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# **TUALATIN VALLEY FIRE AND RESCUE**

A Rural Fire Protection District, Tigard, Oregon

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended**

**June 30, 2014**

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Prepared By:  
The Finance Department

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# Tualatin Valley Fire and Rescue

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For The Year Ended June 30, 2014

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## INTRODUCTORY SECTION

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October 23, 2014

**To Board President Wyffels and  
Members of the Board of Directors of  
Tualatin Valley Fire and Rescue**

We are pleased to submit the Comprehensive Annual Financial Report of Tualatin Valley Fire and Rescue (District) for the fiscal year ended June 30, 2014. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse; and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. 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 (1) the cost of a control should not exceed the benefits to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Tualatin Valley Fire and Rescue is a special district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the Government Finance Officers Association of the United States and Canada.

State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the District by independent public accountants selected by the Board of Directors. This requirement has been complied with and the auditor's opinion has been included at the front of the financial section of this report.

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. MD&A complements this letter of transmittal and should be read in conjunction with it.

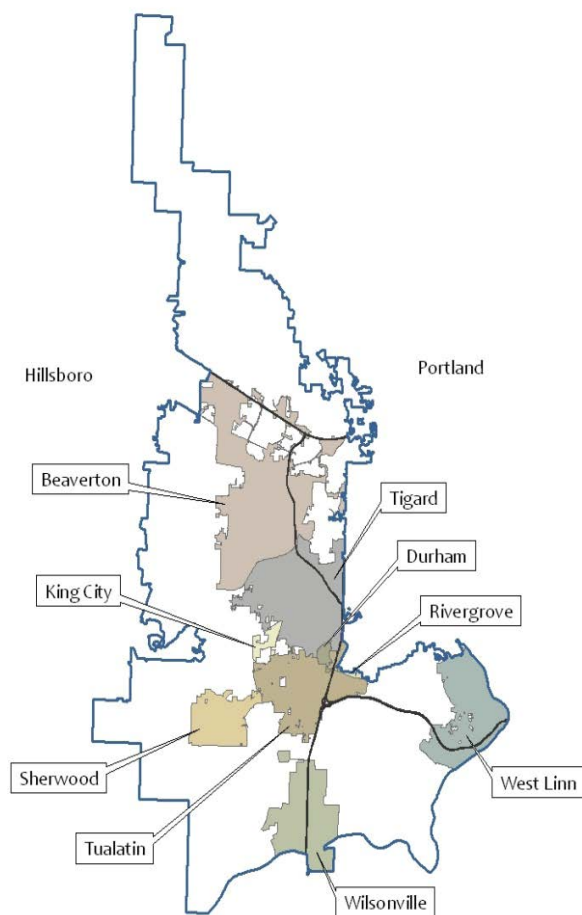
# Tualatin Valley Fire and Rescue

## Letter of Transmittal

June 30, 2014

### The Reporting Entity and Its Services

The District operates under Oregon Revised Statutes Chapter 478 as a separate municipal corporation and is managed by a Board of Directors comprised of a President and four Directors including a Vice-President and a Secretary-Treasurer. The Board hires a Fire Chief to manage the day-to-day operations of the District. The governing Board appoints members of the community to serve on boards and commissions, which include the Budget Committee and the Civil Service Commission.



Tualatin Valley Fire and Rescue, a Rural Fire Protection District, was formed in 1989, through the legal merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. Since that time, the District has expanded through the mergers of two additional fire districts, Multnomah County Rural Fire Protection District Nos. 4 and 20, and the annexation of the Valley View Water District on July 1, 1995. The District continued to grow by the annexation of the City of Beaverton to the District's service territory effective July 1, 1996. The most recent annexation was the City of West Linn, which was legally annexed on July 1, 2004.

The District currently operates 21 career and volunteer fire stations with a complement of fire engines, ladder trucks, aerial pumpers, hazardous materials response units, technical rescue units, one heavy CBRNE unit (chemical, biological, radiological, nuclear, and explosives), water tenders, brush rigs, and several other pieces of equipment, including medics, response cars, water rescue units, a mobile command unit, and an additional fleet utilized to supplement response needs. District employees - 458 in

2014 - were supplemented by approximately 50 volunteer firefighters.

The District has been and continues to be focused on providing the taxpayers the highest level of service in an efficient and effective operation. The District continues to implement operational improvements in order to accomplish its strategic goals.

## **Tualatin Valley Fire and Rescue**

### **Letter of Transmittal**

**June 30, 2014**

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The District serves northeast Washington County, northwest Clackamas County, and the western edge of Multnomah County. The District is a special service district supported by the property owners within its boundaries.

