

JACKSON COUNTY FIRE DISTRICT NO. 4

AUDIT REPORT

For the Year Ended

June 30, 2020

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT
MEDFORD

JACKSON COUNTY FIRE DISTRICT NO. 4

June 30, 2020

ELECTED BOARD OF DIRECTORS

<u>Name</u>	<u>Position Number</u>	<u>Term Expires</u>	<u>Address</u>
William D. Littlefield President	4	06/30/23	PO Box 1125 Shady Cove, OR 97539
Linda Hughes Vice-President	3	06/30/21	PO Box 192 Shady Cove, OR 97539
Rick Wythe Secretary/Treasurer	2	06/30/21	3993 Rogue River Drive Eagle Point, OR 97524
Mike Krutsch Director	5	06/30/23	PO Box 54 Trail, OR 97541
Richard Higgs - Appointed 4/8/20 Director	1	06/30/23	215 Madrone Lane Shady Cove, OR 97539
Richard Torres - Resigned 4/1/20 Director	1	06/30/23	PO Box 875 Shady Cove, OR 97539

LEGAL COUNSEL

Martial Henault
Attorney At Law

1730 E. McAndrews
Medford, OR 97504

REGISTERED AGENT AND FIRE CHIEF

Greg Winfrey, Fire Chief

PO Box 1400
Shady Cove, OR 97539

REGISTERED OFFICE

21200 Highway 62
Shady Cove, OR 97539

JACKSON COUNTY FIRE DISTRICT NO. 4
For the Year Ended June 30, 2020

TABLE OF CONTENTS

	PAGE
FINANCIAL SECTION	
Management's Discussion and Analysis	1-7
Independent Auditor's Report	8-9
Basic Financial Statements	
Statement of Net Position - Cash Basis and Governmental Funds Balance Sheet - Cash Basis	10
Statement of Activities - Cash Basis and Governmental Fund Receipts, Disbursements, Changes in Fund Balances - Cash Basis	11
Notes to Basic Financial Statements	12-29
SUPPLEMENTARY INFORMATION	
Notes to Budgetary Comparison Schedules	30
Budgetary Comparison Schedule - General Fund	31
Budgetary Comparison Schedule - Capital Projects Fund	32
Detail to Budgetary Comparison Schedule – Cash Basis - General Fund	33-34
Notes to Pension Schedules	35
Schedule of the District's Proportionate Share of the Net Pension Liability	36
Schedule of District Pension Contributions	36
Schedule of Property Tax Transactions	37
REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS	
Independent Auditor's Report Required by Oregon State Regulations	38-39

FINANCIAL SECTION

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

This discussion and analysis of Jackson County Fire District No. 4's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020, within the limitations of the District's cash basis of accounting. Please read it in conjunction with the District's financial statements.

1. REPORT LAYOUT

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

Management's Discussion and Analysis. This section of the report provides financial highlights, overview and economic factors affecting the District. The Management's Discussion and Analysis provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and notes to financial statements.

Basic Financial Statements. Includes government-wide financial statements, fund financial statements and the notes to the financial statements. Government-wide financial statements focus on an entity-wide presentation using the cash basis of accounting. They are designed to be more corporate-like in that all activities are consolidated into a total for the District.

Government-wide financial statements provide information about the activities of the District government-wide (or "as a whole"). These two statements are the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis.

Fund financial statements focus on the individual parts of the District government. Governmental fund statements follow the more traditional presentation of financial statements and tell how services were financed in the short term as well as what remains for future spending. The two statements are the Balance Sheet – Cash Basis and the Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020

2. DISTRICT AS A WHOLE

Government-Wide Financial Statements

A condensed version of the Statement of Net Assets at June 30, 2020 and 2019 follows:

Table 1
Net Position—Cash Basis

	Governmental Activities		Total
	6/30/2020	6/30/2019	Percentage
			Change
			2019-2020
ASSETS			
Cash and cash equivalents	\$ 988,793	\$ 784,916	25.97 %
Total assets	\$ 988,793	\$ 784,916	25.97
NET POSITION - CASH BASIS			
Unrestricted	988,793	784,916	25.97
Total net position	\$ 988,793	\$ 784,916	25.97

Net assets increased during the 2019-20 fiscal year by approx. \$204,000 the result of an increase in property taxes due to a \$0.99 per \$1,000 levy, grant revenue received, and a decrease in overall expenditures from the prior year.

