

# **Jackson County Fire District 3**

**White City, Oregon**

A Rural Fire Protection District



## **Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2018

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# JACKSON COUNTY FIRE DISTRICT 3



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2018

**Proudly Serving Beautiful Southern Oregon**

**In the communities of:**

**Agate Lake  
Central Point  
Dodge Bridge  
Eagle Point  
Gold Hill  
Sams Valley  
White City**

Report Prepared by the Finance Department

Jackson County Fire District 3  
A Rural Fire Protection District  
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White City, Oregon 97503  
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**JACKSON COUNTY FIRE DISTRICT 3**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
June 30, 2018

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## **INTRODUCTORY SECTION**

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# Jackson County Fire District 3

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December 19, 2018

## **Board President Harvey Tonn and Members of the Board of Directors of Jackson County Fire District 3**

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Jackson County Fire District 3 (District) for the fiscal year ended June 30, 2018.

This report has been prepared in accordance with generally accepted accounting principles and follows guidelines recommended by Government Finance Officers Association of the United States and Canada. The annual audit is prepared to meet legal requirements in accordance with ORS 297.405 to 297.555. Richard W. Brewster, CPA has audited the attached financial statements. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. The auditors test transactions, verify the system, and assure accuracy. The independent auditor's report is presented as the first component of the financial section of this report.

This report is published to provide the District Board of Directors, our patrons, District Staff, and other readers with detailed information regarding the financial position and activities of the District. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is organized in a manner designed to present fairly the financial position and results of operations as measured by the financial activity of the District's funds.

To provide a reasonable basis for making these representations, the District's management has established internal controls designed to compile sufficient reliable information and protect its assets from loss, theft, or misuse. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. We believe the internal accounting controls meet the material standards for audit and provide reasonable assurance that financial transactions are properly reported.

The Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. The financial statements are presented in a single program format, in which the fund financial and government-wide statements are combined together and include a reconciling column.

***Profile of the District***

Jackson County Fire District 3 is a special district operating under Oregon Revised Statutes (ORS) Chapter 478 as a separate municipal corporation. A Board of Directors, consisting of five elected members, manages the District. The Board hires a Fire Chief to manage the daily operations. The governing Board appoints members of the community to serve on the Budget Committee (five appointments) and the Civil Service Commission (three appointments).

The District was established in 1952 as the Central Point Rural Fire Protection District and in 1975 officially changed to its current name, Jackson County Fire District 3, which better described the growing area being protected. The "3" signifies the third rural fire protection district established under ORS 478 in Jackson County. Eight additional fire protection districts also operate in Jackson County, which is located in Southern Oregon.

The District provides a full range of fire protection and emergency medical response services to its approximately 52,000 citizens across 167 square miles. The District is committed to creating safer communities through education, prevention, preparedness, and emergency response.

The District encompasses an area of densely populated suburbs, rural farmlands, retail and commercial establishments, and growing and sophisticated industrial complexes. In addition, the geography is diverse with the national acclaimed Rogue River, low brush and grasslands, heavy, dense timber, rugged mountains, and two plateaus. To meet the demands of the diverse service area, the District performs specialized rescues such as river, high angle and confined space, in addition to wildland firefighting, structural suppression, and emergency medical response.

The District operates eight fire stations, four of which are staffed with paid personnel and four with volunteer personnel. Fire stations are strategically placed throughout the District to protect property and the citizens the District serves. The District utilizes defined response time standards, projected population densities, and urban growth, as well as actual and planned traffic conditions to determine the best station sites to optimize response times.

Over the years, the District has expanded its service area through the annexations of three cities; Gold Hill in 1995, Central Point in 2001, and Eagle Point in 2002. Fire stations are located within each of the city's boundaries. The District's administrative offices are adjacent to the White City fire station, located in an unincorporated industrial area of the County known as White City. A regional training facility is also at this location, which includes a training tower, burning simulation props, drafting pit, fire simulation training house, and warehouse.

The District maintains a fleet of 27 emergency response vehicles consisting of fire engines, ambulances, water tenders, wildland brush engines, a ladder truck, and 17 command staff/support vehicles. In addition, the District has a wide range of equipment for specialized rescues. To perform and maintain these services the District employs 63 paid personnel and has on average 25 volunteers and student firefighters combined.

The District adopts annual goals and objectives that link to the overarching strategic priorities that ultimately drive the annual development of the budget document. The District annually appropriates a General Fund and a Capital Projects Fund. Within the General Fund the District has seven departments; Administration, Operations, Fire and Life Safety, Training, Support Services, Volunteers, and Technology. Budgetary control is within the object classifications in each department and fund.

The District's funding is based upon a permanent tax rate of \$3.1194 per \$1,000 of assessed valuation, established by Ballot Measure 50 and passed by Oregon voters' in 1997. In addition to permanent tax rates, Ballot Measure 50 also limits assessed valuation growth and the amount property taxes can increase to three percent per year. The difference between mandated growth and actual growth is due to new construction and significant improvements to existing property, plant, and equipment. The District receives 98 percent of its revenue through the form of property tax.

## ***Letter of Transmittal (Continued)***

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The District has not had to rely on any general obligation bonds or local option levies for operational support. The District has been and continues to be focused on providing its citizens with the highest level of emergency services and the District continues to implement operational improvements in order to accomplish its strategic goals and objectives.

### ***Economic condition and outlook***

The District's assessed valuation increased from \$4.3 billion in the 2017/18 fiscal year to \$4.55 billion for the 2018/19 fiscal year, a 5.7 percent increase. This is up from the prior year's growth of 3.87 percent. Economic growth projections for the District are stronger than in years past. During the recessionary period from 2011 to early 2014, the District had been suffering declines in assessed valuation below the three percent allowed under State law. A stipulation of Ballot Measure 50 requires the County Assessor to continue to track real market value (RMV) of a property along with the assessed value (AV). If a residential property's real market value declines below the property's assessed value, then the property taxes are calculated on the lower of the two figures. When the housing market crashed and the economic recession occurred, housing prices plummeted. Consequently by 2012, the real market value on a property dropped below the taxable assessed value for 39 percent of the taxable properties within the County, thus creating a tax decrease for the property owner and a revenue reduction for taxing entities. For comparison, in 2009 only nine percent of the properties in Jackson County had real market value lower than assessed value.

The housing market today has seen a strong rebound and real market values have now increased to pre-recession levels. Housing inflation and affordability is becoming a concern again. The housing rental market is considered in crisis (three percent vacancy rate) as housing and rental costs outpace wages. This situation has resulted in a larger homeless population, and thus, increasing demand for service.

From a forecasting and budgeting standpoint, the District continues to monitor property tax valuation matters closely and works with the County Assessor's Office to analyze property type trends and valuations. The District projects that valuation growth in future years will continue to be modestly grow. The District will continue to develop budgets on conservative revenue growth while maintaining modest expenditure increases.

Jackson County has a rich history and has grown and diversified considerably over the decades to be considered one of the most diversified economies in Oregon. Strong retail trade, health care, and tourism sectors have formed a regional hub, attracting customers and visitors from neighboring counties and beyond. Once heavily dependent on the wood products industry, it is now supplemented by the growing wine industry and specialty agriculture products.

Oregon's minimum wage is \$10.50 per hour for 2018 and is adjusted annually by the increase in the U.S. Consumer Price Index and by county based on geographical area (metropolitan, urban, and rural areas). Jackson County is considered urban and thus has a minimum wage of \$10.75 per hour. Average hourly wage however in Jackson County is \$21.38 per hour, compared to a statewide average of \$25.18.

Jackson County's per capita personal income grew by 3.34 percent in 2017 to \$44,360, up from \$42,926. In comparison the per capita personal income for the state of Oregon in 2017 was \$48,137. Jackson County ranks number ninth in per capita income out of the 36 counties in Oregon. Trade, transportation and utilities is the highest employment segment in Jackson County followed by health care, providing adequate living wage jobs with an annual average wage of \$61,304.

The District serves as the home to many prominent and internationally recognized businesses such as CareStream Health Imaging, CertainTeed, Amy's Kitchen, Costco, Erikson Air Crane, and Highway Products. Also located within the District is a satellite campus for Rogue Community College in which the District works closely with by providing use of its training grounds for the fire science program. Jackson County offers renowned healthcare facilities, a university, diverse recreational opportunities, and cultural excellence with the home of Oregon Shakespeare and Britt Festivals.

## **Letter of Transmittal (Continued)**

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Jackson County's unemployment rate on average for 2017 was 4.8 percent. In October 2018 it was 4.4 percent, down from 4.7 percent for the same period a year ago. For comparison, the State of Oregon's average unemployment rate in October 2018 was 3.8 percent and the national unemployment rate was 4.4 percent. Over the past 12 months, private-sector payroll employment rose by 2,000 in Jackson County, a gain of 2.4 percent. Health services experienced the largest increase followed by construction and leisure and hospitality. Government employment fell by 550 jobs.

Jackson County's population grew by 1.1 percent for the period July 1, 2018 compared to July 1, 2017. In comparison the state of Oregon grew by 1.3 percent. The District's population is expected to continue to moderately increase in the next 10 years. In 2017 Jackson County's population was 217,479 with the District encompassing 52,000 of those citizens. Staff will continue to work proactively with other governments and regional planning groups to ensure continue ability to serve this future population.

### ***Long-term financial planning and major initiatives***

The District is committed in providing at least four months of fund balance at year end to cover operational expenditures from July through October when property tax revenue is minimal, thus eliminating the need for short-term borrowing. This amount is well within the policy guidelines (24 percent of budgeted property tax revenue) set forth by the Board of Directors and Staff for budgetary and financial planning purposes. The County Treasurer starts distributing current year property taxes the beginning of each November.

The District is committed to maintaining a ten-year financial forecast, which estimates ending fund balance surpluses and shortfalls, and a ten-year capital equipment replacement plan that identifies vehicle and apparatus replacement, equipment purchases, facility improvements, and new development. The plan reflects the year the targeted capital purchase are to be made, the revenue sources budgeted for the fund, and the estimated ending fund balances. For the 2018/19 fiscal year, \$6,035,100 is budgeted for capital expenditures and includes the purchase of a wildland/urban interface engine, land development improvements on property purchased in the prior fiscal year, fire station construction, completion of seismic retrofitting of five fire stations, and the completion of the fire science educational facility in partnership with Rogue Community College. No debt issuance is planned for these expenditures.

The District's Strategic Plan was updated for another three years in February of 2018. Staff and the Board of Directors worked with various stakeholders and community members in reviewing the strategic priorities and developing new goals and outcomes. The long-term strategic priorities link to annual goals and objectives which drive the funding priorities for the development of the annual budget and are measured quarterly on progress. Staff provides periodic updates to the Board and annually conducts a self-assessment of the plan, updating or modifying if needed.

The following five strategic initiatives were identified in the 2018-2020 Strategic Plan:

1. Minimize the direct and indirect impacts associated with fire, EMS, and rescue emergencies.
2. Ensure sustainability of service delivery by efficient use of our people, facilities, fleet, and finances.
3. Promote, develop, and demonstrate professionalism, innovation, and excellence throughout the organization.
4. Maintain a high level of trust by promoting District engagement in the communities we serve.
5. Develop and strengthen collaborative efforts and strategic partnerships.

Significant accomplishments made during fiscal year ended June 30, 2018 was determining best location and realizing land purchase of our eighth fire station, progress made on the fire science educational building in partnership with Rogue Community College, grants obtained through Business Oregon for seismic retrofitting of five fire stations, and the purchase of two new structural fire engines to add to our fleet.

***Relevant financial policies***

The District has adopted financial policies to ensure its financial stability. Budget development is built around conservative revenues and expenditures that balance accordingly. The District has maintained a budgeted contingency of nine percent from the minimum six percent established under policy, as a tool to help maintain financial stability. In addition, the District has a policy that nonrecurring or one-time resource inflows not be used for operating purposes. This pertains specifically to grant proceeds the District is a recipient of.

***Other Information***

Independent Audit

Oregon Revised Statutes 297.405 to 297.555 requires an annual audit of the fiscal affairs of the District by an independent public accountant selected by the Board of Directors. An audit has been completed and the auditor's opinion is included in this report.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Jackson County Fire District 3 for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the 12th consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The District also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2017 and is awaiting notification of the budget award for the fiscal year beginning July 1, 2018. To qualify for the Distinguished Budget Award, the District's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device. This was the 14th consecutive year the District received this award.

The dedication, commitment, and professional contribution made by the Board of Directors, Budget Committee, and all District members is sincerely appreciated and vital to the financial and operational stability and success of the District.

Respectfully submitted,

*Stacy J Maxwell*

Stacy J. Maxwell  
Chief Administrative Officer  
Jackson County Fire District 3



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Jackson County Fire District 3  
Oregon**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

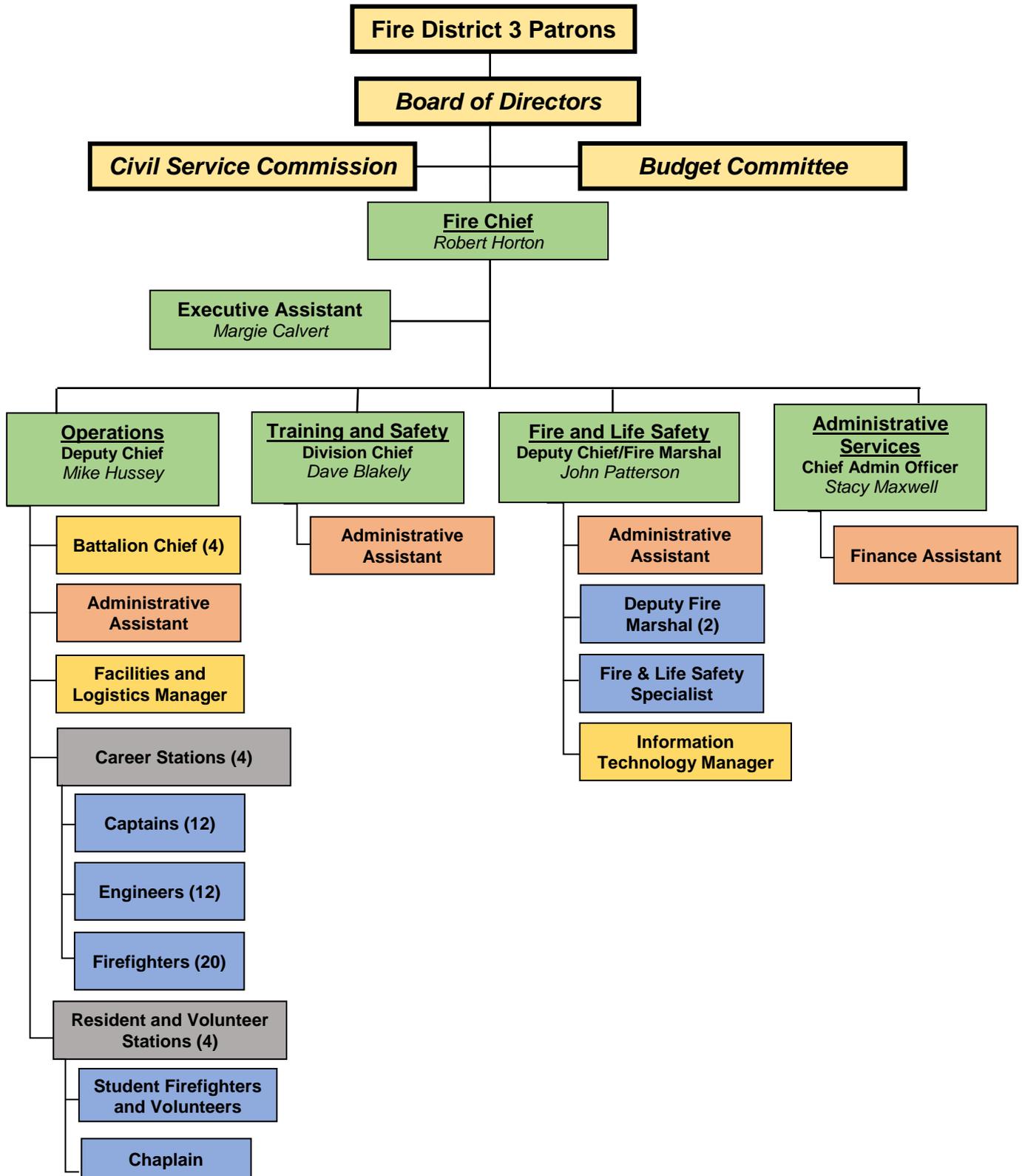
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

JACKSON COUNTY FIRE DISTRICT 3  
June 30, 2018

ORGANIZATIONAL CHART



**JACKSON COUNTY FIRE DISTRICT 3**  
June 30, 2018

**ELECTED AND APPOINTED OFFICIALS**

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**BOARD OF DIRECTORS**



**Harvey Tonn**  
President  
Position 1  
Term Expires  
06/30/19



**Cindy Hauser**  
Vice President  
Position 2  
Term Expires  
06/30/21



**John Dimick**  
Secretary/Treasurer  
Position 5  
Term Expires  
06/30/19



**Steve Shafer**  
Director  
Position 4  
Term Expires  
06/30/21



**Bill Leavens**  
Director  
Position 3  
Term Expires  
06/30/19

**BUDGET COMMITTEE**

- |               |                       |
|---------------|-----------------------|
| Ken Cummings  | Term Expires 12/31/20 |
| Joe Strahl    | Term Expires 12/31/18 |
| Steven Weber  | Term Expires 12/31/19 |
| Rob Hernandez | Term Expires 12/31/19 |
| Tim Snaith    | Term Expires 12/31/20 |

**LEGAL COUNSEL**

John Blackhurst  
Hornecker, Cowling, LLP  
14 North Central Avenue  
Suite 104  
Medford, OR 97501

**REGISTERED AGENT**

Robert B. Horton  
8383 Agate Road  
White City, OR 97503

# **RICHARD W. BREWSTER, CPA, PC**

CERTIFIED PUBLIC ACCOUNTANT

670 SUPERIOR COURT, # 106  
MEDFORD, OREGON 97504  
(541) 773-1555 • FAX (541) 770-1426  
www.rwbrewstercpa.com

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Jackson County Fire District No. 3  
8383 Agate Road  
White City, OR 97503

I have audited the accompanying financial statements of the governmental activities and each major fund of Jackson County Fire District No. 3 (the District) 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**

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

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

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Jackson County Fire District No. 3 as of June 30, 2018, and the respective changes in financial position and, where applicable for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), as listed in the table of contents, and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I have applied certain limited procedures to the MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the MD&A because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

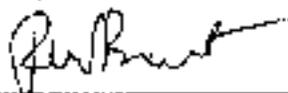
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial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

The introductory and statistical sections have 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 them.