The District serves a population of an estimated 450,000 people. Assessed valuation continues to grow and to provide additional tax revenue. The District's funding is based upon a permanent tax rate of \$1.5252 levied per \$1,000 of assessed valuation. Increases in assessed valuation result in increased tax revenue to the District. Assessed valuation increased from approximately \$43.7 billion in 2012-13 to over \$45.2 billion in the 2013-14 fiscal year. In addition, the District depends upon an additional local option levy to supplement the permanent levy rate, currently \$.25 per \$1,000 of assessed value through 2014-15. The District's voters supported a replacement levy of \$.45 per \$1,000 of assessed value in the November 2014 election that will begin in 2015-2016 and provide funding for existing and additional firefighters, response units and stations through June 30, 2020.

Capital funding continues to be primarily funded through a series of general obligation bond sales. The authority to issue up to \$77.5 million of bonds was approved by the District's voters at the November 2006 election to provide funding for new stations, significant seismic reconstruction of existing stations, a command center, and for the purchase of emergency response apparatus throughout the District. To date, the District has sold a total of \$72.5 million in four issuances. A final \$5 million issuance is planned for 2015-16.

The area served, which includes the cities of Beaverton, Durham, King City, Rivergrove, Tigard, Tualatin, Sherwood, West Linn, and Wilsonville and unincorporated portions of three counties, Washington, Clackamas, and Multnomah, lies within one of the fastest growing regions of the state. The District is an area encompassing densely populated suburbs, rural farmlands, retail and commercial establishments, and growing industrial complexes.

Fire stations are strategically placed throughout the District to protect property and the District population. The District utilizes defined response time standards, projected population densities and aging demographics, urban growth projections, as well as actual and planned traffic conditions to determine the best station sites to optimize response times to our citizens through our interconnected network of fire stations. Our planning includes the need to continue to deploy additional emergency response units and stations within the service area.

As a result of the high quality of services provided, training standards, equipment, staffing, and related support functions, the District is among the leaders in the State of Oregon in obtaining a favorable insurance classification, class 2, according to the standards set forth by the Insurance Services Office, Inc. To the property owners in the District, this classification results in very low premium rates for fire insurance.

The District is a multi-service district with services and programs tailored to meet the needs of the community. The District is committed to creating safer communities through education, prevention, preparedness, and emergency response. Emergency response services include fire suppression, emergency medical services, water, high angle, and heavy rescue. For several years, the District has served as a Regional Hazardous Material Response provider for the

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## **Tualatin Valley Fire and Rescue**

### **Letter of Transmittal**

**June 30, 2014**

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State of Oregon, with a service response area ranging from the City of Portland boundary on the east to the Pacific Ocean on the west and from the District's northern boundary in Multnomah County southerly to Marion County.

The District's Integrated Operations staff is dedicated to meeting all of the state mandates regarding fire investigations, commercial and retail occupancy inspections, and educating District citizens. To deal with emergencies, both fire and medical, the District staffs a team of professional firefighters and paramedics 24-hours a day with skills and equipment necessary to deal with a wide variety of emergencies. Over 58%, or 209, of the District's professional line firefighters are certified as a Paramedic, while 100% of the remaining fire suppression personnel are certified at either the Basic or Intermediate Emergency Medical Technician levels. Under the guidance of physician advisors, emergency medical service personnel (all of whom are firefighters) maintain high skill levels through several specialized programs.

Modern training facilities, including a six-story training tower, a burn building for live fire training, a 19-acre training center, and a live TV studio and media center, provide personnel with constant training to keep their skills at the highest level. The TVF&R Training Center facility, which was constructed in several phases using public funding and private donations, provides advanced training opportunities in flammable liquids and gases and usage of live props, including a tanker truck, a vehicle driving course, propane rail cars, a bridge, and excavation tunnels. The Training Center provides private businesses, District employees, and other customers a site to train for actual emergency situations and to meet federally mandated training requirements. The Training Center's facility and grounds are used for the many intensive District training operations, as well as District employers requiring specialized training.

### **Economic Condition and Outlook**

The District, through its broad geographic base, serves a strong area of Oregon's economic base. The three counties served by the District are three of the top six counties in Oregon in 2013 providing employment of 75,000 or more people. Washington County recorded the largest rate of increase in average weekly wages among Oregon's largest counties, with a gain of 5.9% to \$1,163 a week as compared to \$1,000 nationally. Average weekly wages in Washington County (\$1,163, 45<sup>th</sup>), Multnomah County (\$1,006, 93<sup>rd</sup>), and Clackamas County (\$914, 159<sup>th</sup>) placed in the top half of the nation. Wage growth for Clackamas County was 2.1% over the prior year's fourth quarter and Multnomah County's weekly wage growth was 2.0% for the fourth quarter 2013.<sup>(1)</sup>

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<sup>(1)</sup> Bureau of Labor Statistics, Western Information Office, *County Employment and Wages in Oregon – Fourth Quarter 2013, Table 1*, <http://www.bls.gov/ro9/qcewor.htm#table1>

## **Tualatin Valley Fire and Rescue**

### **Letter of Transmittal**

**June 30, 2014**

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The District monitors property tax valuation matters closely and has worked extensively with regional officials to monitor trends and forecasts of this critical revenue source and with county assessors to closely analyze property type trends. Assessed valuation of existing property is limited to three percent increases a year; and growth in the District's assessed valuation is largely expected to come from legally allowed increases in assessed valuation, which is at 77 percent of market value District-wide as of the 2013-14 fiscal year. For 2013-14, the assessed value of the District grew 3.6 percent to over \$45.2 billion dollars.