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
 Unaudited

2. DISTRICT AS A WHOLE (Continued)

A condensed version of the Statement of Activities for the years ended June 30, 2020 and 2019 follows:

Table 2
Change in Net Position—Cash Basis

	Governmental Activities		Total
	6/30/2020	6/30/2019	Percentage
			Change
			2019-2020
Receipts			
Property taxes	\$ 1,491,146	1,453,023	2.62 %
Earnings on investments	26,544	19,793	34.11
Donations	2,000	1,196	67.22
Grant	171,241	206,883	(17.23)
Sale of equipment and merchandise	-	21,200	100.00
Miscellaneous	376	5,029	(92.52)
Total receipts	<u>1,691,307</u>	<u>1,707,124</u>	(0.93)
Disbursements			
Fire suppression			
Current			
Personnel services	966,788	976,458	(0.99)
Materials and services	253,225	248,978	1.71
Capital Outlay	267,417	269,590	100.00
Total disbursements	<u>1,487,430</u>	<u>1,495,026</u>	(0.51)
Changes in net position	203,877	212,098	(3.88)
Beginning net position	784,916	572,818	37.03
Ending net position	<u>\$ 988,793</u>	<u>\$ 784,916</u>	25.97

Property tax receipts increased by approximately \$38,000, in part, due to increased market values and property tax assessments. Grant receipts remained about the same to the award of the FEMA grant.

Personnel services decreased because of the timing of the payroll cycles and due to a retirement within the District. Retirements allow the District to replace staff with lower wage recent hires. Because of this payroll timing cycle, PERS, overtime and health insurance decreased by a small percentage based on gross payroll.

Materials and services decreased due to less maintenance and repairs services for vehicles, buildings and grounds and equipment, and less overall line item expenditures.

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
 Unaudited

3. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The total changes in fund balances for the years ended June 30, 2020 and 2019 follows:

Table 3
Changes in Fund Balances - Cash Basis

	Governmental Activities		Total
	June 30 2020	June 30 2019	Percentage Change 2019-2020
Fund Balances - cash basis			
General Fund	\$ 591,833	\$ 491,780	20.35 %
Capital Projects Fund	396,960	293,136	35.42
Total Fund Balances	\$ 988,793	\$ 784,916	25.97

The General Fund balance increased during the 2019-20 fiscal year mainly due to a decrease in personnel services from the prior year. Personnel service costs decreased due to retirement within the District.

The Capital Projects Fund balance remained the same as a result of the transfer of budgeted funds from the General fund and grant dollars received during the year did not exceed capital expenditures made within the fiscal year.

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
 Unaudited

4. BUDGETARY HIGHLIGHTS

The District made the following changes to the General Fund budget during the fiscal year ended June 30, 2020.

Table 4
Budgetary Changes

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>
General Fund			
Receipts	\$ 1,527,100	\$ 1,527,100	\$ -
Disbursements			
Personnel services	1,124,700	1,124,700	-
Material and services	381,600	381,600	-
Total disbursements	<u>1,506,300</u>	<u>1,506,300</u>	<u>-</u>
Other financing sources (uses)	<u>(208,400)</u>	<u>(208,400)</u>	<u>-</u>
Change in Fund Balances	<u>\$ (187,600)</u>	<u>\$ (187,600)</u>	<u>\$ -</u>

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
 Unaudited

4. BUDGETARY HIGHLIGHTS (Continued)

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

Table 5
Budget Versus Actual Differences - Cash Basis

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
General Fund			
Receipts	\$ 1,527,100	\$ 1,520,066	\$ (7,034)
Disbursements			
Personnel services	1,124,700	966,788	157,912
Material and services	381,600	253,225	128,375
Total disbursements	<u>1,506,300</u>	<u>1,220,013</u>	<u>286,287</u>
Other financing sources (uses)	<u>(208,400)</u>	<u>(200,000)</u>	<u>8,400</u>
Change in Fund Balances	<u>\$ (187,600)</u>	<u>\$ 100,053</u>	<u>\$ 287,653</u>

The favorable variance in the final budget compared with actual came from an increase in total receipts and the monitoring of expenditures throughout the year.

5. ECONOMIC FACTORS

The District will continue to project modest assessed valuation increases and subsequent property tax revenue. The economy within the District's jurisdictional boundaries has been growing on average around four percent per year. The service area lends more residential properties and minimal commercial business. As the District develops future budgets, it will strive to ensure spending is in line with projected revenues.