## **Report on Other Legal and Regulatory Requirements**

### *Other Reporting Required by Oregon Minimum Standards*

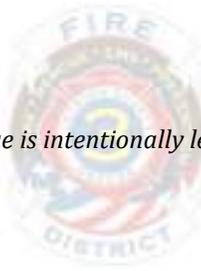
In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, I have also issued my report dated December 19, 2018, on my consideration of Jackson County Fire District No. 3 over financial reporting and on my tests of its compliance with the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-240 to 162-10-220. 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  
December 19, 2018

## **FINANCIAL SECTION**

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**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

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As management of Jackson County Fire District 3 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages one through five of this report.

**FINANCIAL HIGHLIGHTS**

- In the government-wide financial statements, the assets and deferred outflows of resources exceeded its liabilities and deferred inflows at June 30, 2018 by \$10,603,893 (net position). Of this amount, \$10,252,970 represents the District's net investment in capital assets and \$350,923 represents unrestricted net position, which will be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$1,995,104 for the year ended June 30, 2018 due to increases in capital and changes in assumptions of the District's other post-employment benefits (OPEB). Net position of net investment in capital assets increased by \$1,177,682.
- As of June 30, 2018 the District's governmental funds reported combined ending fund balances of \$8,711,608 a decrease of \$149,684 in comparison with the prior year, the result of increased spending in the Capital Projects Fund. Approximately 60 percent of this amount (\$5,249,259) is available for spending at the District's discretion (unassigned fund balance).
- At June 30, 2018 unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$5,249,259 or approximately 43 percent of total general fund expenditures and demonstrates compliance with policy in maintaining four months of budgetary basis general fund expenditures as ending fund balance each year.
- The District's total long-term debt decreased by \$236,456 (21 percent) during the current fiscal year. This was due to principal payments on the District's bank financing agreement in the amount of \$1,908,510.

**OVERVIEW OF FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the financial statements. The government-wide and fund financial statements are combined for presentation purposes. This report also contains required supplementary information (RSI) and 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 and include the *Statement of Net Position* and the *Statement of Activities*. They focus on an entity-wide presentation using the accrual basis of accounting and are designed to be more corporate-like in that all activities are consolidated.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

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The **Statement of Net Position** presents financial information on all of the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference 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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by property taxes. The governmental activities of the District include general government and fire protection.

The government-wide financial statements can be found on pages 19 and 21 of this report.

**Fund Financial Statements.** 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. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds are classified under the governmental fund category.

**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, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing the District's near-term financial 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 financial decisions. Both the governmental fund balance sheet and the 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 two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the statement of revenues, expenditures, and changes in fund balances for those funds that are considered significant (major) to the District taken as a whole. These financial statements report two major funds; the General Fund and Capital Projects Fund.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-54 of this report.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The RSI schedules include budgetary comparisons for the general fund. Required supplementary information can be found on pages 55-62 of this report.

**Other Supplementary Information.** The detail to the budgetary comparison schedules for the General and Capital Project Funds and the schedules of property tax and debt transactions follow the required supplementary information in this report. Other supplementary information can be found on pages 63-72 of this report.

**GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,603,893 at June 30, 2018.

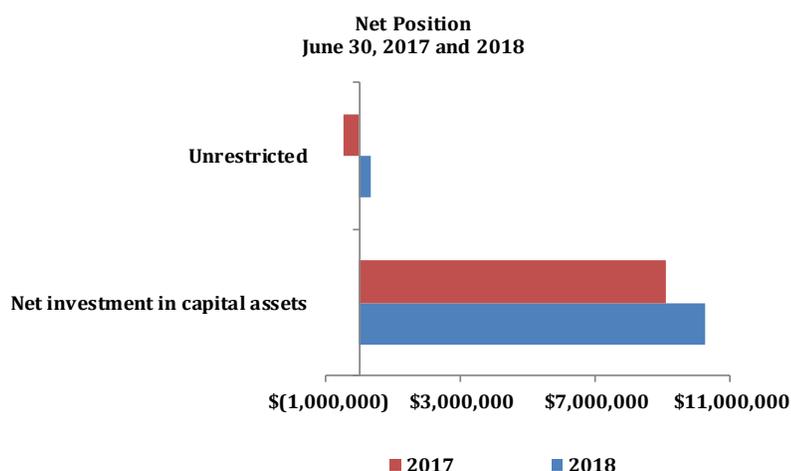
	<u>Governmental Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Percent Change</u>
Current and other assets	\$ 9,688,225	\$ 9,776,110	(0.90) %
Capital assets	11,095,884	10,147,158	9.35
Total assets	<u>20,784,109</u>	<u>19,923,268</u>	4.32
Total deferred outflows of resources	<u>3,871,492</u>	<u>6,058,991</u>	(36.10)
Current liabilities	1,092,325	114,784	851.64
Long-term liabilities outstanding	<u>12,606,845</u>	<u>16,814,604</u>	(25.02)
Total liabilities	<u>13,699,170</u>	<u>16,929,388</u>	(19.08)
Total deferred inflows of resources	<u>379,009</u>	<u>444,082</u>	(14.65)
Net position:			
Net investment in capital assets	10,252,970	9,075,288	12.98
Unrestricted	<u>350,923</u>	<u>(466,499)</u>	(175.22)
Total net position	<u>\$ 10,603,893</u>	<u>\$ 8,608,789</u>	23.18 %

The largest portion of the District's net position (\$10,252,970) reflects its investment in capital assets (e.g. land, buildings, fire apparatus, and equipment); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District has an unrestricted net position of \$350,923 which can be used to meet the District's ongoing obligations to citizens and creditors.

Assets consist mainly of cash and cash equivalents, property taxes receivable, and prepaid items. The District's largest non-current liabilities (78 percent) are the District's proportionate share of the Oregon PERS net pension liability (\$10,394,564). These liabilities are detailed on pages 36-51 of the notes to basic financial statements. Current liabilities consist largely of accounts payable, salaries and benefits, and long term debt to be paid in the current year.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

During the current fiscal year, the District's net position increased by \$1,995,104 due largely in part to changes made in the actuarial assumptions used in the calculation of other post-employment benefits (OPEB). The District implemented GASB 75 this fiscal year ended and changed some methodology factors that resulted in a reduction of the OPEB liability. Total assets increased by \$860,841 from the prior year and the recording of deferred outflows of resources decreased by \$2,187,499 due primarily to OPEB methodology changes and PERS differences between expected and actual experience, changes and differences in the District's proportionate share, and contributions made after the measurement date of June 30, 2017. Detailed information is provided on pages 36-51 of the notes to basic financial statements.



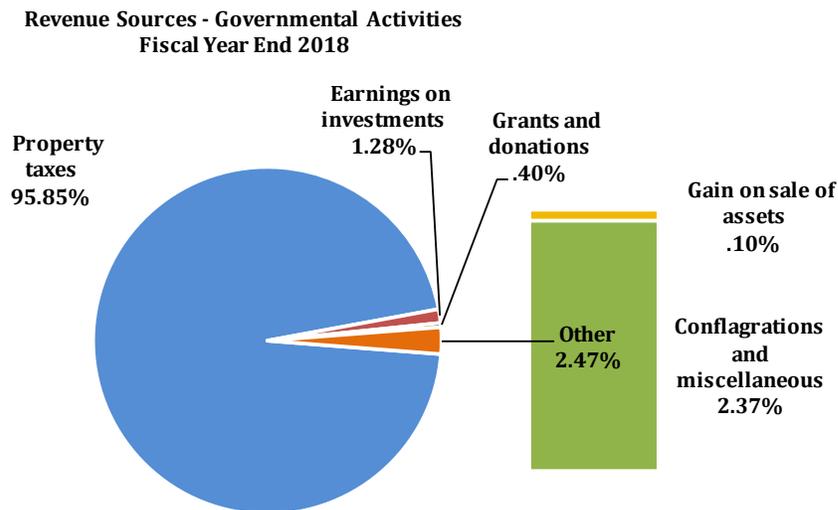
**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,995,104 from the prior fiscal year for an ending balance of \$10,603,893 or an increase of 23 percent.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Percent Change</b>
<b>Revenues</b>			
Property taxes	\$ 13,042,941	\$ 12,599,337	3.52 %
Earnings on investments	173,969	108,035	61.03
Grants and donations	53,898	107,201	(49.72)
Gain on sale of assets	13,383	5,355	149.92
Conflagrations and miscellaneous	322,923	150,379	114.74
Total revenues	13,607,114	12,970,307	4.91
<b>Expenses</b>			
Fire protection	11,581,952	13,781,801	(15.96)
Interest on long-term debt	30,058	35,690	(15.78)
Total expenses	11,612,010	13,817,491	(15.96)
Change in net position	1,995,104	(847,184)	(335.50)
Net position - beginning of year	8,608,789	9,455,973	(8.96)
Net position - end of year	\$ 10,603,893	\$ 8,608,789	23.18 %

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

Expenses for fire suppression decreased 15.96 percent or \$2,199,849 from the prior fiscal year due to reductions in the PERS net pension and OPEB liabilities, resulting in a decrease in overall fire protection expenses.

Property tax revenue increased by 3.52 percent or \$443,604 reflecting an increase in assessed valuation growth and subsequent taxes levied. Grants and donations decreased \$53,303 or 49 percent. Miscellaneous revenue increased by 115 percent or \$172,544 and includes various sources including fees, contracts, and State funds for wildland conflagration response.



**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

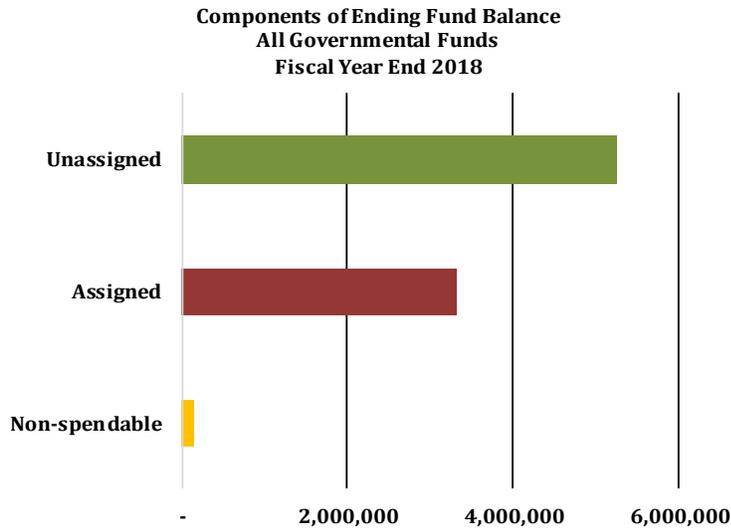
As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Directors.

At June 30, 2018, the District's governmental funds reported combined fund balances of \$8,711,608 a decrease of \$149,684 in comparison with the prior year. Approximately 60 percent of this amount (\$5,249,259) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is considered nonspendable for prepaid expenses (\$145,536), and assigned for particular purposes (\$3,316,813).

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

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The General Fund is the chief operating fund of the District. At June 30, 2018 unassigned fund balance of the General Fund was \$5,249,259 while total fund balance increased to \$5,394,795. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 45 percent of total General Fund expenditures, while total fund balance represents approximately 43 percent of that same amount.

The fund balance of the District's General Fund increased by \$106,880 or two percent during the current fiscal year, the primary result of the District increasing the allocated unappropriated ending fund balance (UEFB). Each year the UEFB is increased in order to ensure ending fund balances that preserve a sound financial system, as cost of operations continue to increase.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

**Original budget compared to final budget.** During the year there were needs for amendments to the original budget. The Board approved one resolution reallocating \$160,000 from contingency to land and improvements for the purchase of property and one revenue appropriation resolution totaling \$167,900 to account for state funds in the District's response to fire conflagration deployments in both Oregon and California.

**Final budget compared to actual results.** The most significant difference between estimated revenues and actual revenues was in current year property taxes, where \$12,500,000 was budgeted but actual revenue received was \$12,713,654. This increase of \$213,654 was the result of the District forecasting growth conservatively and thus budgeted revenue, however economic improvement and the addition of new construction provided the District with a higher total assessed valuation than expected.

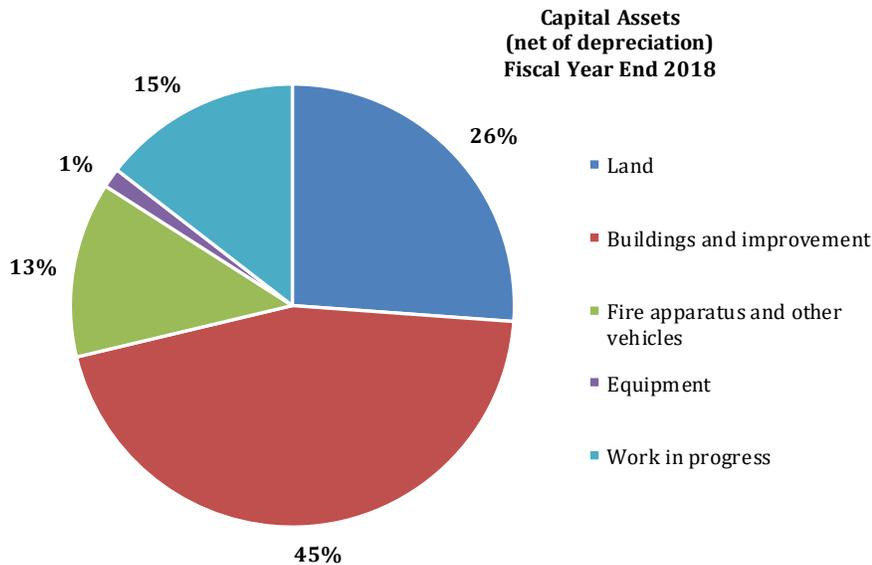
**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

A review of actual expenditures compared to the appropriations in the final budget yields significant variances in personnel services and materials and services. Actual expenditures across all personnel services accounts was \$9,911,865 whereas the final budget reflected estimated expenditures to be \$10,264,800. This difference of \$352,935 was the result of some budgeted positions not being filled for the entirety of the fiscal year, a reduction in overtime costs, and a savings across health insurance accounts due to a more favorable cost increase than originally budgeted. Actual expenditures across materials and services accounts was \$1,948,752 whereas the final budget reflected estimated expenditures to be \$2,319,400. This difference of \$370,648 was the result of some budgeted programs not coming to fruition.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The District's investment in capital assets for governmental activities as of June 30, 2018, was \$11,095,884 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, fire apparatus, vehicles, and general fire suppression equipment. Investment of capital assets for the current fiscal year resulted in an increase (9.35 percent) or \$948,727, reflecting assets of \$335,751 added during the year, offset by \$666,587 of accumulated depreciation. Additionally, the District removed \$184,870 in assets that were fully depreciated. Fixed assets re-classified equated to \$313,078. The District's work in progress equated to \$1,609,538 and includes emergency response apparatus ordered and in production and facility construction.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Percent Change</b>
Land	\$ 2,901,276	\$ 2,901,276	0.00 %
Buildings and improvement	5,006,340	4,983,072	0.47
Fire apparatus and other vehicles	1,420,895	1,361,354	4.37
Equipment	157,835	571,481	(72.38)
Work in progress	1,609,538	329,975	387.78
Total capital assets	<u>\$ 11,095,884</u>	<u>\$ 10,147,158</u>	9.35 %



Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 33 of this report.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2018

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**Long-Term Debt.** As of June 30, 2018, the District had total debt outstanding of \$872,914. This entire amount is debt comprised of one bank financing agreement. The District's total debt decreased by \$236,456 or 21 percent during the current fiscal year.

	<b>Governmental Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>Percent Change</b>
Bank financing agreements	\$ 872,914	\$ 1,109,370	(21.31) %
Total outstanding debt	\$ 872,914	\$ 1,109,370	(21.31) %

The State of Oregon mandates a debt limit of 1.25 percent of the real market value of assessed property. The current debt limitation for the District is \$71,231,931, which is significantly in excess of the District's outstanding debt. The District maintains an "Aaa" rating from Moody's Investors Service.

Additional information on the District's long-term debt can be found on pages 34 and 35 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Population in the region and demand for service is expected to continue to grow over the next decades. As identified in the Strategic Plan, the District will continue progress on designing and constructing the new fire station located in Central Point.