The District's assessed valuation continues to grow, reaching over \$45.2 billion dollars in 2013-2014 with market values exceeding \$58.5 billion dollars. Market values have recovered to 2011 levels at year end with continuing improvements reported. Projections for assessed value and real market value growth in the years ahead are continuing to show improvement with recently reported Washington County assessed value growth for the District for 2014-15 at 4.2%.

The District's population is expected to grow in the next 20 years. Staff is working proactively and cooperatively with other governments and regional planning groups to ensure continued ability to serve this future population. This includes participating in neighborhood and street planning, emergency access and road construction planning processes, as well as evaluating and working across jurisdictional boundaries to ensure closest force response to population centers regardless of where city and county boundary lines fall.

The area serves as the home to companies such as Nike, Mentor Graphics, Columbia Sportswear, Reser's Fine Foods, Flir Systems Inc., Cascade Microtech Inc. Planar Systems, and Digimarc, in addition to several growing companies such as Act-On Software Inc., Eid Passport, Leupold & Stevens, and Vanguard EMS.<sup>(1)</sup> Sixteen of the top 100 fastest growing private companies in Oregon are located within the District's service area, including ICON Medical Network, Columbia Roofing & Sheet Metal and Axiom EPM.<sup>(1)</sup> Top metropolitan area employers include Intel, Providence Health System, Fred Meyer Stores, Oregon Health & Science University, Wells Fargo, Portland General Electric, Kaiser Permanente, Nike and U.S. Bank, among others.<sup>(1)</sup> Nike's world headquarters complex houses over 8,700 employees in its 351-acre campus, with expansion plans underway as the company analyzes how to accommodate its growth.<sup>(2)</sup> Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the neighboring City of Hillsboro with a recently announced agreement for Intel to invest another \$100 billion in Washington County over the next 30 years.<sup>(3)</sup>

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<sup>(1)</sup> *Portland Business Journal, Book of Lists, December 27, 2013*

<sup>(2)</sup> *Kish, Mathew, "Nike adds more than 2,000 jobs, exceeds state goal." Portland Business Journal, October 7, 2014.*

<sup>(3)</sup> *Spencer, Malia, "Intel's deal essential for future Oregon investment." Portland Business Journal, August 11, 2014.*

# **Tualatin Valley Fire and Rescue**

## **Letter of Transmittal**

**June 30, 2014**

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### **Major Initiatives**

#### **For the Year and For the Future**

In fiscal year 2014, the District focused on two significant areas. The station construction and project management of the capital projects being funded through the capital construction program impacts almost every division within the District and will continue to do so through at least 2020 as bond proceeds and future local option levy funds are managed. Combined efforts are required in order to manage the projects and build fire stations and purchase apparatus that will provide taxpayers the best service and value for the next 20 years. Staff has reviewed standardized station designs to incorporate seismic structural improvements, reduce overall square footage of future projects, and include environmental considerations. The District's efforts in 2014 have been toward the construction and relocation of Fire Station 68 and the purchase of and design efforts toward a new fire station in the Beaverton-Hillsdale area.





# **Tualatin Valley Fire and Rescue**

## **Letter of Transmittal**

**June 30, 2014**

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### **Department Service Efforts and Accomplishments**

During the fiscal year ended June 30, 2014, all divisions and departments of the District contributed toward the accomplishments of the 2014 strategic goals. These goals, as outlined in the District's 2013-14 Strategic Plan were:

- Reduce the number and severity of emergency incidents.
- Increase the communities' participation in their safety and preparedness, and knowledge and support of the District's services.
- Enhance preparedness for catastrophic and uncommon events.
- Foster an environment conducive to the health and safety of all members.
- Develop and enhance a workforce that understands and respects individual and group differences, and builds trust in the communities we serve.
- Promote craftsmanship, innovation, and excellence throughout the organization.
- Leverage use of existing resources and seek efficiencies for the greatest community good.
- Ensure ongoing financial and business operations stability and predictability.