The District's SAFER (firefighter staffing) grant under the Federal Emergency Management Agency (FEMA) expired in December of 2017. The grant provided 100 percent salary and benefits reimbursement for four firefighters over a two-year period. In order to sustain these personnel after grant end, the District went to the voters with an operational levy. The voters of the District passed a four-year operating levy in May of 2017, which provided an additional 0.99 per \$1,000 of all taxable assessed property within the District.

JACKSON COUNTY FIRE DISTRICT NO. 4
Management's Discussion and Analysis
For the Year Ended June 30, 2020
Unaudited

5. ECONOMIC FACTORS

Salary and benefit costs continue to be monitored for sustainability. The District ratified a two-year labor agreement with the Rogue Valley Professional Firefighters effective July 1, 2018 through June 30, 2020.

The District's employer contribution into the Public Employees Retirement System (PERS) increased on July 1, 2019 from 29.17% to 34.13% for Tier 1/Tier 2 employees, from 15.75% to 20.21% for General Service, and from 20.52% to 24.84% for OPSRP Fire. This is a result of the pension system's unfunded liability and less than projected stock market returns. This increase has significant budgetary impact on the District, coupled with increases in health care costs. The District will need to develop future budgets to accommodate for continued rate increases, as the PERS system continues to experience volatility in funding status and rate sustainability. Rates will be increasing for the 2019-2021 biennium by approximately 20 percent.

6. FINANCIAL CONTACT

The District's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about the report or need additional information, please contact the District at P.O. Box 1400, Shady Cove, OR, 97539.

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jackson County Fire District No. 4
P.O. Box 1400
Shady Cove, OR 97539

I have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of Jackson County Fire District No. 4 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and each major fund of Jackson County Fire District No. 4, as of June 30, 2020, and the respective changes in cash-basis financial position for the year then ended in conformity with the cash basis of accounting described in Note 1.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to that matter.

Report on Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Jackson County Fire District No. 4's basic financial statements. The Management's Discussion and Analysis (MD&A), and the Supplementary Information (SI), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The Management's Discussion and Analysis, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on such information.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have issued my report dated September 7, 2020, on my consideration of Jackson County Fire District No. 4's internal control over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-320. The purpose of that report is to describe my evaluation of internal control over financial reporting and the scope of my testing of compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance.



Richard W. Brewster
Certified Public Accountant

September 7, 2020

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY FIRE DISTRICT NO. 4
Statement of Net Position – Cash Basis and
Governmental Funds Balance Sheet – Cash Basis
June 30, 2020

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS					
Cash and cash equivalents	\$ 591,833	\$ 396,960	\$ 988,793	\$ -	\$ 988,793
Total assets	<u>\$ 591,833</u>	<u>\$ 396,960</u>	<u>\$ 988,793</u>	<u>-</u>	<u>988,793</u>
FUND BALANCES/NET POSITION					
Fund Balances					
Committed for capital purchases	\$ -	\$ 396,960	\$ 396,960	(396,960)	-
Unassigned	591,833	-	591,833	(591,833)	-
Total fund balance	<u>\$ 591,833</u>	<u>\$ 396,960</u>	<u>\$ 988,793</u>	<u>(988,793)</u>	<u>-</u>
Net Position					
Unrestricted				988,793	988,793
Total net position				<u>\$ 988,793</u>	<u>\$ 988,793</u>

See notes to financial statements.

JACKSON COUNTY FIRE DISTRICT NO. 4
Statement of Activities – Cash Basis and
Governmental Fund Receipts, Disbursements, and
Changes in Fund Balances – Cash Basis
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
RECEIPTS					
Property taxes	\$ 1,491,146	\$ -	\$ 1,491,146	\$ -	\$ 1,491,146
Earnings on investments	26,544	-	26,544	-	26,544
Grants	-	171,241	171,241	-	171,241
Donations	2,000	-	2,000	-	2,000
Sale of equipment and merchandise	-	-	-	-	-
Miscellaneous	376	-	376	-	376
Total receipts	1,520,066	171,241	1,691,307	-	1,691,307
DISBURSEMENTS					
Fire suppression					
Current					
Personnel services	966,788	-	966,788	-	966,788
Materials and services	253,225	-	253,225	-	253,225
Capital Outlay	-	267,417	267,417	-	267,417
Total disbursements	1,220,013	267,417	1,487,430	-	1,487,430
Excess (deficiency) of receipts over disbursements	300,053	(96,176)	203,877	-	203,877
OTHER FINANCING SOURCES (USES)					
Transfer to Capital Projects Fund	(200,000)	-	(200,000)	200,000	
Transfer from General Fund	-	200,000	200,000	(200,000)	
Total other financing sources (uses)	(200,000)	200,000	-	-	
Net change in fund balances - cash basis	100,053	103,824	203,877	(203,877)	
Change in net position - cash basis				203,877	203,877
FUND BALANCES - CASH BASIS/ NET POSITION - CASH BASIS					
Beginning of the year	491,780	293,136	784,916	-	784,916
End of the year	<u>\$ 591,833</u>	<u>\$ 396,960</u>	<u>\$ 988,793</u>	<u>\$ -</u>	<u>\$ 988,793</u>

See notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The District was formed as a result of a general election held on November 13, 1956. The District purchased the assets and assumed the liabilities of the Shady Cove-Trail Fire Department, Inc., a non-profit corporation which dissolved July 8, 1957. The District is bounded, in general, by state highway 234, west to Dodge Bridge, up the Rogue River to Elk Creek, northeast on state highway 62 through the District of Shady Cove, on to the Fish Hatchery and 2-1/2 miles up Crowfoot Road and northward on state highway 227 from state highway 62 approximately 6 miles, including the unincorporated area of Trail.

The main fire station is located in Shady Cove, Oregon. A substation, at Lost Creek Dam, is maintained jointly with the Oregon State Board of Forestry. Under the terms of the agreement with the Board of Forestry, the District provides structural fire protection for all U.S. Army Corps of Engineers buildings at the Lost Creek project.

As discussed further in Measurement Focus and Basis of Accounting, these financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the cash basis of accounting.

BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

Fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, fund balance, revenues, and expenditures or expenses. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District, or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type. Both of the District's funds are considered major funds.

The District has two governmental funds on a budgetary basis, the General Fund and the Capital Projects Fund. The Capital Projects Fund has transfers from the General Fund as its revenue resource. For the Government-wide Financial Statement presentation, under GASB 54, the Capital Projects Fund is collapsed and reported as part of the General Fund.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

The following fund types are used by the District:

Governmental funds:

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

General Fund is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. Principal sources of receipts are property taxes, charges for services, and earnings on investments. Primary disbursements are for personnel services, materials and services, capital outlay, and debt service.

Capital Projects Fund accounts for the receipts and disbursements related to the purchase of buildings, land, and equipment. Primary receipts are provided by budgeted transfers from the General Fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported with the limitations of the cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus is applied to the cash basis of accounting. All governmental funds utilize a current financial resources measurement focus within the limitations of the cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

ASSETS, LIABILITIES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

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

Investments

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

Net Position Flow Assumption

Assets whose use is restricted for construction, debt service or by other agreement are segregated on the Government-wide Statement of Net Assets. It is the District's policy to first use restricted net resources prior to use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. Currently, the District's assets are all unrestricted.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

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

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. Commitments may be changed or lifted only by the District taking the same formal action that imposed the constraint originally. Fund balances are committed by the Board of Directors via a resolution.

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

Interfund Transactions

Interfund activity is reported as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Property taxes

Ad valorem property taxes are levied on all taxable property as of July 1. Property taxes become a lien on July 1 for personal and real property. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are not recorded on the Statement of Net Position under the cash-basis of accounting.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETS

See Notes to Budgetary Comparison Schedules in Supplementary Information.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The District did not exceeded appropriations during the year ended June 30, 2020.

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

DEPOSITS AND INVESTMENTS

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

	General Fund	Capital Projects Fund	Total
Cash in bank	\$ 55,245	\$ -	\$ 55,245
Cash in state pool	536,588	396,960	933,548
Total cash and cash equivalents	\$ 591,833	\$ 396,960	\$ 988,793

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2020. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. Deposits in excess of federal depository insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds through not guaranteeing that all funds are 100% protected. For the fiscal year ended June 30, 2020, the carrying amounts of the District deposits and bank balances in various financial institutions were \$81,064. All deposits are held in the name of the District. At June 30, 2020, the District did not have any deposits that were not secured by FDIC insurance. The District's deposits were in compliance with Oregon's shared liability structure for participating bank depositories.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

Investments

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

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool (LGIP) during fiscal year 2020. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2020, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the District to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, time certificate of deposits, certain commercial papers, and the State of Oregon Treasurer's Local Government Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION

CAPITAL ASSETS

As a result of the use of the cash basis of accounting, the tracking of fixed assets is not a required part of the financial statements, and therefore, no schedule is provided in these financial statements. During the fiscal year ending June 30, 2020, the District purchased \$267,417 worth of capital assets.

