balance - beginning	780,000	439,733	1,219,733	-	1,219,733
Fund balance - ending	$ -	$ 2,953,834	$ 2,953,834	$ -	$ 2,953,834

LEBANON FIRE DISTRICT
Lebanon, Oregon

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

DEBT SERVICE FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	Actual GAAP Basis
REVENUES						
Property taxes	$ 406,000	$ 406,100	$ 100	$ 406,200	$ 3,923	$ 410,123
Investment earnings	625	625	2,962	3,587	-	3,587
Total revenues	406,625	406,725	3,062	409,787	3,923	413,710
EXPENDITURES						
Debt service	406,625	406,725	(125)	406,600	-	406,600
Excess (deficiency) of revenues over (under) expenditures	-	-	3,187	3,187	3,923	7,110
Fund balance - beginning	-	-	5,144	5,144	2,474	7,618
Fund balance - ending	$ -	$ -	$ 8,331	$ 8,331	$ 6,397	$ 14,728

LEBANON FIRE DISTRICT
Lebanon, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL

AMBULANCE FUND

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis	Actual Adjustments	Actual GAAP Basis
REVENUES						
Charges for services, net	$ 2,595,000	$ 2,697,093	$ (6,263)	$ 2,690,830	$ 17,674	$ 2,708,504
Miscellaneous	500	500	240,935	241,435	-	241,435
Total revenues	2,595,500	2,697,593	234,672	2,932,265	17,674	2,949,939
EXPENSES						
Current						
Personnel services	2,395,887	2,465,480	(263,868)	2,201,612	118,161	2,319,773
Materials and services	260,350	285,350	(13,260)	272,090	2,913	275,003
Capital outlay	25,000	32,500	(5,683)	26,817	(26,817)	-
Depreciation	-	-	-	-	64,233	64,233
Total expenses	2,681,237	2,783,330	(282,811)	2,500,519	158,490	2,659,009
Excess (deficiency) of revenues over (under) expenses	(85,737)	(85,737)	517,483	431,746	(140,816)	290,930
OTHER FINANCING SOURCES (USES)						
Transfers in	85,737	85,737	(85,737)	-	-	-
Change in net position	-	-	431,746	431,746	(140,816)	290,930
Net position - beginning	-	-	423,895	423,895	(2,001,236)	(1,577,341)
Net position - ending	$ -	$ -	$ 855,641	$ 855,641	$ (2,142,052)	$ (1,286,411)

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY FEDERAL AND STATE REGULATIONS

Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

We have audited the basic financial statements of Lebanon Fire District as of and for the year ended June 30, 2018, and have issued our report thereon dated February 1, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Authorized investment of surplus funds (ORS Chapter 294)

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

436 1st Avenue W | P.O. Box 1072 | Albany, Oregon 97321
(541) 223-5555 | www.accuitycpas.com | Fax (541) 730-4420

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

OAR 162-010-0230 Internal Control

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Accuity, LLC

Accuity, LLC

February 1, 2019

Accuity, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Lebanon Fire District
Lebanon, Oregon 97355

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lebanon Fire District as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Lebanon Fire District's basic financial statements, and have issued our report thereon dated February 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lebanon Fire District, Lebanon, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lebanon Fire District, Lebanon, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of Lebanon Fire District, Lebanon, Oregon's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

436 1st Avenue W | P.O. Box 1072 | Albany, Oregon 97321
(541) 223-5555 | www.accuitycpas.com | Fax (541) 730-4420

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lebanon Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity, LLC

Accuity, LLC

Albany, Oregon
February 1, 2019