Accomplishments during the fiscal year ended June 30, 2014 as a result of these goals include passage of a replacement local option levy in May 2014 to support operational enhancements through additional firefighters, response units, and fire stations, ongoing citizen public safety education and messaging, continued focus and education of citizens with a hands-only CPR program in local schools with thousands of residents trained by students, continued station implementation of community risk reduction programs and services unique to their service areas, and continued enhancements to our deployments and training to meet our response and strategic goals.

### **Other Information**

#### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tualatin Valley Fire and Rescue for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the 27th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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## **Tualatin Valley Fire and Rescue**

### **Letter of Transmittal**

**June 30, 2014**

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A Certificate of Achievement is valid for a period of one year only. The District believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the District also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the budget year ended June 30, 2014. In order to qualify for the Distinguished Budget Presentation Award, the District's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. This was the 27th year the District received the award.

### **Acknowledgments**

We express our sincere gratitude to the personnel of the Finance Division who assisted and contributed to this report. We also would like to extend our appreciation to the Board of Directors, managers, employees, and citizens of the District whose continuing support is vital to the financial and community affairs of the District.

Respectfully submitted,

Tualatin Valley Fire and Rescue



Michael R. Duyck

Fire Chief



Debra L. Guzman, CPA.CITP, CGMA

Chief Financial Officer



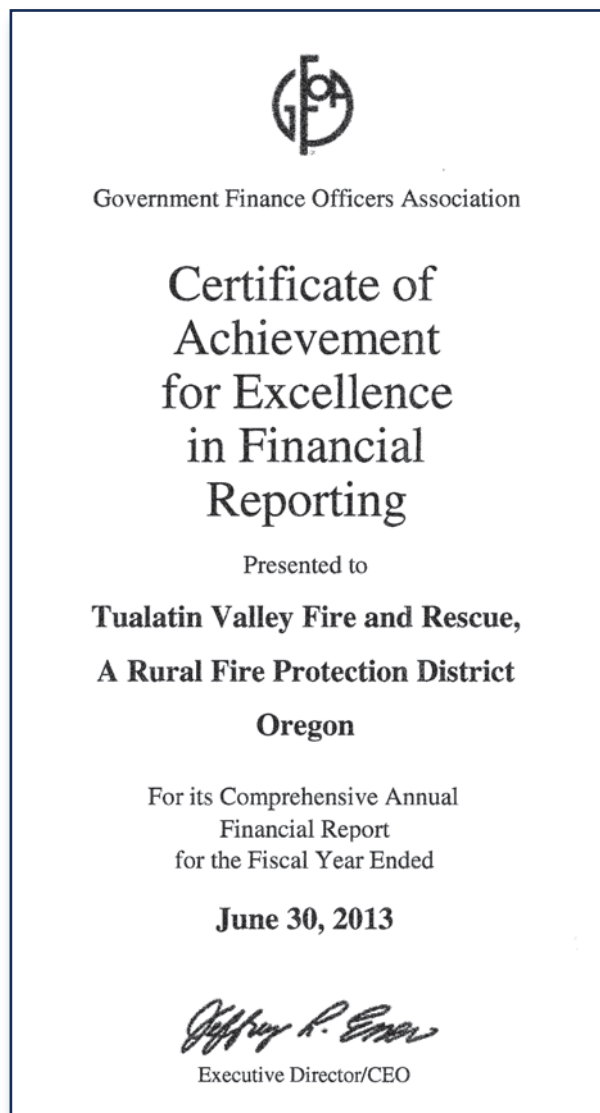
**Tualatin Valley Fire and Rescue**  
**Certificate of Achievement for Excellence in Financial Reporting**

**June 30, 2014**

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The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to Tualatin Valley Fire and Rescue, A Rural Fire Protection District, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