TRANSFERS

The District transferred \$96,176 to the Capital Projects Fund from the General Fund, which was budgeted during the 2019-20 fiscal year.

RISK MANAGEMENT

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

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

PROPERTY TAX LIMITATION

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

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

LONG -TERM DEBT

There was no long-term debt at any time during the fiscal year.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description

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

The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <https://www.oregon.gov/pers/Documents/Financials/cafr/2019-cafr.pdf>

Benefits provided

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

Pension Benefits

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

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Death Benefits

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

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

Disability Benefits

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

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. Under current law, the cap on the COLA is 2.0 percent.

2. OPSRP Pension Program (OPSRP DB)

Pension Benefits

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Death Benefits

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

Disability Benefits

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

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA increase for fiscal year 2018 and beyond was set at 2.0%.

3. OPSRP Individual Account Program (OPSRP IAP)

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

Pension Benefits

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

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

Death Benefits

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

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial. The rates based on a percentage of payroll, first became effective July 1, 2019. Employer contributions for the year ended June 30, 2020 were \$120,465, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 34.13 percent for Tier One/Tier Two General Service Member, 34.13 percent for Tier One/Tier Two Police and Fire, 20.21 percent for OPSRP Pension Program General Service Members, 24.84 percent for OPSRP Pension Program Police and Fire Members, and 6 percent for OPSRP Individual Account Program.

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

At June 30, 2020, the District did not recognize its liability of \$1,428,322 for its proportionate share of the net pension liability due to the cash basis of accounting. The net pension liability was measured as of June 30, 2019, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020 and 2019 the District's proportion was 0.00825734% percent and .00736392% percent, respectively.

For the year ended June 30, 2020, the District recognized pension expenditures of \$120,465 on the cash basis of accounting. Because the District is a cash basis entity, at June 30, 2020, the District did not report deferred outflows of resources and deferred inflows of resources related to pensions in its fund financial statements from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,768	\$ -
Changes of assumptions	193,768	-
Net difference between projected and actual earnings on pension plan investments		40,491
Changes in proportion share	266,771	15,903
Differences between District contributions and proportionate share of system contributions	40,286	3,660
Subtotal	579,593	60,054
Contributions subsequent to the measurement date	120,613	-
Total	\$ 700,206	\$ 60,054

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

The \$120,613 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date would be recognized as a reduction of the net pension liability in the year ended June 30, 2021 if the District were reporting under the modified accrual basis of accounting. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized, under the accrual basis of accounting, in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
Years ended June 30:	
2021	\$ 218,750
2022	101,993
2023	126,064
2024	66,282
2025	6,450
Thereafter	-
Total	\$ 519,539

Actuarial assumptions

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

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

Actuarial methods and assumptions used in developing total pension liability are as follows:

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Valuation Date	December 31, 2017 rolled forward to measurement date
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation	2.5 percent
Cost of living adjustment	Blend of 2% COLA & graded COLA in accordance with Moro decision
Investment rate of return	7.2 percent
Projected Salary Increases	3.5 percent overall payroll growth
Mortality	<p>Health retirees and beneficiaries: RP-2014 Sex-distinct, generational per Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Sex-distinct, generational per Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage of the RP-2014 statistic combined disabled mortality sex-distinct table.</p>

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

Long-term expected rate of return

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Asset Class	Target Allocation	Compounded Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Intermediate - Term Bonds	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.13%	7.45%
Non-US Small Cap Entities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Funds - Diversified	2.50%	4.09%
Hedge Funds - Event Driven	0.62%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	100.00%	
 Assumed Inflation - Mean		 2.50%

Discount rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability. The District does not record liabilities due to using the cash basis of accounting.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$2,287,331	\$ 1,428,322	\$ 709,450

Due to using the cash basis of accounting, the District does not report net pension liability on its financial statements.

Pension plan fiduciary net position

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

OTHER POSTEMPLOYMENT BENEFITS

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. The RHIA plan currently serves 906 participating employers and is closed to new entrants after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

Benefits Provided

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

Death Benefits

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

Contributions

For the year ended June 30, 2019, PERS employers contributed .07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed .43 percent of all PERS-covered salaries to amortize the unfunded actual accrued liabilities being amortized over 20 years. These rates were based on the December 31, 2015 actuarial valuation. The District's contributions to RHIA for the measurement period was \$2,701 which equaled the required contribution.