The District anticipates modest increases in property tax revenues in future years based upon projected assessed valuation increases, which by law generally may increase for existing property at three percent a year unless assessed value exceeds real market. The local economy has shown positive growth in the past year and real market values are increasing to levels held prior to the start of the 2008 recession. If real market values fall below the assessed value, property taxes are calculated on the lower of the two values. The District will continue to be proactive and ensure that expenditures do not outpace property tax revenue.

Salaries and benefits for the majority of District employees are tied to a labor agreement with the Rogue Valley Professional Firefighters Local 1817. The District is in the second year of a three year labor agreement ratified by the District and Local 1817 on June 15, 2017. A 1.5 percent cost of living wage adjustment was applied in July of 2018.

The District will continue to plan for future rate increases into the Oregon Public Employees Retirement System (PERS). Pension costs and potential reform continues to be a sensitive issue statewide and government employers are experiencing difficulty with the sustainability of pension funding. The District will continue to be proactive in budgeting and long-term forecasting, anticipating future rate increases.

During the current fiscal year, the unassigned fund balance in the General Fund was \$3,234,000. The District adopted a General Fund budget of \$19,193,100 in which total estimated resources and expenditures balance. Of this amount, the District has appropriated \$13,175,200 for program spending and debt obligations.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Jackson County Fire District 3's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Administrative Officer, Jackson County Fire District 3, 8383 Agate Road, White City, OR 97503.

## **BASIC FINANCIAL STATEMENTS**

**JACKSON COUNTY FIRE DISTRICT 3**  
**Statement of Net Position and**  
**Governmental Funds Balance Sheet**  
June 30, 2018

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments	Statement of Net Position
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,237,901	\$ 3,316,813	\$ 8,554,714	\$ -	\$ 8,554,714
Receivables, net	987,975		987,975		987,975
Prepaid items	145,536		145,536		145,536
Net PERS RHIA OPEB asset				26,471	26,471
Capital assets not being depreciated:					
Land				2,901,276	2,901,276
Work in progress				1,609,538	1,609,538
Capital assets, net of accumulated depreciation				6,585,070	6,585,070
Total assets	<u>6,371,412</u>	<u>3,316,813</u>	<u>9,688,225</u>	<u>11,122,355</u>	<u>20,810,580</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred refunding charge				30,000	30,000
PERS RHIA OPEB				30,527	30,527
Contributions after measurement date				1,003,547	1,003,547
Pension related deferred outflows				2,807,418	2,807,418
Total deferred outflows of resources				<u>3,871,492</u>	<u>3,871,492</u>
<b>Total assets and deferred outflows</b>	<u>\$ 6,371,412</u>	<u>\$ 3,316,813</u>	<u>\$ 9,688,225</u>	<u>14,993,847</u>	<u>24,682,072</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 52,995	\$ -	\$ 52,995		52,995
Accrued salaries and benefits payable	91,281		91,281		91,281
Accrued interest payable				10,453	10,453
Current maturities of long-term debt				242,196	242,196
Non current liabilities:					
Long-term liabilities				1,557,918	1,557,918
Total OPEB liability - single employer plan				1,349,763	1,349,763
Net pension liability (PERS)				10,394,564	10,394,564
Total liabilities	<u>144,276</u>	<u>-</u>	<u>144,276</u>	<u>13,554,894</u>	<u>13,699,170</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	832,341	-	832,341	(832,341)	
PERS RHIA OPEB related inflows				13,231	13,231
Pension related deferred inflows				365,778	365,778
Total deferred inflows of resources	<u>832,341</u>	<u>-</u>	<u>832,341</u>	<u>(453,332)</u>	<u>379,009</u>
<b>FUND BALANCES</b>					
Non-spendable	145,536		145,536	(145,536)	-
Assigned to capital projects		3,316,813	3,316,813	(3,316,813)	
Unassigned	5,249,259		5,249,259	(5,249,259)	-
Total fund balances	<u>5,394,795</u>	<u>3,316,813</u>	<u>8,711,608</u>	<u>(8,711,608)</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 6,371,412</u>	<u>\$ 3,316,813</u>	<u>\$ 9,688,225</u>		
<b>NET POSITION</b>					
Net investment in capital assets				10,252,970	10,252,970
Unrestricted				350,923	350,923
Total net position				<u>\$ 10,603,893</u>	<u>\$ 10,603,893</u>

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

**JACKSON COUNTY FIRE DISTRICT 3**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2018

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

Total fund balances		\$ 8,711,608
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:</p>		
Land	\$ 2,901,276	
Work in progress	1,609,538	
Other capital assets, net of accumulated depreciation	6,585,070	
Total capital assets		11,095,884
<p>Deferred charges on refundings are not applicable to the District's governmental funds, but are recognized as a resource in net position. The deferred charge is depreciated over the life of the new debt issuance.</p>		
		30,000
<p>Pension contributions after the measurement date are recognized as a deferred outflow of resources.</p>		
		1,003,547
<p>Pension related deferred outflows and inflows are not recognized on the governmental funds balance sheet.</p>		
Net PERS RHIA OPEB asset and related deferrals		43,767
PERS pension related outflows		2,807,418
PERS pension related inflows		(365,778)
<p>Net pension liability for PERS is not recognized on the governmental funds balance sheet.</p>		
		(10,394,564)
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Accrued interest payable on long-term debt	(10,453)	
Accrued compensated absences	(927,200)	
Long-term debt	(872,914)	
Other postemployment benefits for single employer plan	(1,349,763)	
Total long-term liabilities		(3,160,330)
<p>Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenue in the funds.</p>		
		832,341
		\$ 10,603,893
Net position of governmental activities		

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

**JACKSON COUNTY FIRE DISTRICT 3**  
**Statement of Activities and**  
**Governmental Fund Revenues, Expenditures, and Changes in Fund Balances**  
For the Fiscal Year Ending June 30, 2018

	General Fund	Capital Projects Fund	Total Governmental Funds	Adjustments	Statement of Activities
<b>REVENUES</b>					
Property taxes	\$13,023,910	\$ -	\$13,023,910	\$ 19,031	\$ 13,042,941
Earnings on investments	173,969		173,969		173,969
Contract receipts	24,900		24,900		24,900
Grants and donations	53,898	-	53,898		53,898
State conflagrations	254,116		254,116		254,116
Gain on sale of capital assets				13,383	13,383
Miscellaneous	43,907		43,907		43,907
<b>Total revenues</b>	<u>13,574,700</u>	<u>-</u>	<u>13,574,700</u>	<u>32,414</u>	<u>13,607,114</u>
<b>EXPENDITURES/EXPENSES</b>					
Fire Protection					
Current					
Personnel services	9,911,865		9,911,865	(945,252)	8,966,613
Materials and services	1,948,752		1,948,752		1,948,752
Depreciation				666,587	666,587
Capital outlay		1,615,314	1,615,314	(1,615,314)	-
Debt service					
Principal	236,456		236,456	(236,456)	-
Interest	25,380		25,380	4,678	30,058
<b>Total expenditures/expenses</b>	<u>12,122,453</u>	<u>1,615,314</u>	<u>13,737,767</u>	<u>(2,125,757)</u>	<u>11,612,010</u>
Excess (deficiency) of revenues over expenditures	<u>1,452,247</u>	<u>(1,615,314)</u>	<u>(163,067)</u>	<u>2,158,171</u>	<u>1,995,104</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of general capital assets	3,933	9,450	13,383	(13,383)	
Interfund transfers (from) to	<u>(1,349,300)</u>	<u>1,349,300</u>	<u>-</u>		
<b>Total other financing sources (uses)</b>	<u>(1,345,367)</u>	<u>1,358,750</u>	<u>13,383</u>	<u>(13,383)</u>	<u>-</u>
Net change in fund balances	106,880	(256,564)	(149,684)	149,684	
Change in net position				1,995,104	1,995,104
<b>FUND BALANCES/NET POSITION</b>					
Beginning of year - July 1, 2017	<u>5,287,915</u>	<u>3,573,377</u>	<u>8,861,292</u>	<u>(252,503)</u>	<u>8,608,789</u>
End of year - June 30, 2018	<u>\$ 5,394,795</u>	<u>\$ 3,316,813</u>	<u>\$ 8,711,608</u>	<u>\$ 1,892,285</u>	<u>\$ 10,603,893</u>

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

**JACKSON COUNTY FIRE DISTRICT 3**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Fiscal Year Ending June 30, 2018

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

Net Changes in Fund Balances		\$ (149,684)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		19,031
The Statement of Activities recognizes net pension and OPEB expense in personnel services, however governmental funds do not recognize these as expenditures.		
Net increase/(decrease) in net PERS RHIA OPEB asset		43,767
Net increase/(decrease) in total single-employer OPEB liability		2,229,343
Net increase/(decrease) in total pension liability		(1,208,893)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 1,615,314	
Depreciation	(666,587)	
Total capital assets		948,727
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
		236,456
In the Statement of Activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		
Proceeds from the sale of capital assets	(13,383)	
Gain (loss) from the sale of capital assets	13,383	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Net increase in accrued compensated absences		(118,965)
Accrued interest on bonds		(4,678)
Change in net position of governmental activities		\$ 1,995,104

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

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Jackson County Fire District 3 (the District), a rural fire protection district in the State of Oregon, have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**A. Reporting entity**

Jackson County Fire District 3 was formed as a result of a special election held on July 21, 1952. The District operates under Oregon Revised Statutes Chapter 478 as a Rural Fire Protection District and provides fire protection and medical response within the northern part of Jackson County including the communities of White City, Agate Lake, Gold Hill, Sams Valley, Eagle Point, and Central Point.

The District is governed by a Board of Directors, consisting of five elected members for a period of four years. The Board of Directors has the statutory authority to adopt and modify the budget; levy taxes; control all assets; sign contracts, and authorizes borrowing or debt issuances. The responsibility and accountability over all funds and fiscal matters are vested in the Board of Directors. The District is responsible for its debts and is entitled to surpluses.

The Board of Directors appoints the Fire Chief to manage the day-to-day activities within the scope of the District. The Fire Chief is accountable to the Board of Directors for the activities being managed.

The District is the primary, special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the government-wide financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

**B. Basis of presentation - government-wide and fund financial statements**

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 effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The entity-wide statements and governmental fund statements have been combined as allowed for single-purpose governmental activities. The Statement of Net Position and the Governmental Funds Balance Sheet have been combined into a single presentation, with adjustments indicated to move from fund totals to the entity-wide totals. Similarly, the Statement of Activities and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance have also been combined.

In the government-wide financial statements, information is displayed about the reporting government as a whole. The primary focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The District does not allocate indirect costs.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

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The fund financial statements provide information about the District's funds and the financial transactions of the District are reported at the individual fund level. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues, and expenditures/expenses.

The District reports the following governmental funds:

- The *General Fund* is the District's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for and reported in another fund. Principal sources of revenues are property taxes, charges for services, and earnings on investments. Primary expenditures are for personnel services, materials and services, and debt service.
- The *Capital Projects Fund* accounts for the revenue and expenditures related to construction of new or existing District facilities and the acquisition of apparatus, vehicles, and large scale equipment. Principal sources of revenue are transfers from the General Fund, or at times loan proceeds and grant revenue. Interest earned in this fund is recorded in the General Fund.

Both funds are reported as separate columns in the fund financial statements. Although the Capital Projects Fund is considered a non-major fund because the expenditures in this fund typically do not constitute more than 10% of the expenditures of the total appropriated budget (except for fiscal years with capital construction), the District has elected to report it as a major fund in terms of financial statement presentation because we believe it is important to financial statement users.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position.

The Statement of Activities demonstrates the degree to which the direct expense of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes charges to customers who purchase, use, or directly benefit

### **C. Measurement focus and basis of accounting**

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

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

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The governmental fund financial statements are reported using the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 31 days after the end of the current fiscal period. The exception to this is investment income, which is recognized when earned. Significant revenues that were measurable and available at June 30, 2017 were property taxes.

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.

**D. Budgetary information**

**1. Budgetary basis of accounting**

The District budgets all funds in accordance with requirements under state law and on a basis consistent with generally accepted accounting principles. All funds are budgeted on the modified accrual basis of accounting.

The appropriated budget is prepared by fund, function, and department. The Board of Directors adopts the original budget by resolution prior to the beginning of the District's fiscal year (July 1 through June 30). The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, transfers out, and contingencies are the levels of control established by the resolution. The General Fund also defines those same appropriation levels by seven departmental levels. The District's department heads may request transfers of appropriations within their department or between other departments. Such transfers of appropriations however require support from the Fire Chief and then final approval by the Board of Directors via a resolution. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the department level.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board of Directors at a regular Board meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication of proposed change, and approval by the Board of Directors.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances those for which are expected to be performed in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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Budgetary information is provided in the Required Supplementary Information section under the Notes to the Budgetary Comparison Schedules.

**2. Excess of expenditures over appropriations**

For the year ended June 30, 2018 the District's expenditures did not exceed appropriations by department and by fund.

**E. 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 highly liquid investments with a maturity of three months or less from the date of acquisition.

**2. Investments**

Investments for the District are maintained in the Oregon Local Government Investment Pool (LGIP) and are carried at cost. The LGIP operates in conformity with Oregon Revised Statute 293.726 and is subject to regulatory oversight by the Oregon State Treasurer. The LGIP is not required to be registered with the SEC.

GASB Statement 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value and establishes a reporting hierarchy to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. This Statement had no material impact to the financial statements for the year ended June 30, 2018.

**3. Receivables**

Property taxes, all of which are receivable from property owners within the District, are assessed on January 1 and become a lien against the property as of July 1 each year. Taxes are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 15 are considered delinquent. At June 30, 2018, no allowance for doubtful accounts is considered necessary for property taxes.

**4. Prepaid items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. Capital assets**

Capital assets, which include property, plant, and equipment, are stated at cost in the government-wide financial statements. Donated assets and historical treasures are reported at their acquisition value at the date of donation. The District defines capital assets with an initial cost of more than \$5,000 and an estimated useful life greater than one year. Replacements, which improve or extend the life of property, are capitalized. Interest incurred during construction is not capitalized as a capital asset. Maintenance,

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repairs, and equipment replacements of a routine nature are charged to expenditures/expenses as incurred and are not capitalized. Land, construction in progress, and certain historical treasures meeting certain criteria are not depreciated.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Land and construction in progress are not depreciated. Those assets that are subject to depreciation are calculated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	30
Machinery and equipment	3-15
Vehicles and fire apparatus	7-10

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

**6. Long-term debt**

Long-term debt is reported as a liability in the Statement of Net Position. Bond payments and discounts are deferred and amortized over the life of the related debt using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred. The face amount of the debt issued, premiums, and discounts received on debt issuances, are reported as other financing sources and uses. In accordance with GASB Statement 65, bond issuance costs are expensed as incurred.

**7. Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. Two relate to deferred outflows with respect to the District's pension plan and other post-employment benefits and consist of employer contributions after the measurement date, experience differences, and changes in proportion. The third is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category, which arise only under the modified accrual basis of accounting. Property taxes are reported as *unavailable revenue* only in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period in which it becomes available. The other deferred inflow item relates to the District's pension plan and consist of a deferred pension

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investment and a pension contribution difference. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the District's proportionate share of system contributions. In the Statement of Net Position, a deferred inflow of resources related the District's pension plan is recognized.

**8. Net position flow assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. Restricted assets or resources are those subject to the constraints that are externally imposed by creditors, grantors, State laws and regulations, or imposed by law through constitutional provisions or enabling legislation. Such restricted assets are segregated on the government-wide Statement of Net Position. In order to calculate the amounts to report as restricted, 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 use restricted resources first (net position to have been depleted before unrestricted) then unrestricted resources as they are needed (net position is applied).

**9. Fund balance flow assumptions**

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 spend restricted resources first when both restricted and unrestricted resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

**10. Fund balance policies**

Fund balance classifications, as reported in the governmental funds, comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources reported. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The components of fund balance as defined by GASB Statement No. 54 are:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (enabling legislation).
- Committed fund balance represents funds formally set aside by a governing body for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.

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- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Both the Fire Chief and the Chief Financial Officer have been given this authority by resolution by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The Board of Directors has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

Minimum fund balance policy. To preserve a sound financial system and to provide a stable financial base, the District Board of Directors has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of committed, assigned, and unassigned components of fund balance) in the general fund. The target level is set at 24 percent of the budgeted year's property tax revenue. This amount is intended to provide for four (4) months of general fund operating expenditures until property taxes are received in November, thus eliminating the need for short-term borrowing. The District does not have a policy that will allow it to fall below this minimum threshold. The District was in compliance with this policy for fiscal year ended June 30, 2018.

## **F. Revenues and expenditures/expenses**

### **1. Property taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy is billed to citizens who own taxable assessed property in October of each year with the first collection date as November 15th. Those who pay in full by this date are allowed to take a three percent discount. Those who elect to pay in installments are required to pay the remaining balance either on the second installment due date of February 15 to receive a one percent discount, or the remaining balance on the third installment due date of May 15. Those who pay by the later date receive no discount. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien and penalties and interest are assessed.

### **2. Compensated absences**

#### Vacation and Compensatory Time

Accumulated accrued vacation absences and compensatory time are accrued when incurred and earned in the Statement of Net Position and Statement of Activities. Due to the current financial resources focus of the governmental funds, a liability for those amounts are only reported on the governmental funds balance sheet if the liability has matured as the result of employee retirements and resignations. The entire balance is reported on the Statement of Net Position. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

#### Sick Leave

Accumulated sick leave does not vest and is therefore recorded when leave is taken.

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**3. Long-term obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as an expense.