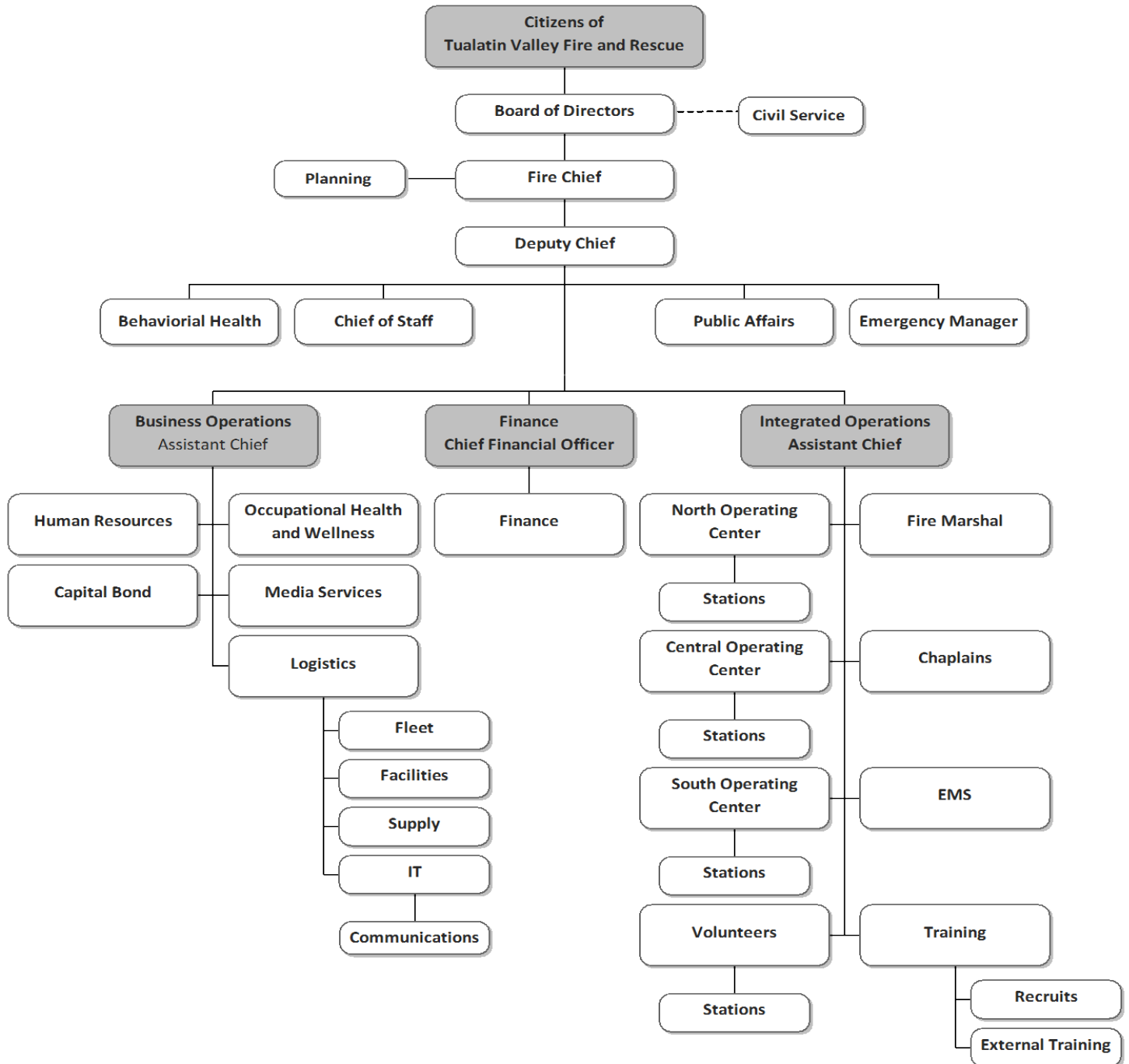
This was the 27th consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



# Tualatin Valley Fire and Rescue

## Organizational Chart

June 30, 2014



**Tualatin Valley Fire and Rescue  
Elected and Appointed Officials**

**June 30, 2014**

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**Board of Directors**

President



Robert C. Wyffels  
Term Ends:  
June 30, 2017

Vice President



Randy J. Lauer  
Term Ends:  
June 30, 2015

Secretary/Treasurer



Gordon L. Hovies  
Term Ends:  
June 30, 2017

Board Member



Clark I. Balfour  
Term Ends:  
June 30, 2017

Board Member



Brian J. Clopton  
Term Ends:  
June 30, 2015

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**Budget Committee**

<u>Member</u>	<u>Term Ends</u>
Angie R. Fong	June 30, 2015
Paul A. Leavy	June 30, 2015
James W. Petrizzi	June 30, 2017
Michael D. Smith	June 30, 2016
Jon R. Walsh	June 30, 2016

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Administrative Offices  
11945 SW 70<sup>th</sup> Avenue  
Tigard, OR 97223

Registered Agent  
Michael R. Duyck  
Fire Chief

Legal Counsel  
Jordan Ramis PC

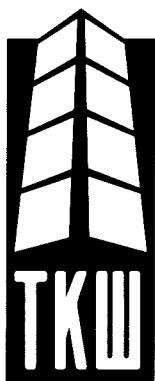


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## FINANCIAL SECTION

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**Talbot, Korvola  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

**ACHIEVE MORE**

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Lake Oswego, Oregon 97035-4293

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F 503.274.2853

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Tualatin Valley Fire and Rescue  
Tigard, Oregon

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon, (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

An Independently Owned Member  
**MCGGLADREY ALLIANCE**



**McGladrey**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

Board of Directors  
Tualatin Valley Fire and Rescue

### **OPINIONS**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 required supplementary information, such as Management's Discussion and Analysis, Schedules of Funding Progress, and Schedule of Net Pension Asset, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other statements and schedules, as listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other 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 our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

Board of Directors  
Tualatin Valley Fire and Rescue

### **OTHER MATTERS (Continued)**

#### *Other Information*

The Introductory and Statistical Sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 23, 2014, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

By:   
Julie B. Fahey, Senior Manager

Lake Oswego, Oregon  
October 23, 2014



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

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**Tualatin Valley Fire and Rescue**  
**Management's Discussion and Analysis**

**June 30, 2014**

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As management of Tualatin Valley Fire & Rescue (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, 2014. 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 three through eleven of this report.