Employer contributions are advance funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of inactive plan RHIA participants receiving benefits was 44,208 for the fiscal year ended June 30, 2019 and there were 45,598 active and 11,347 inactive members who meet the requirements to receive RHIA benefits when they retire.

Plan Audited Financial Report

RHIA is administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or by the web address of:

<https://www.oregon.gov/pers/documents/financials/CAFR/2019-CAFR.pdf>

At June 30, 2020, the District did not have an OPEB liability. Due to using the cash basis of accounting the District does not report net OPEB liability/asset on its financial statements.

HEALTH BENEFIT RETIREE PROGRAM – SINGLE EMPLOYER PLAN

Plan Description

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

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

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

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

Funding Policy

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

COMPENSATED ABSENCES

The District's personnel policy provides full-time District employees with vacation and sick leave in varying amounts. Vacation pay may accrue up to the maximum amounts allowed by the District's personnel policy and is available after the employee has achieved regular full-time employment. Sick leave benefits provide for ordinary sick pay. Employees are eligible to receive retirement credit through PERS for accumulated unused sick leave pursuant to ORS 237.153. Vacation and sick leave disbursements are charged to personnel services when taken by the employee. Because the District uses the cash basis of accounting, no liability is recorded for accrued vacations, sick leave, and comp time. However, at June 30, 2019, the District's potential liability for each was as follows:

	6/30/2020
Vacations	\$ 33,551
Sick time	53,517
Total	\$ 87,068

GRANTS

The District received a grant from the Oregon Business Development Department for a seismic upgrade to the fire house in the amount of \$166,556.

The District also received a grant from Special Districts Insurance Services for \$4,685 to help offset the cost of a new fence around the District's station.

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Financial Statements
June 30, 2020

4. OTHER INFORMATION (Continued)

COMMITMENTS

The District participates in mutual aid agreements with Jackson and Josephine County emergency service organizations. It has also agreed with the Oregon Department of Forestry to provide fire protection on federal and state lands located within the District, and jointly maintains a sub-station at Lost Creek Dam.

The District has entered into contracts for auditing, physician supervisor, equipment maintenance, and fire protection for patrons near District boundaries, which cover periods after June 30, 2020.

The District has an emergency communications contract with Emergency Communications of Southern Oregon (ECSO) covering the year ending June 30, 2021. The total amount of the contract is \$47,556 which requires quarterly payments of \$11,889.

The District entered into a two-year contract with Rogue Valley Professional Firefighters L1817 covering the employment of the District's firefighters from July 1, 2018 through June 30, 2020. The 2019-20 fiscal year increase includes a minimum salary increase of 4%. Cost of Living Adjustment based upon the average annual CPI.

SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 7, 2020, the date of the report. The report was available to be issued on September 7, 2020.

During 2020, the World Health Organization declared the outbreak of the coronavirus (Covid-19) as a world pandemic which continues to spread throughout the United States. As a result of Covid-19, the District's operations, and number of visitors at their facility is expected to be reduced which can have a negative impact on financial resources.

SUPPLEMENTARY INFORMATION

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Budget Comparison Schedules
June 30, 2020

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

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

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

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

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

JACKSON COUNTY FIRE DISTRICT NO. 4
General Fund
Budgetary Comparison Schedule – Cash Basis
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
District property taxes				
Current year's levy	\$ 1,460,000	\$ 1,460,000	\$ 1,459,945	\$ (55)
Prior years' levy	40,000	40,000	31,201	(8,799)
Total taxes	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,491,146</u>	<u>(8,854)</u>
Other receipts				
Earnings on investments	20,000	20,000	26,544	6,544
Grants	100	100	-	(100)
Donations	1,000	1,000	2,000	1,000
Sale of equipment and merchandise	1,000	1,000	-	(1,000)
Miscellaneous	5,000	5,000	376	(4,624)
Total other receipts	<u>27,100</u>	<u>27,100</u>	<u>28,920</u>	<u>1,820</u>
Total receipts	<u>1,527,100</u>	<u>1,527,100</u>	<u>1,520,066</u>	<u>(7,034)</u>
DISBURSEMENTS				
Fire suppression				
Current				
Personnel services	1,124,700	1,124,700	966,788	157,912
Materials and services	381,600	381,600	253,225	128,375
Total disbursements	<u>1,506,300</u>	<u>1,506,300</u>	<u>1,220,013</u>	<u>286,287</u>
Excess (deficiency) of receipts over disbursements	<u>20,800</u>	<u>20,800</u>	<u>300,053</u>	<u>279,253</u>
OTHER FINANCING SOURCES (USES)				
Transfer to Capital Projects Fund	(100,000)	(200,000)	(200,000)	-
Operating contingency	(108,400)	(8,400)	-	8,400
Total other financing sources (uses)	<u>(208,400)</u>	<u>(208,400)</u>	<u>(200,000)</u>	<u>8,400</u>
Net change in fund balance- cash basis	(187,600)	(187,600)	100,053	287,653
FUND BALANCE-CASH BASIS				
Beginning of the year	487,600	487,600	491,780	4,180
End of the year	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 591,833</u>	<u>\$ 291,833</u>