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

**4. 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.

**5. Use of estimates**

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

**G. Pension obligations**

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the District's measurement of the net pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been determined based on the basis reported by Oregon Public Employees Retirement System (PERS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

In accordance with GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the District's total pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been actuarially determined and reported.

**H. Retirement plans**

All of the District's employees are participants in the State of Oregon Public Employees Retirement Systems (PERS). Contributions to PERS are made on a current basis as required by the plan and are charges as expenses/expenditures.

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Violations of legal or contractual provisions**

The District did not have any legal or contractual violations in any of its funds as of June 30, 2018.

**B. Deficit fund equity**

The District did not have a deficit of fund equity in any of its funds as of June 30, 2018.

**III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash deposits with financial institutions**

As of June 30, 2018, the District's cash, cash equivalents, and investments are comprised of the following:

Cash on hand	\$ 500
Deposits with financial institutions	60,041
Investments:	
State of Oregon Local Government Investment Pool	<u>8,494,173</u>
Total cash and cash equivalents	<u>\$ 8,554,714</u>

The District maintains a separate accountability by fund for cash, cash equivalents, and investment accounts. Deposits with financial institutions include bank demand deposits. The combined total book balance at June 30, 2018 was \$60,041 and the total bank balance was \$372,868. The District's demand deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). When deposits exceed the \$250,000 FDIC limit, they are secured in accordance with Oregon Revised Statutes 295 under Oregon Public Funds Collateralization Program. The remainder is collateralized with securities held by financial institutions acting as the agents of the District in the District's name.

*Custodial credit risk-deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the Oregon statutes for custodial risk. Oregon Revised Statutes require the custodian bank to hold collateral pledged by the depository institutions. The Oregon State Treasurer (OST) provides the custodian the maximum liability for each bank. Banks will request security pledges, releases, and substitutions through OST's Public Funds Collateralization Program, who will approve such transactions and maintain an inventory of pledged securities and monitor that collateral is pledged at all times and that banks comply with ORS 295. A bank depository is required to pledge collateral valued at least 10% of their quarter-end fund deposits if they are well capitalized, 25% if they are adequately capitalized, or 110% if they are undercapitalized.

**B. Investments**

The Oregon Local Government Investment Pool (LGIP) is subject to regulatory oversight by the Oregon Short-Term Fund Board and the Oregon Investment Council. Cost approximates the District's fair value in the LGIP.

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The Oregon State Treasury Finance Division administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or had control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

As of June 30, 2018, the District had \$8,494,173 invested in the Local Government Investment Pool.

*Interest rate risk.* In accordance with its investment policy, the District manages its exposure to fair value loss from increasing interest rates to maturities of 12 months or less.

*Credit risk.* State statutes govern the District's investment policies. Permissible investments include bankers' acceptances, bank repurchase agreements, time deposits, general obligations of the United States Government and its agencies, obligations of the State of Oregon and the Oregon Local Government Investment Pool (LGIP).

The State of Oregon Local Government Investment Pool is unrated for credit quality and is not registered with the U.S. Securities and Exchange Commission as an investment company. The Pool investments are not categorized into credit risk since they are not evidenced by specific securities. The Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer and responsible for all funds in the Pool. Investments in the fund are further governed by portfolio guidelines which establish diversification percentages and specify the types and maturities. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2018 was unqualified.

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

**C. Receivables**

Receivables recorded for the District's governmental funds for the year ended June 30, 2018 were as follows:

	<b>General Fund</b>	<b>Total Governmental Activities</b>
Receivables:		
Property taxes	\$ 987,975	\$ 987,975
Total Receivables	\$ 987,975	\$ 987,975

Governmental funds report deferred inflows of resources as unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Significant unavailable revenue in the governmental funds is for property taxes.

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**D. Capital assets**

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

<u>Description</u>	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,901,276	\$ -	\$ -	\$ 2,901,276
Work in progress	329,975	1,609,538	(329,975)	1,609,538
Total non-depreciable assets	<u>3,231,251</u>	<u>1,609,538</u>	<u>(329,975)</u>	<u>4,510,814</u>
Capital assets, being depreciated:				
Buildings and improvements	9,332,118	313,078	-	9,645,196
Fire apparatus and other vehicles	5,652,480	335,751	(42,727)	5,945,504
Equipment	2,255,792	-	(455,222)	1,800,570
Total depreciable capital assets	<u>17,240,390</u>	<u>648,829</u>	<u>(497,949)</u>	<u>17,391,270</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,349,046)	(276,328)	(13,482)	(4,638,856)
Fire apparatus and other vehicles	(4,291,126)	(276,210)	42,727	(4,524,609)
Equipment	(1,684,311)	(114,049)	155,625	(1,642,735)
Total accumulated depreciation	<u>(10,324,483)</u>	<u>(666,587)</u>	<u>184,870</u>	<u>(10,806,200)</u>
Total capital assets, net of depreciation	<u>\$ 10,147,158</u>	<u>\$ 1,591,780</u>	<u>\$ (643,054)</u>	<u>\$ 11,095,884</u>

**E. Compensated absences**

Compensated absences activity for the year ended June 30, 2018, was as follows:

<u>Government-wide</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>
Compensated absences	<u>\$ 808,235</u>	<u>\$ 599,185</u>	<u>\$ 480,220</u>	<u>\$ 927,200</u>

Due to the current financial resources focus of the governmental funds, only the portion of the accrued compensated absences related to current year retirements or resignations is recorded on the balance sheet. However, there was no pending amount as of June 30, 2018. The entire balance is reported on the government-wide Statement of Net Position. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

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**F. Interfund transfers**

Interfund activity is reported as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. Interfund transfers for the year ended June 30, 2018 is as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund		\$ 1,349,300
Capital Projects Fund	\$ 1,349,300	
Total transfers	\$ 1,349,300	\$ 1,349,300

The transfer to the Capital Projects Fund was identified in the budget process to help offset the expenditures of budgeted apparatus and to provide funding for future identified capital expenditures and projects. No interfund receivables or payables resulted from the transfers presented above.

**G. Long-term liabilities**

The District had the following long-term liability for the fiscal year ended June 30, 2018:

- On November 4, 2013 the District refunded existing debt and acquired a full faith and credit note in the form of a single bank financing agreement through Wells Fargo Bank, National Association. The debt was for the repayment of constructing and furnishing a new administrative office building, land acquisition, and specialized equipment. The original amount of the new note was \$1,908,510. The interest rate on this note is 2.38% and is for an eight year term. Principal and interest payments are due January 1 and July 1 through July 1, 2021.

Advance Refunding

The District issued \$1,908,510 in a bank financing agreement with an interest rate of 2.38%. The proceeds were used to advance refund \$1,810,011 of outstanding 2005 and 2007 financing agreements which had interest rates ranging from 4.57 to 4.65%.

There were no premiums or discounts associated with the refunding. Underwriting fees and other issuance costs were \$38,500 resulting in net proceeds of \$1,870,010. A portion of the proceeds were used to satisfy existing debt (2005 note) immediately by escrow. Remaining funds were deposited into an irrevocable trust with an escrow agent to provide funds for the payoff of the 2007 note within 60 days. As a result, both notes are considered defeased and the liability for those notes have been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$60,000. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The District advance refunded the 2005 and 2007 notes to reduce its total debt service payments by six months and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$100,122.

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Legal debt margin

The District is subject to a debt limit of 1.25 percent of the real market value of all taxable property within its jurisdictional boundaries. At June 30, 2018 that amount was \$73,681,723. As of June 30, 2018 the District did not have any outstanding debt applicable to the limit.

Changes in long-term liabilities

Changes in the District's long-term liabilities for the year ended June 30, 2018 are as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Bank Financing Agreement 2013 Issuance	\$ 1,109,370	-	\$ 236,456	\$ 872,914	\$ 242,196
Total	<u>\$ 1,109,370</u>	<u>-</u>	<u>\$ 236,456</u>	<u>\$ 872,914</u>	<u>\$ 242,196</u>

Principal and interest obligations for each of the next five years and five year increments after that are as follows:

Year Ended June 30,	<b>Financing Agreement Issued 2013</b>		<b>Total</b>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 242,196	\$ 19,616	\$ 242,196	\$ 19,616
2020	248,062	13,729	248,062	13,729
2021	254,084	7,732	254,084	7,732
2022	128,572	1,539	128,572	1,539
Total	<u>\$ 872,914</u>	<u>\$ 42,616</u>	<u>\$ 872,914</u>	<u>\$ 42,616</u>

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## **H. Employee retirement systems and pension plan**

### **Employee retirement pension plan**

**Plan description** - Employees of the District are provided with pensions through the Oregon Public Employees Retirement System (PERS), 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. The 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.

PERS issues a publicly available Comprehensive Annual Financial Report and actuarial valuations that can be obtained at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx> or by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, or by calling (503) 598-7377.

### **Benefits provided**

#### **1. ORS Chapter 238 Tier One/Tier Two Retirement Benefits**

**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 became an active member at age 50.

For general service employees in Tier One the retirement age is 58 and for Tier Two employees the retirement age is 60, or 30 years of service, whichever comes first. For police and fire employees in both Tier One and Two plans, the minimum retirement age is 55 or age 50 with 25 years of service. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

- The member was employed by a PERS employer at the time of death,
- The member died within 120 days after terminations of PERS-covered employment,

**JACKSON COUNTY FIRE DISTRICT 3**  
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- The member died as a result of injury sustained while employed in a PERS-covered position, or
- The member was on an official leave of absence from a PERS-covered position at 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 in fiscal year 2015 was capped at 1.5 percent for all benefit recipients. The cap on COLA was restored to 2.0 percent for fiscal years 2016 and beyond.

## **2. ORS Chapter 238A OPSRP Retirement Benefits**

**Pension benefits** – This portion of the defined benefit pension plan of PERS provides benefits to member hired on or after August 29, 2003. Benefits under this portion of OPSRP provided a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

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

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

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

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

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

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**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 in fiscal year 2015 was capped at 1.5 percent for all benefit recipients. The cap on COLA was restored to 2.0 percent for fiscal years 2016 and beyond.

**3. Individual Account Program (IAP)**

In the 2003 legislative session, the Oregon Legislative Assembly created a new successor plan for PERS. Beginning January 1, 2004 all PERS member contributions go into the IAP portion of PERS. Existing members' retain their PERS accounts. Earnings are based on actual market returns.

**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-, or 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** – PERS contracts with VOYA Financial to maintain IAP participant account records.

**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 for the two-year period were based on the December 31, 2015 actuarial valuation. The rates are based on a percentage of payroll and became effective July 1, 2017. Employer contributions for the year ended June 30, 2018 were \$1,070,384. The rates in effect for the fiscal year ended June 30, 2018 were 19.91 percent of payroll for both Tier One/Tier Two general service and police and fire members, 8.34 percent of payroll for OPSRP pension program general service members, 13.11 percent for OPSRP pension program police and fire members, and six percent of payroll for the OPSRP individual account program.

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

**Proportionate Share Allocation Methodology** - The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan as a percentage of the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

At June 30, 2018, the District reported a liability of \$10,394,564 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The District's proportionate share 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 members of the cost sharing pool, actuarially determined. At June 30, 2018 and 2017 the District's proportion was 0.07711079 percent and 0.07539069 percent respectively.

For the year ended June 30, 2018, the District recognized pension expense of \$2,225,772 for the defined benefit portion of the pension plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 502,686	\$ -
Changes of assumptions	1,894,744	
Net difference between projected and actual earnings on pension plan investments	107,088	
Changes in District's proportionate share	292,240	185,623
Differences between District contribution and proportionate share of system contributions	10,660	180,155
Subtotal	2,807,418	365,778
District contributions subsequent to the measurement date	1,003,547	
Total	<u>\$ 3,810,965</u>	<u>\$ 365,778</u>

Deferred outflows of resources related to pensions of \$1,003,547 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

<u>Year ended June 30:</u>	
2019	\$ 478,382
2020	1,318,892
2021	868,578
2022	(245,214)
2023	21,002
Total	<u>\$ 2,441,640</u>

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**Actuarial Valuations** - The employer contribution rates effective July 1, 2017, through June 30, 2018, were set using the entry age normal actuarial cost method.

For the ORS 238 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 ORS 238A OPSRP Pension Program 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 actuarially determined amount for funding a disability benefit component, and (3) 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**

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
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25% to 0.15%) in accordance with <i>Moro</i> decision; blended based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b>  RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b>  Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

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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 based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

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

**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 discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District’s proportionate share of net pension (asset)/liability	\$ 17,714,234	\$ 10,394,564	\$ 4,273,963

**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 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-thinking capital market economic model. 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 are summarized in the flowing tables:

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**Long-Term Expected Rate of Return**

Asset Class / Strategy	OIC Policy Range		OIC Target Allocation
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	14.0	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 %

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual Geometric Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.65 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event Driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation – Mean			2.50 %	1.85 %

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

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On July 28, 2017 the PERS Board lowered the assumed investment rate of return from 7.5 percent to 7.2 percent effective on January 1, 2018. This rate will be used for the determination of contribution rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

**Depletion Date Projection** – GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for period where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments.

GASB 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

**Deferred Inflows of Resources and Deferred Outflows of Resources** – Deferred inflows of resources and deferred outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30 2017, employers will report the following deferred inflows of resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between projected and actual earnings

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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 pension expense based on the balance of the closed period layers attributable to each measurement period. The average remaining service lives determined as the beginning of each measurement period are described below:

Year ended June 30, 2017 – 5.3 years  
Year ended June 30, 2016 – 5.3 years  
Year ended June 30, 2015 – 5.4 years  
Year ended June 30, 2014 – 5.6 years

The difference between projected and actual earnings attributable to each measurement period is amortized over a closed five-year period.

In addition, employers may need to recognize a difference between their actual employer contributions and their proportionate share of contributions, which is not reflected in the Schedule of Pension Amounts by Employer. GASB 68 requires employers to amortize that difference over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employer contributions made after the measurement date are also excluded from the Schedule of Pension Amounts by Employer. Appropriate treatment of such amounts is the responsibility of the employer.

**Payables to the Pension Plan** – At June 30, 2018, the District’s payable to PERS for defined benefit contributions was \$10,890. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

**I. Other postemployment benefit (OPEB) obligations**

**1. Health Benefit Retiree Program – Single Employer Plan**

**Plan description** – The District maintains only a single-employer retiree benefit healthcare plan that provides postemployment 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. As of June 30, 2018 there was 62 active employees and four retirees included in the plan. 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.

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The District's post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that retirees be allowed to continue their health care coverage at their own expense. ORS stipulates that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Due to the effect of age, retiree claim costs are generally higher than claim costs for all members as a whole. The difference between retiree claims cost and the amount of retiree healthcare 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 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, therefore no funds within the general fund have been used to liquidate other postemployment benefit obligations.

**Valuation Using the Alternative Measurement Method** – The total OPEB liability of \$1,349,763 and components of OPEB expense as of June 30, 2018, were determined using the date of the latest actuarial valuation of June 30, 2018. Significant actuarial assumptions used in the valuation included:

- A 3.45 percent interest discount based on the June 2018 rate in the 20-year municipal bond index published by Standard and Poor's.
- Medical insurance premium and early retirement premium annual trend - 5% initial annual increase in 2019, reduced each year thereafter by 0.20, 0.30, 0.20, and 0.30 to a floor of 4% in years following.
- Dental insurance premium annual trend - 2% annual increase in 2019 and all years thereafter.
- Retirement rates - the assumed rates of retirement for Jackson County Fire District 3 employees covered by this Plan are based on the average eligibility age for public safety employees in the police and fire unit under OPERS.
- An assumed general inflation rate of 2.5% is used for all future years.
- Annual salary increases for employees are assumed to be 2.5% for all future years.
- Mortality rates based on the RP2000 Mortality Table for males and females projected 18 years; this model does not include a margin for future improvements in longevity.

Plan expenses other than benefit payments are not valued. The Plan is currently "unfunded" as defined by relevant GASB statements. The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2018, the District recognized OPEB expense of \$540,206.

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The following table shows the components of the District's annual OPEB liability for the fiscal year ended June 30, 2018, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

	Change in Total OPEB Liability
Total OPEB (asset)/liability at June 30, 2017	\$ 3,579,106
Effect of Economic/Demographic Gains(losses)	(2,648,259)
Service cost	439,735
Interest on Total OPEB liability	100,471
Change in assumptions	(121,290)
Total OPEB liability at June 30, 2018	\$ 1,349,763

Changes in assumptions reflects a change in the discount rate from 2.5 percent in the prior valuation at June 30, 2016 to 3.45 percent at June 30, 2018.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate** – The following represents the total OPEB liability calculated using the discount rate of 3.45 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (2.45%)	Current Discount Rate (3.45%)	1% Increase (4.45%)
Total OPEB liability on June 30, 2018	\$ 1,476,950	\$ 1,349,763	\$ 1,238,475

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates** – The following represents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB liability on June 30, 2018	\$ 1,200,143	\$ 1,349,763	\$ 1,526,925

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

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

For the year ended June 30, 2018, the District recognized an OPEB expense of \$540,206. As previously stated, the District has adopted a pay-as-you go funding method and does not have OPEB assets in a trust, therefore no deferred outflows of resources and deferred inflows of resources are recognized.

**2. PERS Retirement Health Insurance Account (RHIA) under OPEB**

**Plan description** – The District is a participating employer in the Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA), a cost-sharing multiple-employer defined benefit other postemployment benefit plan (OPEB) established under Oregon Revised Statutes 238.420. The RHIA plan currently serves 904 participating employers and is closed to new members hired on or after August 29, 2003.