**Financial Highlights**

- In the government-wide financial statements, the assets of the District exceeded its liabilities at June 30, 2014 by \$93,983,113. Of this amount, \$31,417,412 represents the District's net investment in capital assets; \$1,541,173 is restricted for debt service, and the balance of \$61,024,528 will be used to meet the District's ongoing services and commitments to its citizens and obligations to its bondholders and creditors.
- The District's total net position increased by \$3,440,884 for the year ended June 30, 2014. Unrestricted net position increased by \$3,209,157; net position of net investment in capital assets increased by \$446,376, restricted net position for debt service decreased by \$65,536 and restricted net position for grants decreased by \$149,113.
- As of June 30, 2014, the District's governmental funds reported combined ending fund balances of \$74,717,398, a decrease of \$2,666,011 in comparison with the prior year. Planned expenditures on projects funded through Capital Projects Fund resulted in a \$6,070,795 reduction in ending fund balance offset by net increases in ending fund balances of \$2,210,648 in the General Fund, and \$1,408,785 in the Property and Building Fund, and a slight decrease of \$214,649 in nonmajor funds.
- At June 30, 2014, unassigned fund balance in the General Fund was \$42,904,607. A portion of the General Fund unassigned fund balance is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$6,490,633. The remaining unassigned fund balance of \$36,413,974 represents 47.3% of total General Fund expenditures and the continuing achievement of meeting District policy to maintain five months of budgetary basis General Fund expenditures as ending fund balance each year. This policy is in place because the majority of District revenue is provided from property taxes which are not received until the end of the fifth month of each succeeding fiscal year.
- The District's total debt decreased by \$3,532,585 during the current fiscal year. This was due to principal and interest payments on the District's four outstanding bond issues.

**Tualatin Valley Fire and Rescue**  
**Management's Discussion and Analysis**

**June 30, 2014**

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**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements of the governmental funds, and 3) notes to the basic financial statements. The government-wide and fund financial statements are combined for presentation purposes. This report also contains required supplementary information 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.

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

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

In the government-wide financial statements, the District's activities are shown in one category; governmental activities. The governmental activities of the District consist solely of public safety, and are supported by property taxes and charges for services.

The combined government-wide and governmental fund financial statements can be found on pages 36 through 38 of this report.

**Tualatin Valley Fire and Rescue**  
**Management's Discussion and Analysis**

**June 30, 2014**

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**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. 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 funds of the District can be divided into three categories: governmental funds, internal service funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial information focuses 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 evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are reconciled to the government-wide Statement of Net Position and Statement of Activities in the combined presentation.

The District maintains five individual governmental funds for reporting purposes. Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Property and Building Fund, and Capital Projects Fund, which are considered to be major funds. Data from two additional governmental funds are combined into a separate aggregated presentation. Individual fund data for the Property and Building Fund, the Capital Projects Fund and for each of the remaining nonmajor governmental funds is provided as Other Supplementary Information. The District's implementation of Governmental Accounting Standards Board Statement No. 54 combines for reporting purposes as the General Fund, five separately budgeted funds.

The District adopts an annual appropriated budget for all funds as required by Oregon Budget Law. Budgetary comparison statements/schedules have been provided to demonstrate compliance elsewhere in this report.

# **Tualatin Valley Fire and Rescue**

## **Management's Discussion and Analysis**

**June 30, 2014**

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**Internal Service Fund.** The District maintains one internal service fund, the Insurance Fund, which is a proprietary fund type. This fund accounts for the accumulation of resources used for payment of claims and losses, less deductible limits, for insurance coverage. Because this fund predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

The internal service fund basic financial statements can be found on pages 41 through 43 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting basis used for fiduciary funds is much like that used for internal service funds. The basic fiduciary fund financial statements can be found on pages 44 and 45 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the combined government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 47 through 73 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to past employees and volunteer firefighters. Required supplementary information can be found on page 77 of this report.

Combining and individual fund statements and schedules are presented as other supplementary information and can be found on pages 82 through 101 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 102 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 exceed liabilities by \$93,983,113 at June 30, 2014.