JACKSON COUNTY FIRE DISTRICT NO. 4
Capital Projects Fund
Budgetary Comparison Schedule – Cash Basis
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
RECEIPTS				
Grants	\$ 157,100	\$ 171,100	\$ 171,241	\$ 141
DISBURSEMENTS				
Capital outlay	157,200	271,200	267,417	3,783
Total disbursements	157,200	271,200	267,417	3,783
Excess (deficiency) of receipts over disbursements	(100)	(100,100)	(96,176)	3,924
OTHER FINANCING SOURCES (USES)				
Transfer from General Fund	100,000	200,000	200,000	-
Total other financing sources (uses)	100,000	200,000	200,000	-
Net changes in fund balance- cash basis	99,900	99,900	103,824	3,924
FUND BALANCE-CASH BASIS				
Beginning of the year	292,600	292,600	293,136	536
End of the year	<u>\$ 392,500</u>	<u>\$ 392,500</u>	<u>\$ 396,960</u>	<u>\$ 4,460</u>

JACKSON COUNTY FIRE DISTRICT NO. 4
General Fund
Detail to Budgetary Comparison Schedule – Cash Basis
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
PERSONNEL SERVICES				
Fire chief	\$ 51,800	\$ 51,800	\$ 51,802	\$ (2)
Staff assistant	16,700	16,700	17,691	(991)
Fire captains	197,000	197,000	204,200	(7,200)
Firefighters	226,100	226,100	201,549	24,551
Overtime	125,000	125,000	92,839	32,161
FLSA premium pay	11,500	11,500	10,006	1,494
Education incentive	2,300	2,300	2,394	(94)
Paramedic incentive	40,200	40,200	34,152	6,048
Longevity	5,600	5,600	3,930	1,670
Compensated absences	7,500	7,500	11,867	(4,367)
PERS	164,000	164,000	120,465	43,535
Life insurance	2,000	2,000	1,785	215
Medical/dental insurance	191,300	191,300	136,203	55,097
Payroll taxes	52,900	52,900	50,732	2,168
Workers' comp insurance	27,000	27,000	23,504	3,496
State unemployment	800	800	519	281
Out of class	3,000	3,000	3,150	(150)
Total personnel services	\$ 1,124,700	\$ 1,124,700	\$ 966,788	\$ 157,912

JACKSON COUNTY FIRE DISTRICT NO. 4
General Fund
Detail to Budgetary Comparison Schedule – Cash Basis
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
MATERIALS AND SERVICES				
Office supplies and equipment	\$ 10,000	\$ 10,000	\$ 9,132	\$ 868
Supplies - miscellaneous	8,500	8,500	1,098	7,402
Supplies - fees	4,300	4,300	332	3,968
Supplies - medical	28,000	28,000	13,138	14,862
Supplies - fire prevention	3,000	3,000	920	2,080
Supplies - fire suppression	10,000	10,000	2,678	7,322
Supplies - small tools	12,000	12,000	6,081	5,919
Supplies - radio	5,000	5,000	417	4,583
Supplies - station	4,500	4,500	6,194	(1,694)
Fuels and lubricants	13,000	13,000	8,529	4,471
Vehicle maintenance and repair	27,500	27,500	16,447	11,053
Building maintenance and repair	22,700	22,700	9,479	13,221
Equipment maintenance and repair	5,000	5,000	8,044	(3,044)
Auditor	7,000	7,000	7,625	(625)
Legal services	1,000	1,000	-	1,000
Insurance	12,000	12,000	11,474	526
EMS physician advisor	3,500	3,500	-	3,500
ECSO dispatching	48,000	48,000	59,900	(11,900)
Consulting services	10,000	10,000	-	10,000
Maintenance contracts	5,000	5,000	2,934	2,066
Financial services	20,000	20,000	8,225	11,775
Technical services	8,000	8,000	3,314	4,686
Student firefighter program	32,000	32,000	24,826	7,174
LOSAP contributions	200	200	-	200
Telephone and communications	5,300	5,300	6,768	(1,468)
Sewer usage expense	800	800	530	270
Gas and propane	2,500	2,500	2,358	142
Electricity	6,500	6,500	5,339	1,161
Garbage	2,000	2,000	1,305	695
Dues and subscriptions	10,200	10,200	10,398	(198)
Advertisements and elections	2,000	2,000	473	1,527
Physicals and immunizations	5,000	5,000	3,604	1,396
Uniform allowance	27,000	27,000	13,334	13,666
Training	20,000	20,000	8,298	11,702
Interest	100	100	31	69
	<u>100</u>	<u>100</u>	<u>31</u>	<u>69</u>
Total materials and services	\$ 381,600	\$ 381,600	\$ 253,225	\$ 128,375