**Benefits provided** – ORS 238.420 authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium cost the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS sponsored health plan.

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

**Contributions** – For the year ended June 30, 2017, PERS employers contributed 0.08 percent of PERS covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.45 percent of all PERS covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. These rates were based on the December 31, 2013 actuarial valuation.

Employer contributions are advance-funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of active plan RHIA participants receiving benefits was 44,769 for fiscal year ended June 30, 2017, and there were 61,208 active and 16,369 inactive members who meet the requirements to receive RHIA benefits when they retire.

All subsidy payments from RHIA are initially deposited in the Standard Retiree Health Insurance Account, and subsequently remitted to the appropriate PERS health plan.

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 to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at [www.oregon.gov/pers/EMP/Pages/index.aspx](http://www.oregon.gov/pers/EMP/Pages/index.aspx).

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**OPEB Liabilities, OPEB Asset, and Deferred Outflows and Inflows of Resources**

At June 30, 2018, the District reported an asset of \$26,471 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of 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.

**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 OPEB amounts. At June 30, 2018 and 2017 the District's proportion was 0.06832694 percent and 0.6342664 percent, respectively.

For the year ended June 30, 2018, the District recognized OPEB income of \$218. 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
Change in proportionate share	\$ -	\$ 971
Net difference between projected and actual earnings on OPEB plan investments		12,260
District contributions subsequent to the measurement date	30,527	
Total	\$ 30,527	\$ 13,231

Deferred outflows of resources related to pensions of \$30,527 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB's will be recognized in OPEB expense/ (income) as follows:

<u>Fiscal Year Ending</u>	Deferred Outflows/ (Inflows) of Resources
2019	\$ (3,425)
2020	(3,425)
2021	(3,316)
2022	(3,065)
Total	\$ (13,231)

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**Actuarial methods and assumptions** – The total OPEB asset in the June 30, 2017 valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

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%; Disables retirees: 20%
Healthcare cost trend rate	Not applicable
Mortality	<b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.  <b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.  <b>Disabled retirees:</b> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

**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 actuary’s capital market assumptions team and the Oregon Investment Council (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. 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 are summarized in the following tables:

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

Asset Class / Strategy	OIC Policy Range		OIC Target Allocation
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	14.0	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 %

**Long-Term Expected Rate of Return**

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual Geometric Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.65 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds – Diversified	2.50	4.94	4.64	8.09
Hedge Fund – Event Driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation – Mean			2.50 %	1.85 %

\* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
 June 30, 2018

**Discount rate** – The discount rate used to measure the total OPEB liability at June 30, 2016 and June 30, 2017 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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 was applied to all periods of projected benefit payments to determine the total OPEB asset.

**Sensitivity of the District’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate** – The following represents 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 share of the net OPEB liability/ (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.50%)		Current Discount Rate (7.50%)		1% Increase (8.50%)
District’s proportionate share of net OPEB liability/ (asset) \$	3,690	\$	(26,471)	\$	(52,124)

**J. Deferred compensation plan**

The District offers employees a deferred compensation plan in accordance with Internal Revenue Code Section 457(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. So long as the employee is contributing to the 457(b) plan the District will make a contribution after four years of service into a 401(a) plan ranging from one to four percent calculated on base salary and based on the number of years of service. For non-represented employees, the District will make an additional contribution into the 401(a) plan of either four percent, 2.5 percent, or one percent depending on the position and providing that the employee is contributing at least the equivalent. The District’s total contribution for the year ending June 30, 2018 was \$142,350.

**K. 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, through its General Fund, purchases workers’ compensation and commercial liability insurance.

During the current year, there were no significant reductions of insurance coverage from the prior year in any major category of coverage. Insurance settlements have not exceeded insurance coverage during any of the past three fiscal years. The District had no liability insurance claims for the year ended June 30, 2018.

The District had seven smaller workers’ compensation claims for the year ended June 30, 2018, with a total of all claims paid out at \$4,744.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

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**L. 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 local government and those for public schools. The limitation, known as Measure 5 and passed by Oregon voters in 1990, specifies a maximum rate for all local government operations of \$10.00 per \$1,000 of real market value and for school operations \$5.00 per \$1,000 of real market value.

In May 1997 voters approved Measure 50 which created an assessed valuation for each property that property tax calculations have now since been based on. The base threshold was determined by rolling back the real market value of a property in 1997 to 90 percent of the real market value for the 1995-96 tax year and limited future increases of the new taxable assessed value to three (3) percent per year, except for major improvements. Measure 50 also has a stipulation that if the real market value on a property falls below the assessed value, then the property taxes calculated and charged to the property owner is the lower of the two. The County Assessor is required to keep both the real market value, for Measure 5 computations, and the assessed value, for Measure 50 computations, of each property within the County. The County Assessor does a computation based on that property's real market value and then compares that to the total tax imposed by all taxing districts in that category to determine the amount of tax allowed under the Measure 5 limit. Schools are computed under a different category. Under Measure 50, taxes are levied on the assessed value of the property. If a property has a real market value and an assessed value that are close together, and there are several taxing districts imposing rates, then the Assessor must compress the rates down proportionally to keep under the \$10.00 limit as required for under Measure 5. At June 30, 2018 the total local government tax rates within the District had some areas that exceeded the \$10.00 rate limit after the Assessors calculation between each property's real and assessed value. This "compression" value equated to \$17,315.

**M. Related party transactions**

A related party is an entity that can control or significantly influence the management or operating policies of another entity to the extent one of the entities may be prevented from pursuing its own interests. A related party may be any party the entity deals with that can exercise control. Examples of related parties include (a) affiliates, (b) investments accounted for under the equity method, (c) trusts for the benefit of employees (for example, pension or profit sharing trusts), and (d) principal owners and members of management and their immediate families.

There was no material related party transactions during the fiscal year ended June 30, 2018.

**N. Tax abatements granted by other governments**

GASB Statement No. 77, *Tax Abatement Disclosures* was implemented in fiscal year ended June 30, 2017. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. For the purpose of this disclosure, the District has placed a quantitative threshold of \$5,000 or greater in property tax revenue losses resulting from tax abatement programs. The District's property tax revenues were materially impacted by one tax abatement program managed by Jackson County for fiscal year ended June 30, 2018.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

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***Enterprise zone***

Enterprise zones can be adopted by counties and cities to encourage business development and primarily function to exempt businesses from local property taxes on new investments for a specified amount of time, which varies among the different zone programs. To qualify for an enterprise zone exemption, the business agrees to increase full-time employment by 10 percent, have no concurrent job losses outside the zone boundary, maintain minimum employment levels, enter into a first-source agreement with local job training providers and satisfy any additional conditions. The District's reduction in property tax revenues from Enterprise Zones adopted by Jackson County is estimated at \$55,000 for fiscal year 2018.

**O. Commitments and contingencies**

The District has adopted the reimbursement method of contributions to the Oregon State Employment Department in lieu of unemployment contributions at a set rate of payroll. Under this method, the District reimburses directly to the Oregon Unemployment Fund the actual amount of regular benefits paid to former District employees. The District did not have any unemployment claims and therefore, was not required to make any reimbursements to the State Employment Department for the fiscal year ended June 30, 2018.

The District has agreements with student firefighters to reside in manufactured housing at three rural fire stations. The students are under a college tuition program in exchange for emergency response. In addition, one District volunteer has an agreement for their personal mobile home to be located at the District's rural Sams Valley fire station in exchange for support response and grounds security.

The District's Board of Directors ratified a three year labor agreement on June 15, 2017 with the Rogue Valley Professional Firefighters (RVPFF) Local 1817 covering the employment of the District's firefighters. The contract is for the period July 1, 2017 to June 30, 2020. The contract represents a 1.5 percent cost of living adjustment (COLA) for the first year of the contract. In years two and three, cost of living will be based on a formula tied to the District's actual assessed valuation increase, with a minimum COLA of 1.5 percent and a maximum of 2.5 percent in 2018 and maximum of three percent in 2019.

The District will contribute to a Health Reimbursement Arrangement Plan (HRA-VEBA) of \$3,899 annually for all employees. The District also contributes into an IRS Section 401(a) plan based on member's years of service, so long as the member is also contributing into a 457(b) plan. The District provides 96 percent of health and dental insurance premiums and the employee contributes four percent.

On July 19, 2018 the District approved an emergency communications contract with Emergency Communications of Southern Oregon (ECSO) covering the year ending June 30, 2018. The amount of the contract is \$409,540 which requires quarterly payments of \$102,385.

On June 21, 2018 the District renewed a financial services contract with Jackson County Fire District No. 4 (JCFD4) covering the year ending June 30, 2019. The District provides accounting, budgeting, and financial reporting services for JCFD4 for an annual fee of \$26,000.

The District entered into a five year lease agreement on a color copier in October 2013 for the Administration Building. The lease payments are \$155 per month. The lease is set to expire in October 2018. The District owns outright all other copiers located at the fire stations. The District did not have any other leases in effect for the fiscal year ended June 30, 2018.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Basic Financial Statements**  
June 30, 2018

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**P. Grants and donations**

The District received several small grants from private foundations for the promotion of community risk reduction. Such grants totaled \$6,000 and were used to purchase smoke alarms.

In June 2016, the District was awarded a Title 3 U.S. Department of Agriculture grant administered through the Jackson County Commissioners for promoting Firewise Communities. The grant period was from July 1, 2016 through December 31, 2018 for a total of \$150,000. The purpose of the grant is to create Firewise communities throughout the District by educating homeowners and providing fuels reduction assistance. The District received \$27,402 in grant reimbursement funds at June 30, 2018.

The District was awarded a Title 2 U.S. Department of Agriculture grant administered through the Bureau of Land Management for \$25,000 to conduct fuels reduction around the Table Rock community. The District completed this grant at fiscal year ended June 30, 2018 and received \$20,497 in billed reimbursement funds.

**Q. Subsequent events**

The District's employer contribution paid into the Oregon Public Employees Retirement System (PERS) will increase July 1, 2019 for the two year period ending June 30, 2021 based on rates approved by the PERS Board. The rate for Tier 1/Tier 2 members will increase from 19.94 percent of payroll to 24.93 percent. For OPSRP general service members rates will increase from 8.34 percent to 12.62 percent and for police and fire members rates will increase from 13.11 percent to 17.25 percent.

The District has evaluated all other subsequent events through December 19, 2018. December 19, 2018 is the same date as the accountant's report which is based upon the completion of the Management's Discussion and Analysis section of the financial statements. The report was available to be issued on December 20, 2018 after the completion of the Management's Discussion and Analysis section.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**JACKSON COUNTY FIRE DISTRICT 3**  
**Schedule of the District's Proportionate Share of the Net Pension (Asset)/ Liability**  
Oregon Public Employee Retirement Pension Plan (PERS)  
Last Ten Fiscal Years

Fiscal Year Ended <sup>(1)</sup>	District's Proportion of the Net Pension (Asset)/ Liability <sup>(2)</sup>	District's Proportionate Share of the Net Pension (Asset)/ Liability <sup>(2)</sup>	District's Covered Payroll	District's Proportionate Share of the Net Pension (Asset)/ Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/ Liability <sup>(2)</sup>
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015	0.0611181	\$ (1,385,373)	\$ 6,299,847	(21.99) %	103.6 %
2016	0.0798836	4,586,488	6,298,572	72.82	91.9
2017	0.0753906	11,317,893	6,436,958	175.83	80.5
2018	0.0771107	10,394,564	6,511,028	159.65	83.1

<sup>1</sup> Data not available prior to 2015. Ten-year trend information required by GASB Statement 68 will be presented prospectively.  
<sup>2</sup> Actuarial information provided by the actuary for PERS.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Schedule of the District's Pension Plan Contributions**  
Oregon Public Employee Retirement Pension Plan (PERS)  
Last Ten Fiscal Years

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Fiscal Year Ended <sup>(1)</sup>	Contractually Required Contributions <sup>(2)</sup>	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015	\$ 611,771	\$ 642,406	\$ (30,635)	\$ 6,298,572	10.20 %
2016	691,491	741,502	(50,011)	6,436,958	11.52
2017	730,984	759,960	(28,976)	6,511,028	11.67
2018	1,003,547	1,070,384	(66,837)	6,525,930	16.40

<sup>1</sup> Data not available prior to 2015. Ten-year trend information required by GASB Statement 68 will be presented prospectively.

<sup>2</sup> Actuarial information provided by the actuary for PERS.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Schedule of the District's Total OPEB Liability** <sup>(1)</sup>  
 Single-Employer Plan – JCFD3 Health Benefit Retiree Program  
 Last Ten Fiscal Years

**Schedule of Total OBEP Liability (TOL)**

Fiscal Year Ended June 30,	Total OPEB Liability	Covered Payroll	TOL as a Percentage of Covered Payroll
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017	\$ 3,579,106	\$ 6,511,028	54.97%
2018	1,349,763	6,525,930	20.68%

**Schedule of Changes in Total OPEB (Asset)/ Liability**

Fiscal Year Ended June 30,	TOL Beginning Balance	Service Costs	Interest on the TOL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	TOL Ending Balance
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							
2018	\$ 3,579,106	\$ 439,735	\$ 100,471	\$ -	\$ (121,290)	\$ (2,648,259)	\$ 1,349,763

<sup>1</sup> These schedules are to be presented as a 10-year schedule under the requirements of GASB Statement 75; however until a full 10-year trend has been compiled information is only for the years for which the required supplementary information is available.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Schedule of the District's Proportionate Share of the Net OPEB (Asset)/ Liability <sup>(1)</sup> and Schedule of**  
**the District's OPEB Plan Contributions <sup>(1)</sup>**  
Oregon Public Employee Retirement Pension Plan (PERS – RHIA)  
Last Ten Fiscal Years

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

Fiscal Year Ended June 30,	District's Proportion of the Net OPEB (Asset)/ Liability <sup>(2)</sup>	District's Proportionate Share of the Net OPEB (Asset)/ Liability <sup>(2)</sup>	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/ Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Postion as a Percentage of the Total OPEB (Asset)/ Liability <sup>(2)</sup>
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017	0.06832694	\$ 18,555	\$ 6,436,958	0.29%	94.2 %
2018	0.06342664	(26,471)	6,511,028	-0.41%	108.9

**Schedule of the District's OPEB Plan Contributions**

Fiscal Year Ended June 30,	Contractually Required Contributions <sup>(2)</sup>	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017	\$ 31,577	\$ 31,577	\$ -	\$ 6,511,028	0.48%
2018	30,527	30,527	-	6,525,930	0.47%

<sup>1</sup> Data not available prior to 2017. Ten-year trend information required by GASB Statement 75 will be presented prospectively.

<sup>2</sup> Actuarial information provided by the actuary for PERS.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Required Supplementary Information**  
Oregon Public Employee Retirement Pension Plan (PERS)

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**Pension Plans**

**1. Oregon Public Employee Retirement Pension Plan (PERS)**

**Changes in Assumption**

There were no key changes implemented with the December 31, 2015 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2018.

Additional detail along with comprehensive list of changes in methods and assumptions from the December 31, 2014 actuarial valuation can be found at:

<http://www.oregon.gov/pers/Documents/Financials/Actuarial/2015/Actuarial-Valuation-2015.pdf>.

**Changes in Plan Provisions**

There were no key changes implemented with the December 31, 2015 actuarial valuation.

**Other Post-Employment Benefit Plans**

**1. Health Benefit Retiree Program – Single Employer Plan**

There are no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

- Valuation date: June 30, 2018
- Actuarial cost method: Entry age normal
- Interest discount rate: 3.45%
- Medical insurance premium and early retirement premium annual trend: 5% initial annual increase in 2018, reducing to 4% over four years
- Dental insurance premium annual trend: 2% increase for all future years
- Participation rates: 10% of eligible employees will continue medical and dental coverage after retirement. Of those 100% will cover a spouse.

**2. Oregon Public Employee Retirement OPEB Plan (PERS RHIA)**

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rates of return on the other post-employment healthcare benefits (OPEB) investments, net of OPEB investment expenses, were 12.53 percent for the Retirement Health Insurance Account (RHIA). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the timing of cash flows and the changing amounts actually invested.

**Changes of Benefit Terms**

There were no key changes implemented with the December 31, 2017 actuarial valuation.

**Changes in Assumption**

There were no key changes implemented with the December 31, 2015 actuarial valuation.