A significant portion of the District's net position (33 percent) reflects its net investment in capital assets (e.g., land, buildings and improvements, fire apparatus, and furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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# Tualatin Valley Fire and Rescue

## Management's Discussion and Analysis

June 30, 2014

Assets consist mainly of cash and cash equivalents, property taxes receivable, and prepaid items that are used to meet the District's ongoing obligations to its citizens. Remaining assets are comprised of capital assets used in operations. The District's largest liability (73 percent) is for the long-term portion of general obligation bonded debt. Current liabilities of the District consist largely of accounts payable, accrued salaries and benefits payable, and accrued compensated absences.

### Government-wide Financial Analysis

	Governmental Activities		Increase (Decrease) from Fiscal 2013
	2014	2013	
<b>Net Position:</b>			
Current and other assets	\$ 88,129,430	\$ 90,991,605	\$ (2,862,175)
Capital assets	79,085,299	76,280,759	2,804,540
<i>Total assets</i>	<u>167,214,729</u>	<u>167,272,364</u>	<u>(57,635)</u>
Current liabilities	16,234,930	17,753,764	(1,518,834)
Long-term debt	56,996,686	58,976,371	(1,979,685)
<i>Total liabilities</i>	<u>73,231,616</u>	<u>76,730,135</u>	<u>(3,498,519)</u>
Net investment in capital assets	31,417,412	30,971,036	446,376
Restricted for debt service	1,541,173	1,606,709	(65,536)
Restricted for grants		149,113	(149,113)
Unrestricted	61,024,528	57,815,371	3,209,157
<i>Total net position</i>	<u>\$ 93,983,113</u>	<u>\$ 90,542,229</u>	<u>\$ 3,440,884</u>

During the current fiscal year, the District's net position improved by \$3,440,884 due to the District's efforts to build assets identified for future capital asset investments and support of future operational requirements. The District seeks to ensure the net position of the District is sufficient to support operational costs in future years. Interest revenue in future years is expected to remain marginal and the growth rate of property tax collections is expected to gradually increase in future years. Because of recent low revenue growth due to lack of property development and lingering economic concerns, forecasted pension and health care costs and the District's desire to manage taxpayer resources prudently; we have continued to focus on planning for and implementing strategies in order to achieve our strategic goal of financial stability.

# Tualatin Valley Fire and Rescue

## Management's Discussion and Analysis

**June 30, 2014**

**Governmental Activities.** Governmental activities increased the District's net position in the current year by \$3,440,884. Property tax revenue increased by 3.5 percent or \$2,824,476, reflecting a net increase in taxes levied and collected. Charges for services for fleet, occupational health, medical transport and response revenue from wild-fire conflagration services increased by \$556,266. These increases were offset by a marked decrease in grant activity and sluggish earnings on invested cash equivalents, both of which decreased during the year ended June 30, 2014. The District sold a closed fire station property and other capital assets for a net gain on sale of capital assets of \$583,350, which also increased the net position by \$32,046. Expenses for public safety increased by 3.6 percent, reflecting personnel cost increases in wages and benefits and additional depreciation. Expenses were managed to ensure that net position as of year-end increased proportionately to the cost of annual public safety operations and planned future service enhancements in response sites and units.

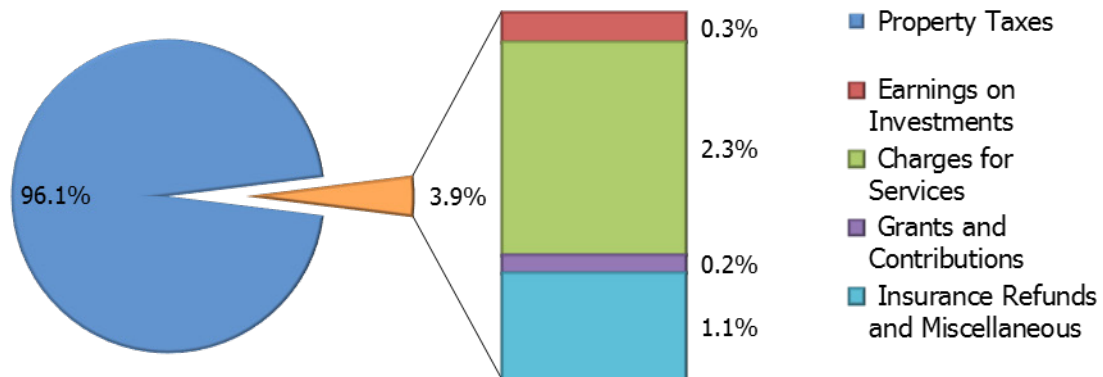
Changes in Net Position:	Governmental Activities		Increase (Decrease) from Fiscal 2013
	2014	2013	
Revenues			
Program revenues			
Charges for services	\$ 1,939,665	\$ 1,383,399	\$ 556,266
Grants and contributions	168,769	1,161,457	(992,688)
General revenues:			
Property taxes	82,677,581	79,853,105	2,824,476
Earnings on investments	276,632	336,512	(59,880)
Insurance refunds	882,340	527,435	354,905
Gain on sale of capital assets	583,350	551,304	32,046
Miscellaneous	91,807	400,202	(308,395)
Total revenues	86,620,144	84,213,414	2,406,730
Expenditures/expenses			
Public safety-fire protection	80,967,876	78,142,770	2,825,106
Interest on long-term debt	2,211,384	2,315,227	(103,843)
Total expenses	83,179,260	80,457,997	2,721,263
Change in net position	3,440,884	3,755,417	(314,533)
Net position - July 1	90,542,229	86,786,812	3,755,417
Net position - June 30	\$ 93,983,113	\$ 90,542,229	\$ 3,440,884