JACKSON COUNTY FIRE DISTRICT NO. 4
Notes to Pension Schedules
For the Year Ended June 30, 2020

Changes of assumptions

Details and a comprehensive list of changes in methods and assumptions can be found in the 2016 Experience Study for the System, which was published on July 26, 2017. The report can be found at:

<https://www.oregon.gov/pers/Documents/2016-Exp-Study.pdf>

Changes in Plan Provisions

There were no key changes implemented with the December 31, 2016 actuarial valuation.

Other Post -Employment Benefit Plans

Oregon Public Employee Retirement OPEB Plan (PERS RHIA)

Changes in assumptions

See Oregon PERS website link above.

Changes of benefit terms

There were no key changes implemented with the December 31, 2016 actuarial valuation.

JACKSON COUNTY FIRE DISTRICT NO. 4
For the Year Ended June 30, 2020

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

Year Ended June 30,	(a) District's proportion of the net pension liability (asset)	(b) District's proportionate share of the net pension liability (asset)	(c) District's covered payroll	(b/c) District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.00617387%	\$ (139,944)	\$ 256,057	-54.65%	103.60%
2016	0.00531728%	305,290	274,677	111.15%	91.90%
2017	0.00452304%	679,013	440,909	154.00%	64.93%
2018	0.00447770%	603,596	490,605	123.03%	81.28%
2019	0.00736392%	1,115,537	637,354	175.03%	57.13%
2020	0.00825734%	1,428,322	477,598	299.06%	33.44%

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

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

**Schedule of District Contributions
For the Last Ten Fiscal Years**

Year Ended 30-Jun	(a) Statutorily required contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution deficiency (excess)	(c) District's covered payroll	(b/c) Contributions as a percent of covered payroll
2015	\$ 61,612	\$ 53,519	\$ 8,093	\$ 274,677	19.48%
2016	59,727	54,452	5,275	396,319	13.74%
2017	125,190	95,624	29,566	490,605	19.49%
2018	127,685	134,565	(6,880)	513,254	26.22%
2019	136,439	130,009	6,430	637,354	20.40%
2020	120,613	120,465	148	477,598	25.22%

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

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

JACKSON COUNTY FIRE DISTRICT NO. 4
Schedule of Property Tax Transactions
For the Year Ended June 30, 2020

Fiscal Years	Property Taxes Receivable 7/1/2019	Levy as Extended by Assessor	Add (Deduct) Discount Interest Adjustments	Deduct Collections	Property Taxes Receivable 6/30/2020
19-20	\$ -	\$ 1,543,227	\$ (41,958)	\$ 1,459,945	\$ 41,324
PRIOR	89,246	-	(9,117)	31,201	48,928
TOTALS	<u>\$ 89,246</u>	<u>\$ 1,543,227</u>	<u>\$ (51,075)</u>	<u>\$ 1,491,146</u>	<u>\$ 90,252</u>

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report Required by Oregon State Regulations

Board of Directors
Jackson County Fire District No. 4
P.O. Box
Shady Cove, OR 97539

I have audited the basic cash basis financial statements of Jackson County Fire District No. 4 as of and for the year ended June 30, 2020 and have issued my report thereon dated September 7, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Jackson County Fire District No. 4's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe Jackson County Fire District No. 4 was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing my audit, I considered Jackson County Fire District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County Fire District No. 4's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jackson County Fire District No. 4's internal control over financial reporting. However, I did in a letter dated September 7, 2020, make recommendations to management to improve the accounting records or improve the internal control system.

This report is intended solely for the information and use of the Board of Directors and management of Jackson County Fire District No. 4 and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Richard W. Brewster
Certified Public Accountant

September 7, 2020