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Budgetary Comparison Schedule**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
District property taxes				
Current year's levy	\$ 12,500,000	\$ 12,500,000	\$ 12,713,654	\$ 213,654
Prior years' levy	375,000	375,000	310,256	(64,744)
Total taxes	<u>12,875,000</u>	<u>12,875,000</u>	<u>13,023,910</u>	<u>148,910</u>
Other receipts				
Earnings on investments	80,000	80,000	173,969	93,969
Contract receipts	24,900	24,900	24,900	-
Grants	130,000	130,000	53,898	(76,102)
State Conflagration Proceeds	1,000	168,900	254,116	85,216
Miscellaneous	36,000	36,000	43,907	7,907
Total other receipts	<u>271,900</u>	<u>439,800</u>	<u>550,790</u>	<u>110,990</u>
<b>Total revenues</b>	<u>13,146,900</u>	<u>13,314,800</u>	<u>13,574,700</u>	<u>259,900</u>
<b>EXPENDITURES</b>				
Current				
Fire Protection				
Personnel services	10,096,900	10,264,800	9,911,865	352,935
Materials and services	2,319,400	2,319,400	1,948,752	370,648
Debt service	261,900	261,900	261,836	64
<b>Total expenditures</b>	<u>12,678,200</u>	<u>12,846,100</u>	<u>12,122,453</u>	<u>723,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>468,700</u>	<u>468,700</u>	<u>1,452,247</u>	<u>983,547</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating contingency	(1,125,500)	(1,125,500)	-	1,125,500
Loan proceeds	100	100	-	(100)
Proceeds from sale of equipment	500	500	3,933	3,433
Transfer to Capital Projects Fund	(1,349,300)	(1,349,300)	(1,349,300)	-
<b>Total other financing sources (uses)</b>	<u>(2,474,200)</u>	<u>(2,474,200)</u>	<u>(1,345,367)</u>	<u>1,128,833</u>
Net change in fund balance	(2,005,500)	(2,005,500)	106,880	2,112,380
<b>FUND BALANCES</b>				
Beginning of year - July 1, 2017	5,155,000	5,155,000	5,287,915	132,915
End of year - June 30, 2018	<u>\$ 3,149,500</u>	<u>\$ 3,149,500</u>	<u>\$ 5,394,795</u>	<u>\$ 2,245,295</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Budgetary Comparison Schedules**  
For the Fiscal Year Ending June 30, 2018

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**I. BUDGETARY INFORMATION**

The District budgets all funds consistent with Oregon Revised Statutes 294; Local Budget Law and generally accepted accounting principles. The District is required to budget all funds. The District's budget is prepared for each fund on the modified accrual basis of accounting consistent with generally accepted accounting principles.

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). For all fund types, inter-fund loans are budgeted as sources and uses in accordance with state budget laws. Estimated receipts and expenditures are budgeted for by fund and object classification. Information on the past two years' actual receipts and expenditures and current-year estimates are included in the budget document.

The Budget Committee conducts public hearings for the purpose of obtaining citizens' comments, and then approves a budget and submits it to the District Board for final adoption. The approved expenditures for each fund may not be increased by more than 10 percent by the Board without returning to the Budget Committee for a second approval.

The Board of Directors adopts the budget by resolution prior to the beginning of the District's fiscal year of July 1 through June 30. 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 resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The levels of budgetary control established by the resolution in the General Fund are at the department level, in which amounts are allocated for each object classification (i.e., personnel services, materials and services, and capital outlay). 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. Expenditure 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 classification, but cannot make changes to the object groups themselves, which is the legal level of control.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Notes to Budgetary Comparison Schedules**  
For the Fiscal Year Ending June 30, 2018

The District had two budgetary changes during the fiscal year ended June 30, 2018. The following represent those changes:

**Changes in Appropriations**

<b><u>Reallocation of Appropriations</u></b>	<b>Original Budget</b>	<b>Budget/Revenue Increase</b>	<b>Budget Decrease</b>	<b>Revised Budget</b>
<b>Resolution No. 18-01</b>				
<u>Capital Projects Fund</u>				
Land and Improvements	\$ 100,000	\$ 160,000		\$ 260,000
Contingency	200,000		160,000	40,000
<b>Total Budget Reallocation</b>		<b>\$ 160,000</b>	<b>\$ 160,000</b>	
 <b><u>Revenue Appropriation Resolutions</u></b>				
<b>Resolution No. 18-02</b>				
<u>General Fund</u>				
REVENUE				
OSFM Conflagrations	\$ 1,000	\$ 167,900		\$ 168,900
EXPENDITURES				
Operations Department				
Overtime; Conflagrations	1,000		167,900	168,900
<b>Total Budget Reallocation</b>		<b>\$ 167,900</b>	<b>\$ 167,900</b>	

**SUPPLEMENTARY INFORMATION**

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**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>ADMINISTRATION</b>				
<b>Personnel Services</b>				
Fire Chief	\$ 137,000	\$ 137,000	\$ 137,030	\$ (30)
Administrative Assistant	53,300	53,300	56,004	(2,704)
Finance Assistant	53,700	53,700	55,905	(2,205)
Chief Finance Officer	116,000	116,000	115,898	102
Part-Time Program Asst	1,000	1,000	-	1,000
Overtime	500	500	-	500
Education Incentive	13,200	13,200	13,384	(184)
Longevity Pay	4,300	4,300	4,345	(45)
Car Allowance	9,500	9,500	8,940	560
Technology Stipend	2,000	2,000	1,980	20
Retirement (PERS)	54,400	54,400	44,004	10,396
Unemployment Insurance	100	100	-	100
ER Deferred Comp Contribution	23,400	23,400	22,434	966
Health and Life Insurance	67,200	67,200	65,581	1,619
HRA-VEBA Contribution	15,600	15,600	15,595	5
Payroll Taxes - FICA/Medicare	30,000	30,000	29,438	562
Worker's Comp Insurance	2,000	2,000	229	1,771
Total Personnel Services	<u>583,200</u>	<u>583,200</u>	<u>570,767</u>	<u>12,433</u>
<b>Materials and Services</b>				
Physicals & Vaccinations	1,000	1,000	-	1,000
Printing	3,000	3,000	1,540	1,460
Supplies; Office	10,000	10,000	5,698	4,302
Supplies; Administrative	28,000	28,000	13,269	14,731
Supplies; Fees	9,000	9,000	6,142	2,858
Contractual Professional Services	531,000	531,000	487,752	43,248
Property Casualty Insurance	76,000	76,000	72,576	3,424
Mileage Reimbursements	2,000	2,000	268	1,732
Membership Dues	8,400	8,400	7,229	1,171
Books & Subscriptions	1,500	1,500	1,882	(382)
Advertising	6,500	6,500	3,259	3,241
Hiring Processes & Backgrounds	7,000	7,000	7,874	(874)
Postage & Shipping	3,500	3,500	2,419	1,081
Interest - Bank loan	100	100	-	100
Total Materials and Services	<u>687,000</u>	<u>687,000</u>	<u>609,908</u>	<u>77,092</u>
<b>Total Administration</b>	<u>\$ 1,270,200</u>	<u>\$ 1,270,200</u>	<u>\$ 1,180,675</u>	<u>\$ 89,525</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance With Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>OPERATIONS</b>				
<b>Personnel Services</b>				
Fire Captains	\$ 1,180,000	\$ 1,180,000	\$ 1,180,527	\$ (527)
Fire Engineers	1,039,000	1,039,000	1,036,483	2,517
Firefighters	1,544,000	1,544,000	1,539,427	4,573
Deputy Chief of Operations	122,000	122,000	121,680	320
Battalion Chiefs - 56 hour	322,000	322,000	322,054	(54)
Battalion Chiefs - 40 hour	1,000	1,000	-	1,000
Staff Assistant	46,000	46,000	49,660	(3,660)
Part-Time Program Asst	1,000	1,000	-	1,000
Overtime	574,000	741,900	554,367	187,533
Out of Classification Pay	70,000	70,000	61,885	8,115
Education Incentive	107,100	107,100	107,367	(267)
EMS Incentive	218,300	218,300	214,500	3,800
Longevity Pay	71,200	71,200	71,231	(31)
Holiday Pay	99,000	99,000	98,674	326
Technology Stipend	3,100	3,100	3,120	(20)
Duty Accrual Payout	6,000	6,000	4,446	1,554
Retirement (PERS)	920,000	920,000	891,295	28,705
ER Deferred Comp Contribution	99,000	99,000	98,812	188
Health and Life Insurance	935,000	935,000	937,060	(2,060)
HRA-VEBA Contribution	195,000	195,000	189,848	5,152
Payroll Taxes - FICA/Medicare	414,000	414,000	397,569	16,431
Worker's Comp Insurance	164,500	164,500	118,930	45,570
Total Personnel Services	<u>8,131,200</u>	<u>8,299,100</u>	<u>7,998,935</u>	<u>300,165</u>
<b>Materials and Services</b>				
Physicals & Vaccinations	18,000	18,000	42	17,958
Supplies; Fees	4,000	4,000	769	3,231
Supplies; Operations	3,000	3,000	3,466	(466)
Supplies; Special Projects	7,000	7,000	1,703	5,297
Fire Suppression Equipment	162,800	162,800	152,152	10,648
M&R - Emergency Response Equipment	40,000	40,000	34,058	5,942
Contractual Professional Services	24,000	24,000	22,181	1,819
Membership Dues	700	700	934	(234)
Books & Subscriptions	1,500	1,500	2,253	(753)
Total Materials and Services	<u>261,000</u>	<u>261,000</u>	<u>217,558</u>	<u>43,442</u>
<b>Total Operations</b>	<u>\$ 8,392,200</u>	<u>\$ 8,560,100</u>	<u>\$ 8,216,493</u>	<u>\$ 343,607</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>FIRE AND LIFE SAFETY</b>				
<b>Personnel Services</b>				
Fire Marshal	\$ 122,000	\$ 122,000	\$ 121,680	\$ 320
Deputy Fire Marshals	198,300	198,300	198,266	34
Fire and Life Safety Specialist	71,700	71,700	68,237	3,463
Staff Assistant	46,000	46,000	49,660	(3,660)
Overtime	18,000	18,000	13,449	4,551
Education/EMS Incentive	28,500	28,500	29,536	(1,036)
Longevity Pay	2,500	2,500	2,478	22
Technology Stipend	3,000	3,000	3,120	(120)
Fire Investigator On Call Pay	15,000	15,000	14,756	244
Duty Accrual Payout	8,000	8,000	7,488	512
Retirement (PERS)	91,600	91,600	90,330	1,270
ER Deferred Comp Contribution	10,900	10,900	7,091	3,809
Health and Life Insurance	98,300	98,300	98,226	74
HRA-VEBA Contribution	19,500	19,500	19,497	3
Payroll Taxes - FICA/Medicare	39,200	39,200	37,745	1,455
Worker's Comp Insurance	1,500	1,500	639	861
Total Personnel Services	<u>774,000</u>	<u>774,000</u>	<u>762,198</u>	<u>11,802</u>
<b>Materials and Services</b>				
Physicals & Vaccinations	2,000	2,000	-	2,000
Printing	1,500	1,500	-	1,500
Supplies; Fees	1,000	1,000	-	1,000
Supplies; FLS	10,000	10,000	5,182	4,818
Supplies; Public Education Materials	5,000	5,000	2,481	2,519
Community Fire Prevention & Safety	167,000	167,000	95,970	71,030
Contractual Professional Services	10,000	10,000	9,225	775
Membership Dues	3,500	3,500	1,089	2,411
Books & Subscriptions	3,500	3,500	2,082	1,418
Advertising	4,000	4,000	844	3,156
Total Materials and Services	<u>207,500</u>	<u>207,500</u>	<u>116,873</u>	<u>90,627</u>
<b>Total Fire and Life Safety</b>	<u>\$ 981,500</u>	<u>\$ 981,500</u>	<u>\$ 879,071</u>	<u>\$ 102,429</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>TRAINING</b>				
<b>Personnel Services</b>				
Division Chief Training & Safety	\$ 116,000	\$ 116,000	\$ 115,898	\$ 102
Administrative Assistant	48,200	48,200	49,916	(1,716)
Overtime	76,000	76,000	65,522	10,478
Education/EMS Incentive	10,400	10,400	10,460	(60)
Technology Stipend	800	800	780	20
Duty Accrual Payout	6,000	6,000	1,532	4,468
Retirement (PERS)	36,900	36,900	30,588	6,312
ER Deferred Comp Contribution	6,300	6,300	6,693	(393)
Health and Life Insurance	29,500	29,500	29,029	471
HRA-VEBA Contribution	7,800	7,800	8,988	(1,188)
Payroll Taxes - FICA/Medicare	19,700	19,700	17,486	2,214
Worker's Comp Insurance	6,400	6,400	3,604	2,796
Total Personnel Services	<u>364,000</u>	<u>364,000</u>	<u>340,496</u>	<u>23,504</u>
<b>Materials and Services</b>				
Physicals & Vaccinations	500	500	114	386
Supplies; Fees	1,000	1,000	350	650
Supplies; Training & Safety	23,000	23,000	9,930	13,070
Training Props & Equipment	10,700	10,700	6,362	4,338
M&R; Training Equip & Props	1,500	1,500	15	1,485
Health and Wellness	5,000	5,000	5,250	(250)
Contractual Professional Services	15,000	15,000	5,260	9,740
Membership Dues	1,000	1,000	654	346
Books & Subscriptions	12,000	12,000	12,153	(153)
Meeting Travel Expenses	8,000	8,000	3,009	4,991
Training/Conferences; Admin	25,000	25,000	25,368	(368)
Training/Conferences; Board	2,500	2,500	2,566	(66)
Training/Conferences; Operations	55,000	55,000	45,298	9,702
Training/Conferences; Fire Safety	10,000	10,000	5,695	4,305
Training/Conferences; Volunteers	5,000	5,000	6,139	(1,139)
Training/Conferences; Technology	3,000	3,000	-	3,000
Total Materials and Services	<u>178,200</u>	<u>178,200</u>	<u>128,163</u>	<u>50,037</u>
<b>Total Training</b>	<u>\$ 542,200</u>	<u>\$ 542,200</u>	<u>\$ 468,659</u>	<u>\$ 73,541</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>SUPPORT SERVICES</b>				
<b>Personnel Services</b>				
Facilities/Logistics Manager	\$ 69,500	\$ 69,500	\$ 68,494	\$ 1,006
Longevity Pay	1,700	1,700	1,712	(12)
Technology Stipend	800	800	780	20
Retirement (PERS)	6,000	6,000	5,920	80
ER Deferred Comp Contribution	3,100	3,100	3,072	28
Health and Life Insurance	15,500	15,500	15,154	346
HRA-VEBA Contribution	3,900	3,900	3,899	1
Payroll Taxes - FICA/Medicare	5,500	5,500	5,384	116
Worker's Comp Insurance	1,000	1,000	(29)	1,029
Total Personnel Services	<u>107,000</u>	<u>107,000</u>	<u>104,386</u>	<u>2,614</u>
<b>Materials and Services</b>				
Uniforms	59,600	59,600	39,614	19,986
Janitorial & Laundry Services	30,000	30,000	40,216	(10,216)
Medical Supplies and Equipment	50,000	50,000	60,365	(10,365)
Supplies; Logistics Warehouse	4,000	4,000	1,361	2,639
Supplies; Station & Consumables	6,000	6,000	2,339	3,661
Facility Furnishings & Appliances	10,000	10,000	15,382	(5,382)
Supplies; Facilities	5,000	5,000	3,912	1,088
Fuel and Lubricants	80,000	80,000	58,649	21,351
M&R - Vehicles	197,000	197,000	227,997	(30,997)
Bldgs and Grounds - WC	16,000	16,000	15,490	510
Bldgs and Grounds - CP	10,000	10,000	6,939	3,061
Bldgs and Grounds - DB	12,000	12,000	2,306	9,694
Bldgs and Grounds - SV	23,000	23,000	20,240	2,760
Bldgs and Grounds - GH	5,000	5,000	4,516	484
Bldgs and Grounds - AL	4,000	4,000	3,738	262
Bldgs and Grounds - EP	20,000	20,000	7,838	12,162
Bldgs and Grounds - TR	5,000	5,000	2,160	2,840
Bldgs and Grounds - TC	13,500	13,500	3,786	9,714
Bldgs and Grounds - ADM	22,000	22,000	23,275	(1,275)
Bldgs and Grounds - Warehouse	1,500	1,500	1,562	(62)
M&R - District Equipment	7,500	7,500	5,686	1,814
M&R - Appliances & Furnishings	3,000	3,000	1,596	1,404
Contractual Professional Services	7,000	7,000	4,892	2,108
Memberships & Certifications	100	100	-	100
Subscriptions	100	100	-	100
Utilities; WC Station	32,000	32,000	32,820	(820)
Utilities; CP Station	22,000	22,000	20,695	1,305
Utilities; DB Station	14,000	14,000	10,394	3,606
Utilities; SV Station	14,000	14,000	12,103	1,897
Utilities; GH Station	14,000	14,000	11,235	2,765
Utilities; AL Station	10,000	10,000	6,523	3,477
Utilities; EP Station	20,000	20,000	19,578	422
Utilities; TR Station	10,000	10,000	10,914	(914)
Utilities; Training Center	12,000	12,000	13,716	(1,716)
Utilities; Admin Bldg	37,000	37,000	36,622	378
Total Materials and Services	<u>776,300</u>	<u>776,300</u>	<u>728,459</u>	<u>47,841</u>
<b>Total Support Services</b>	<u>\$ 883,300</u>	<u>\$ 883,300</u>	<u>\$ 832,845</u>	<u>\$ 50,455</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>VOLUNTEER</b>				
<b>Materials and Services</b>				
Vaccinations & Entrance Screenings	\$ 4,000	\$ 4,000	\$ 558	\$ 3,442
Workers' Compensation Insurance	4,500	4,500	2,398	2,102
Supplies	2,500	2,500	314	2,186
Contractual Professional Services	1,000	1,000	219	781
Student Firefighter Program	40,000	40,000	8,983	31,017
LOSAP Contribution	10,000	10,000	200	9,800
Membership Dues	500	500	233	267
Books & Subscriptions	6,500	6,500	5,426	1,074
School Donations	1,000	1,000	1,000	-
Total Materials and Services	<u>70,000</u>	<u>70,000</u>	<u>19,331</u>	<u>50,669</u>
<b>Total Volunteer</b>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ 19,331</u>	<u>\$ 50,669</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>TECHNOLOGY</b>				
<b>Personnel Services</b>				
Info Tech Administrator	\$ 95,500	\$ 95,500	\$ 94,390	\$ 1,110
Education Incentive	3,300	3,300	3,302	(2)
Longevity Pay	1,200	1,200	1,180	20
Technology Stipend	800	800	-	800
Retirement (PERS)	8,200	8,200	8,246	(46)
ER Deferred Comp Contribution	4,200	4,200	4,248	(48)
Health and Life Insurance	12,300	12,300	12,258	42
HRA-VEBA Contribution	4,000	4,000	3,899	101
Payroll Taxes - FICA/Medicare	7,500	7,500	7,526	(26)
Worker's Comp Insurance	500	500	34	466
<b>Total Personnel Services</b>	<u>137,500</u>	<u>137,500</u>	<u>135,083</u>	<u>2,417</u>
<b>Materials and Services</b>				
Supplies; Computers & Technology	45,500	45,500	35,230	10,270
Supplies; Communication Devices	10,000	10,000	7,031	2,969
Licenses & Subscriptions	43,900	43,900	43,378	522
Technical Support	8,000	8,000	5,584	2,416
M&R; Office and Tech Equip	7,000	7,000	5,579	1,421
M&R; Communication Devices	5,000	5,000	11,652	(6,652)
Communication Services	20,000	20,000	20,006	(6)
<b>Total Materials and Services</b>	<u>139,400</u>	<u>139,400</u>	<u>128,460</u>	<u>10,940</u>
<b>Total Technology</b>	<u>\$ 276,900</u>	<u>\$ 276,900</u>	<u>\$ 263,543</u>	<u>\$ 13,357</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**General Fund**  
**Detail to Budgetary Comparison Schedule (continued)**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>DEBT SERVICE</b>				
Principal	\$ 236,500	\$ 236,500	\$ 236,456	\$ 44
Interest	25,400	25,400	25,380	20
<b>Total Debt Service</b>	<u>261,900</u>	<u>261,900</u>	<u>261,836</u>	<u>64</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 12,678,200</u>	<u>\$ 12,846,100</u>	<u>\$ 12,122,453</u>	<u>\$ 723,647</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**Capital Projects Fund**  
**Budgetary Comparison Schedule**  
For the Fiscal Year Ending June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grants	\$ 1,082,000	\$ 1,082,000	\$ -	\$ (1,082,000)
Donations	1,000,000	1,000,000	-	(1,000,000)
<b>Total revenues</b>	<u>2,082,000</u>	<u>2,082,000</u>	<u>-</u>	<u>(2,082,000)</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Department Equipment	50,000	50,000	-	50,000
Apparatus and Vehicles	1,260,000	1,260,000	1,247,975	12,025
Land and Improvements	100,000	260,000	284,818	(24,818)
Building Const and Improvements	2,581,800	2,581,800	82,521	2,499,279
<b>Total expenditures</b>	<u>3,991,800</u>	<u>4,151,800</u>	<u>1,615,314</u>	<u>2,536,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,909,800)</u>	<u>(2,069,800)</u>	<u>(1,615,314)</u>	<u>(4,618,486)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating contingency	(200,000)	(40,000)	-	40,000
Loan proceeds	100	100	-	(100)
Proceeds from sale of capital assets	500	500	9,450	8,950
Transfer from General Fund	1,349,300	1,349,300	1,349,300	-
<b>Total other financing sources (uses)</b>	<u>1,149,900</u>	<u>1,309,900</u>	<u>1,358,750</u>	<u>48,850</u>
Net change in fund balances	(759,900)	(759,900)	(256,564)	(4,569,636)
<b>FUND BALANCES</b>				
Beginning of year - July 1, 2017	3,607,000	3,607,000	3,573,377	(33,623)
End of year - June 30, 2018	<u>\$ 2,847,100</u>	<u>\$ 2,847,100</u>	<u>\$ 3,316,813</u>	<u>\$ (4,603,259)</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**Schedule of Property Tax Transactions**  
June 30, 2018

Fiscal Years	Property Taxes Receivable at July 1, 2017	Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest	Add/ (Deduct) Adjustments	Deduct Collections	Property Taxes Receivable at June 30, 2018
17-18		\$ 13,416,774	\$ (344,317)	\$ 3,180	\$ 106,065	\$ 12,757,891	\$ 423,811
16-17	\$ 401,117			7,770	(76,275)	145,705	186,907
15-16	201,929			7,272	(15,418)	58,956	134,827
14-15	132,393			7,620	(10,373)	42,157	87,483
13-14	81,877			5,503	(11,105)	24,917	51,358
12-13	43,758			992	(868)	3,382	40,500
11-12	38,583			863	(659)	2,553	36,234
Prior	29,739			1,112	(1,353)	2,643	26,855
<b>Totals</b>	<u>\$ 929,396</u>	13,416,774	<u>\$ (344,317)</u>	<u>\$ 34,312</u>	<u>\$ (9,986)</u>	13,038,204	<u>\$ 987,975</u>
	Less discounts	(344,317)			Less received July 2017	(116,086)	
	Plus interest	34,312			Plus received July 2018	155,634	
	Less adjustments	(9,986)			Less hold backs from JC	(53,842)	
	Less hold backs from JC	(53,842)					
<b>Total government-wide property tax revenue</b>		<u>\$ 13,042,941</u>			<b>Total governmental fund property tax revenue</b>	<u>\$ 13,023,910</u>	

## **STATISTICAL SECTION**



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# JACKSON COUNTY FIRE DISTRICT 3

June 30, 2018

## STATISTICAL SECTION

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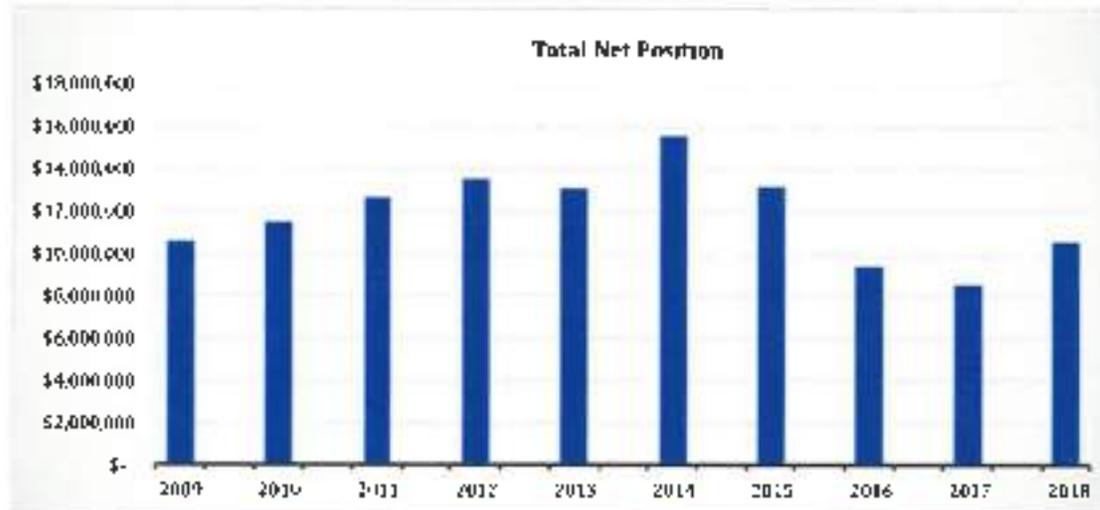
This part of Jackson County Fire District 3's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	74-77
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	78-81
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	82-84
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	85-86
These schedules offer demographic and economic indicators to help the reader understand how the information in the District's financial report relates to the services the District provides.	
<b>Operating Information</b>	87-89
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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**JACKSON COUNTY FIRE DISTRICT 3**  
**Net Position by Component**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Net investment in capital assets:										
Restricted	\$ 6,893,349	\$ 8,240,191	\$ 8,018,212	\$ 8,560,980	\$ 8,126,512	\$ 8,910,272	\$ 8,861,249	\$ 9,044,662	\$ 9,075,288	\$ 10,252,970
Unrestricted	3,698,866	3,348,473	4,705,805	4,971,479	5,059,140	6,668,219	4,390,203	41,311	(466,499)	350,923
<b>Total net position</b>	<b>\$ 10,592,215</b>	<b>\$ 11,588,664</b>	<b>\$ 12,724,017</b>	<b>\$ 13,532,459</b>	<b>\$ 13,185,652</b>	<b>\$ 15,578,491</b>	<b>\$ 13,251,452</b>	<b>\$ 9,455,573</b>	<b>\$ 8,608,789</b>	<b>\$ 10,603,893</b>



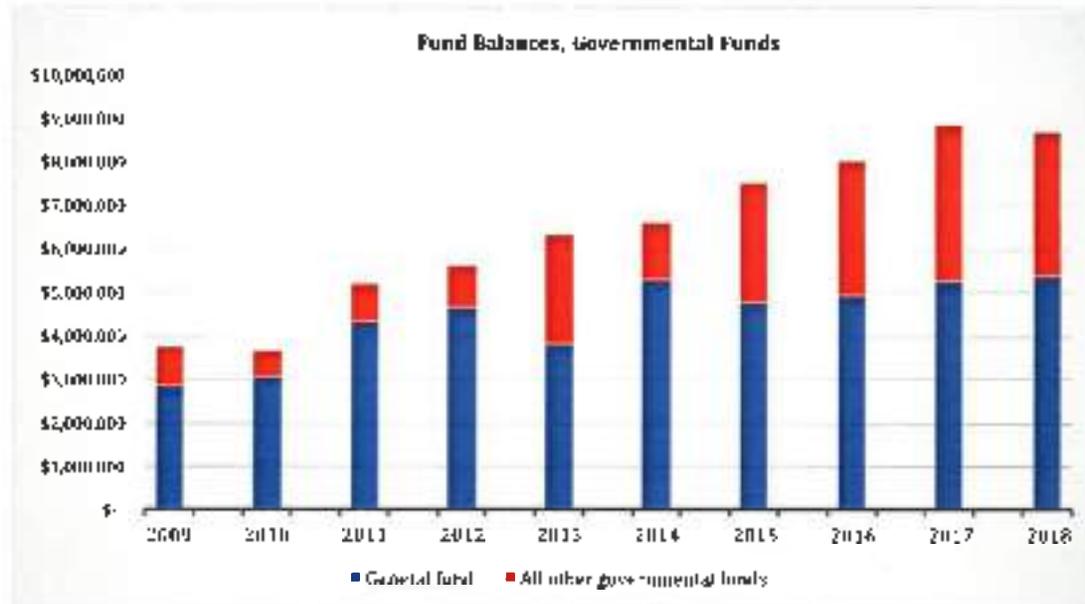
**JACKSON COUNTY FIRE DISTRICT 3**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
Fire protection	\$ 8,301,531	\$ 9,135,542	\$ 9,119,311	\$ 9,284,975	\$ 10,459,191	\$ 11,201,621	\$ 11,794,561	\$ 13,396,948	\$ 11,074,139	\$ 10,983,965
Interest on long-term debt	143,530	131,211	116,811	101,642	89,860	11,767	46,655	41,317	35,492	30,058
Depreciation	640,957	648,129	678,616	644,431	649,242	640,369	676,716	746,320	702,662	666,587
<b>Total Expenses</b>	<u>9,086,018</u>	<u>9,914,882</u>	<u>9,914,738</u>	<u>10,031,048</u>	<u>11,198,293</u>	<u>11,853,757</u>	<u>12,517,932</u>	<u>14,185,585</u>	<u>11,812,293</u>	<u>11,680,610</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Operating grants and contributions	1,592	1,695	1,810	211,625	80,943	750	53,311	38,968	157,201	51,898
Capital grants and contributions	-	-	-	-	-	-	250,000	-	-	-
<b>Total Program Revenues</b>	<u>1,592</u>	<u>1,695</u>	<u>1,810</u>	<u>211,625</u>	<u>80,943</u>	<u>750</u>	<u>283,311</u>	<u>38,968</u>	<u>157,201</u>	<u>51,898</u>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>										
<b>Total Net Expense</b>	<u>(9,084,426)</u>	<u>(9,913,187)</u>	<u>(9,912,928)</u>	<u>(10,419,423)</u>	<u>(11,117,350)</u>	<u>(11,853,007)</u>	<u>(12,234,621)</u>	<u>(14,146,617)</u>	<u>(11,655,092)</u>	<u>(11,628,712)</u>
<b>General Revenues</b>										
<b>Governmental Activities</b>										
Property taxes	9,022,101	10,779,357	10,969,367	11,111,760	10,751,153	11,103,232	10,618,842	12,125,021	11,599,737	11,042,911
Investment earnings	92,210	35,014	29,884	31,878	43,134	37,448	43,473	63,274	108,035	173,969
Gain/(loss) on sale of capital assets	-	38,122	-	204	1,250	-	29,044	353	5,155	13,363
Contract receipts	18,600	19,500	20,500	21,300	21,500	52,000	100,000	134,544	81,208	24,900
Contributions and miscellaneous	50,133	34,546	49,012	58,671	34,558	136,629	79,634	716,726	65,291	298,023
<b>Total General Revenues</b>	<u>9,183,044</u>	<u>10,906,534</u>	<u>11,068,663</u>	<u>11,223,713</u>	<u>10,851,593</u>	<u>11,329,309</u>	<u>11,802,579</u>	<u>12,539,158</u>	<u>11,861,101</u>	<u>11,558,216</u>
<b>Change in Net Position</b>										
<b>Governmental Activities</b>										
<b>Total primary government</b>	<u>\$ -89,382</u>	<u>\$ -1,006,653</u>	<u>\$ -1,135,353</u>	<u>\$ -898,352</u>	<u>\$ -1,265,757</u>	<u>\$ -523,697</u>	<u>\$ -1,432,042</u>	<u>\$ -1,607,459</u>	<u>\$ -483,991</u>	<u>\$ -1,070,496</u>

**JACKSON COUNTY FIRE DISTRICT 3**  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General fund</b>										
Nonspendable	\$ 1:5,101	\$ 111,579	\$ 121,478	\$ 128,921	\$ 146,371	\$ 125,407	\$ 131,845	\$ 139,017	\$ 139,693	\$ 145,516
Unassigned	2,754,160	2,968,146	4,215,728	4,557,076	3,710,314	5,201,956	4,661,075	4,811,850	5,148,223	5,244,219
<b>Total general fund</b>	<b>\$ 2,769,261</b>	<b>\$ 3,079,725</b>	<b>\$ 4,337,206</b>	<b>\$ 4,685,997</b>	<b>\$ 3,856,685</b>	<b>\$ 5,327,371</b>	<b>\$ 4,792,920</b>	<b>\$ 4,950,867</b>	<b>\$ 5,287,916</b>	<b>\$ 5,389,735</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ 522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	250,000	-	-	-
Assigned	906,636	549,009	879,961	937,259	2,480,826	1,279,652	2,505,652	3,079,957	3,579,377	3,416,813
<b>Total all other governmental funds</b>	<b>\$ 906,636</b>	<b>\$ 549,009</b>	<b>\$ 879,983</b>	<b>\$ 937,259</b>	<b>\$ 2,480,826</b>	<b>\$ 1,279,652</b>	<b>\$ 2,755,652</b>	<b>\$ 3,079,957</b>	<b>\$ 3,579,377</b>	<b>\$ 3,416,813</b>

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**JACKSON COUNTY FIRE DISTRICT 3**  
**Changes in Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

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	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Property taxes	\$ 8,890,330	\$ 10,661,907	\$ 10,055,422	\$ 11,132,544	\$ 10,815,180	\$ 12,113,147	\$ 11,634,290	\$ 12,334,058	\$ 12,569,814	\$ 13,023,910
Investment earnings	92,210	35,214	29,484	53,878	43,134	37,448	48,871	63,374	108,053	173,989
Contracts	18,600	19,000	20,300	21,600	21,500	52,000	130,655	134,344	81,288	24,900
Grants	1,592	1,696	1,800	214,625	13,947	750	263,213	38,968	107,201	53,898
Contributions and miscellaneous	50,151	31,500	44,032	56,871	34,538	136,629	78,654	296,726	69,091	298,024
<b>Total revenues</b>	<b>9,052,003</b>	<b>10,772,757</b>	<b>10,956,238</b>	<b>11,457,918</b>	<b>10,934,235</b>	<b>12,333,974</b>	<b>12,331,483</b>	<b>12,567,570</b>	<b>12,935,879</b>	<b>13,574,700</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
Fire protection	6,351,740	8,205,233	6,800,124	9,751,757	9,913,965	10,542,940	10,563,333	11,114,521	11,338,451	12,860,617
Capital outlay	991,483	1,676,692	1,200,449	842,753	44,333	1,646,230	262,300	711,395	509,960	1,615,334
Utility service										
Principal	305,301	318,274	736,648	350,430	169,641	76,040	342,995	223,337	235,800	235,156
Interest	150,788	137,802	123,984	109,182	90,571	44,681	52,554	35,430	31,443	25,980
<b>Total expenditures</b>	<b>9,594,312</b>	<b>10,738,004</b>	<b>9,380,805</b>	<b>11,054,122</b>	<b>10,227,310</b>	<b>12,116,871</b>	<b>11,217,682</b>	<b>12,086,603</b>	<b>12,112,313</b>	<b>13,737,767</b>
Excess (deficiency) of revenues over expenditures	(542,309)	(180,344)	1,575,433	405,796	706,925	217,103	1,113,801	480,967	823,566	(163,067)
<b>OTHER FINANCING SOURCES (USES)</b>										
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of equipment	-	38,123	-	6,291	1,250	11,111	24,944	593	5,355	33,383
Refunding bond issuance costs	-	-	-	-	-	38,500	-	-	-	-
Transfers in	84,500	1,300,000	450,000	750,000	1,795,700	230,609	1,473,000	1,630,200	960,900	1,540,300
Transfers out	(84,500)	(1,300,000)	(450,000)	(750,000)	(1,795,700)	(230,609)	(1,473,000)	(1,630,200)	(960,900)	(1,540,300)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>38,123</b>	<b>-</b>	<b>6,291</b>	<b>1,250</b>	<b>48,111</b>	<b>29,944</b>	<b>593</b>	<b>5,355</b>	<b>33,383</b>
<b>Net change in fund balances</b>	<b>\$ (542,309)</b>	<b>\$ (142,221)</b>	<b>\$ 1,575,433</b>	<b>\$ 412,087</b>	<b>\$ 718,175</b>	<b>\$ 275,214</b>	<b>\$ 943,345</b>	<b>\$ 486,560</b>	<b>\$ 828,921</b>	<b>\$ (129,684)</b>
Debt service as a percentage of noncapital expenditures	5.30%	4.52%	4.57%	4.50%	2.94%	1.12%	3.59%	2.30%	2.21%	2.16%

**JACKSON COUNTY FIRE DISTRICT 3**  
**Market and Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Res. Property		Personal Property		Public Utilities		Total		Total Assessed to Total Market Value	Total Direct Tax Rate
	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value		
2009	5,753,658,938	2,697,366,939	190,122,330	175,341,216	125,794,821	110,366,120	6,049,586,089	2,973,076,275	48.96%	3.12
2010	5,115,051,253	2,294,967,066	176,646,820	148,780,973	132,665,897	125,579,810	5,422,371,970	2,569,331,147	45.00%	3.12
2011	4,681,327,241	2,311,673,891	156,024,110	157,677,525	111,067,738	136,249,680	4,949,217,089	2,605,600,896	72.65%	3.12
2012	4,140,281,308	3,359,603,702	161,919,060	154,194,010	141,762,367	140,906,766	4,447,963,033	3,654,905,278	82.17%	3.12
2013	3,830,602,573	3,294,925,381	147,327,070	141,942,558	124,595,950	120,809,606	4,102,125,193	3,557,672,539	86.73%	3.12
2014	3,796,232,112	3,416,760,761	134,697,590	130,176,016	112,503,055	110,005,050	4,043,518,337	3,656,943,827	90.44%	3.12
2015	4,359,147,234	3,564,866,680	149,333,550	144,171,709	121,862,697	119,645,585	4,650,163,451	3,828,685,979	82.69%	4.12
2016	4,730,468,999	3,700,215,430	156,818,710	152,727,683	130,545,978	126,804,400	5,017,654,667	3,995,747,513	79.71%	3.12
2017	5,023,056,756	3,851,671,032	166,434,930	162,100,918	131,053,865	131,037,000	5,320,525,311	4,144,808,950	77.90%	3.12
2018	5,382,276,717	3,992,477,093	164,434,429	165,011,496	146,841,330	147,903,030	5,698,554,505	4,301,302,510	75.55%	3.12

Source: Jackson County Assessment Department

Notes: Tax rates are per \$1,000 of assessed value.

In May 1997 Oregon voters approved Measure 5 that revised the property tax system state-wide effective July 1, 1997. For property tax purposes, the measure changed a property's assessed valuation from real market value to a value for tax purposes. In addition, the maximum assessed value of a property was limited to a maximum of three percent growth per year. Accordingly since that date, there is a difference between market value and assessed value.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Direct and Overlapping Property Tax Rates**  
 Last Ten Fiscal Years  
 (Rate per \$1,000 of Assessed Value)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Range of property tax rates for direct and overlapping governments per \$3,000 of assessed value</b>	\$ 6.04 to \$ 17.92	\$ 7.13 to \$ 17.92	\$ 7.07 to \$ 17.92	\$ 6.96 to \$ 17.92	\$ 6.95 to \$ 17.92	\$ 6.96 to \$ 17.81				
JACKSON COUNTY FIRE DISTRICT 3	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12	\$ 3.12
Jackson County	2.01	2.01	2.01	2.01	2.01	2.06	2.00	2.00	2.00	2.00
School District 6	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41
School District 9	4.72	4.72	4.77	4.72	4.72	4.72	4.72	4.72	4.72	4.72
Rogue Community College	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51	0.51
Education Service District	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
City of Central Point	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.47	4.38
City of Eagle Point	2.46	2.45	2.46	2.46	2.46	2.46	2.46	2.46	2.46	2.46
City of Gold Hill	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68	1.68
Rogue Valley Transit District	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
White City Law Enforcement	2.02	2.02	2.02	2.44	2.42	2.42	2.37	2.37	2.37	2.32
Jackson Soil and Water Conservation	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Jackson County Library District	-	-	-	-	-	0.52	0.52	0.52	0.52	0.52
Jackson County Agricultural 4-H District	-	-	-	-	-	0.52	0.52	0.41	0.41	0.38

Source: Jackson County Assessment Department

**JACKSON COUNTY FIRE DISTRICT 3**  
**Principle Property Taxpayers**  
**Current Year and Nine Years Ago**

-B0-

Type of Business	2018				2009			
	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation		
<b>Private enterprise:</b>								
Boise Cascade Wood Products	1	\$ 64,633,157	1.50 %					
Carestream Health Inc	4	49,777,660	1.16	1	\$ 102,426,760	3.95 %		
Amy's Kitchen	5	47,298,730	1.11	8	15,714,710	0.56		
Costco Wholesale Corporation	7	25,915,660	0.60					
Linde LLC	8	23,494,700	0.55	7	10,379,670	0.42		
Boonass Ore. Ltd	9	22,149,000	0.51	3	39,903,500	1.34		
Physix Usa Inc	10	17,984,230	0.42					
Table Rock Group LLC				6	24,392,840	0.82		
CertainTeed Corp				5	31,525,200	1.04		
Boise Building Solutions				2	47,892,703	1.61		
<b>Public utilities:</b>								
Pacific Corp	2	52,537,000	1.22	4	33,162,000	1.12		
Arista Corp	3	49,920,700	1.16	9	15,308,000	0.51		
CenturyLink	6	26,602,000	0.62					
United Tel Northwest				10	15,134,000	0.51		
<b>All other taxpayers</b>		<u>112,455,200</u>	<u>2.61</u>		<u>142,266,995</u>	<u>4.79</u>		
<b>Total assessed value</b>		<u>\$493,257,077</u>	<u>11.46 %</u>		<u>\$407,177,076</u>	<u>16.49 %</u>		

Source: Jackson County Assessment Department

**JACKSON COUNTY FIRE DISTRICT 3**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied by Assessor	Current Tax Collections	Current Tax Collections as Percent of Current Levy	Delinquent Tax Collections	Total Tax Collections	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes	Delinquent Taxes as Percent of Current Levy
2009	9,291,810	8,545,870	91.97	343,252	8,889,122	95.67	727,166	7.83
2010	11,157,420	10,200,133	91.43	463,772	10,663,907	95.50	892,133	8.00
2011	11,254,507	10,379,903	92.23	475,519	10,855,422	96.45	977,187	8.68
2012	11,412,597	10,550,044	92.44	582,500	11,132,544	97.55	867,281	7.58
2013	11,112,431	10,386,202	93.36	429,978	10,816,180	97.33	858,401	7.72
2014	11,424,300	10,674,658	93.44	578,942	11,253,600	98.31	879,881	7.70
2015	11,909,202	11,292,333	94.82	322,057	11,614,390	97.52	861,868	7.24
2016	12,450,556	11,808,325	94.78	325,733	12,134,058	97.46	894,876	7.22
2017	12,911,941	12,280,183	95.11	289,536	12,569,719	97.35	929,391	7.20
2018	13,416,774	12,757,891	95.09	266,019	13,023,910	97.07	987,975	7.36

Source: Jackson County Treasurer's Office and Jackson County Fire District 3 Finance Department

**JACKSON COUNTY FIRE DISTRICT 3**  
**Ratios of Outstanding Debt by Type**  
 Last Ten Fiscal Years

<u>Governmental Activities</u>						
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Financing Agreements</u>	<u>Total Debt</u>	<u>Debt as a Percentage of Personal Income (a)</u>	<u>Per Capita (a)</u>
2009	\$ -	550,000	2,511,053	3,061,053	0.000458	15.13
2010	-	375,000	2,367,775	2,742,775	0.000402	13.48
2011	-	190,000	2,216,127	2,406,127	0.000340	11.75
2012	-	-	2,055,698	2,055,698	0.000277	9.99
2013	-	-	1,886,057	1,886,057	0.000250	9.10
2014	-	-	1,908,510	1,908,510	0.000233	9.13
2015	-	-	1,565,516	1,565,516	0.000179	7.39
2016	-	-	1,340,178	1,340,178	0.000145	6.24
2017	-	-	1,109,370	1,109,370	0.000115	5.10
2018	-	-	872,914	872,914	0.000083	3.86

**Source:** Bureau of Economic Analysis and Jackson County Fire District 3 Finance Department.

**Notes:** Details regarding the District's debt can be found in the notes to the financial statements.

(a) See page 85, Demographic and Economic Statistics, for personal income and population data. These ratios are calculated using estimated personal income and population from the prior calendar year.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Computation of Overlapping Net Direct Debt**  
As of June 30, 2018

<b>Jurisdiction</b>	<b>Net Direct Debt Outstanding (a)</b>	<b>Percentage Applicable to District</b>	<b>Amount Applicable to District</b>
City of Eagle Point	\$ 50,000	100.000%	\$ 50,000
City of Central Point	10,804,171	100.000%	10,804,171
City of Gold Hill	222,986	100.000%	222,986
Jackson County School District 6	7,847,898	90.360%	7,091,361
Jackson County School District 9	6,946,240	67.590%	4,694,964
Jackson County	1,209,588	20.880%	252,562
Jackson County Housing Authority	260,891	20.880%	54,474
Rogue Community College JC Bonds	2,755,553	20.880%	575,359
Rogue Valley Transit District	95,306	16.750%	15,964
Rogue Community College	2,869,200	15.260%	437,840
Jackson County School District 549C	<u>10,627,681</u>	6.240%	<u>663,167</u>
Subtotal of overlapping debt			24,862,848
Fire District 3 direct debt			<u>872,914</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 25,735,762</u></b>

**Source:** Oregon State Treasury, Debt Management Division

**Notes:** Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographic boundaries of the District.

(a) Net direct debt includes General Obligation Bonds and Full Faith and Credit Bonds minus any fully Self-Supporting Unlimited-tax GO Bonds and self-supporting Full Faith and Credit Debt.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year Ending June 30, 2018**

Real market value of District property	\$ 5,690,354,506
Debt limit under ORS 473.410(2) (1.25% of real market value)	71,231,931
Amount of debt applicable to limit	
Gross bonded debt	-
Certificates of participation	-
Less: Amount set aside for current repayment	-
Total net debt applicable to limit	-
Legal debt margin	<u>\$ 71,231,931</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$75,869,826	\$67,779,675	\$6,895,214	\$55,599,538	\$11,276,570	\$50,543,982	\$57,879,543	\$62,723,104	\$66,506,565	\$71,231,931
Total net debt applicable to limit	550,000	375,000	190,000	-	-	-	-	-	-	-
Legal debt margin	\$75,319,826	\$67,404,675	\$6,675,214	\$55,599,538	\$11,276,570	\$50,543,982	\$57,879,543	\$62,723,104	\$66,506,565	\$71,231,931
Total net debt applicable to the limit as a percentage of debt limit	0.72%	0.55%	0.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Real market value information from the Jackson County Assessor's Department. All other information obtained from District financial statements.

Note: Oregon Revised Statute 473 limits fire protection districts to a debt limit of 1.25% of real market value of all taxable property within the District's boundaries. Debt issued through financing agreements are not required to be used in the calculation.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

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<b>Calendar Year</b>	<b>Jackson County Population (a)</b>	<b>Total Personal Income</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2008	201,538	7,095,393	35,272	8,973	7.9%
2009	202,807	6,690,586	33,072	8,819	12.8%
2010	203,421	6,819,499	33,524	8,729	12.5%
2011	204,761	7,075,288	34,554	8,638	11.7%
2012	205,768	7,417,346	36,047	8,523	11.1%
2013	207,155	7,544,596	36,420	8,366	9.8%
2014	209,140	8,188,001	39,151	8,440	8.4%
2015	211,868	8,765,804	41,374	8,686	6.8%
2016	214,706	9,216,498	42,926	8,720	5.8%
2017	217,479	9,647,267	44,360	8,997	4.4%

**Sources:** Personal income and per capita personal income information provided by the Bureau of Economic Analysis. Population information provided by the U.S. Census Bureau. School enrollment provided by the Oregon State Department of Education. Unemployment data provided by the Oregon Employment Department.

**Notes:** Population, personal income, per capita income, and unemployment data is for entire Jackson County. School enrollment is based on the census of the two school district's within the Fire District at the start of the school year.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Principal Industries**  
Current Year and Nine Years Ago

<b>Industry</b>	<b>2018</b>			<b>2009</b>		
	<b>Employment</b>	<b>Rank</b>	<b>Percentage of Total District Employment</b>	<b>Employment</b>	<b>Rank</b>	<b>Percentage of Total District Employment</b>
Trade, Transportation, and Utilities	20,110	1	319.21 %	17,590	1	298.14 %
Educational & Health Services	17,410	2	276.35 %	12,320	3	208.81 %
Health Care & Social Assistance	16,420	3	260.63 %	11,670	5	197.80 %
Retail Trade	14,140	4	224.44 %	12,580	2	213.22 %
Leisure & Hospitality	11,610	5	184.29 %	8,770	6	148.64 %
Federal, State, Local Government	11,290	6	179.21 %	12,050	4	204.24 %
Manufacturing	7,910	7	125.56 %	6,240	8	105.76 %
Professional & Business Services	7,360	8	116.83 %	7,090	7	120.17 %
Construction	5,020	9	79.68 %	3,300	10	55.93 %
Financial Activities	4,330	10	68.73 %	3,990	9	67.63 %
<b>TOTAL</b>	<b>115,600</b>		<b>1834.92 %</b>	<b>95,600</b>		<b>1620.34 %</b>

**Sources:** Oregon Employment Department - Quality Informational Statistics.

**Note:** Information on the number of employees at specific businesses within the District's boundaries is not tracked by Jackson County or the Employment Department.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Full-Time Equivalent District Employees by Program**  
 Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program</b>										
Administration	8	8	4	4	4	4	4	4	4	4
Operations	43	43	44	48	48	48	50	50	50	50
Fire and Life Safety	4	3	4	4	4	4	5	5	5	5
Training	1	1	2	2	2	2	2	2	2	2
Support Services	3	2	2	2	1	1	1	1	1	1
Volunteer	1	1	1	0	0	0	0	0	0	0
Technology	0	0	1	1	1	1	1	1	1	1
<b>Total</b>	<b>60</b>	<b>58</b>	<b>58</b>	<b>61</b>	<b>60</b>	<b>60</b>	<b>63</b>	<b>63</b>	<b>63</b>	<b>63</b>

Source: Jackson County Fire District 3 Finance Department.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Operating Indicators by Program**  
**Last Nine Fiscal Years**

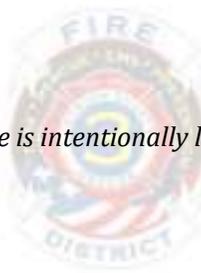
Program	Calendar Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Operations</b>										
Number of fire incidents	189	268	192	104	189	237	225	247	240	235
Number of medical incidents	3,665	3,792	3,570	3,829	3,641	4,350	4,128	4,722	4,442	4,268
Number of aI incidents (aI includes fire and medical above)	5,001	5,215	5,074	5,451	5,735	6,517	6,713	7,694	7,404	7,881
<b>Fire and Life Safety</b>										
Number of building inspections	250	518	468	485	829	1,052	1,210	1,230	204	271
Number of plan renewals and consultations	29	27	46	30	133	260	262	207	271	304
Number of fire investigations	13	32	26	163	192	322	297	300	313	286
<b>Training</b>										
Training hours for personnel	12,837	14,526	13,190	11,372	11,985	16,000	12,355	12,440	12,545	2,387

Source: Various Jackson County Fire District 3 Departments.

**JACKSON COUNTY FIRE DISTRICT 3**  
**Capital Asset Statistics by Program**  
 Last Nine Fiscal Years

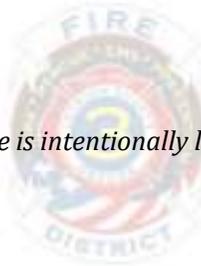
Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Operations/Fire Suppression</b>										
Fire Engines	13	11	11	10	10	11	13	11	11	11
Wildland Engine	12	10	10	10	10	9	9	10	9	9
Water Tenders	5	5	5	7	7	5	5	5	5	5
Rescue Equipment	5	3	3	2	2	2	2	2	2	2
Command Staff/Support Vehicles	11	15	17	19	17	14	18	19	17	17
<b>Maintenance</b>										
Number of District facilities maintained	8	8	8	8	9	6	8	8	8	8

Source: Jackson County Fire District 3 Finance Department.



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**REPORTS ON OTHER LEGAL AND  
REGULATORY REQUIREMENTS**



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### **Required by State Regulation**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standard for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy; enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

# **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. 3  
8383 Agate Road  
White City OR 97503

I have audited the basic financial statements of Jackson County Fire District No. 3 as of and for the year ended June 30, 2018 and have issued my report thereon dated December 19, 2018. 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. 3'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. 3 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. 3's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Jackson County Fire District No. 3's internal control over financial reporting. However, I did in a letter dated December 14, 2018, 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. 3 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

December 19, 2018

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