**Tualatin Valley Fire and Rescue  
Management's Discussion and Analysis**

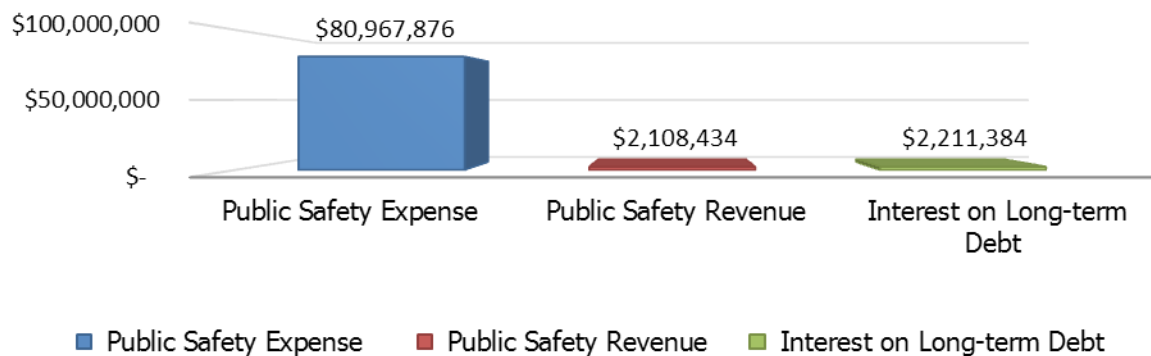
**June 30, 2014**

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**Revenue Sources - Governmental Activities  
Fiscal Year 2014**



**Expenses and Program Revenues -  
Governmental Activities  
Fiscal Year 2014**



**Tualatin Valley Fire and Rescue  
Management's Discussion and Analysis**

**June 30, 2014**

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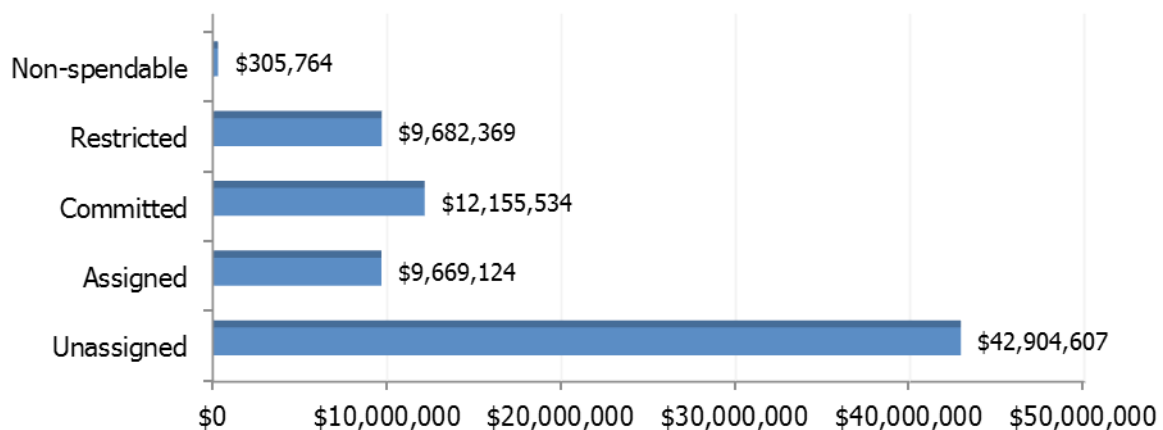
**Financial Analysis of the Governmental Funds**

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 short-term and deferred 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 spending at the end of the fiscal year.

At June 30, 2014, the District's governmental funds reported combined ending fund balances of \$74,717,398, a decrease of \$2,666,011 in comparison with the prior year. This decrease is a result of purposeful spending in the Capital Projects Fund of \$6.1 million offset by increases in the General Fund and Property and Building Fund, where reserves are held for future capital use. A large portion of this total amount (57.4 percent) constitutes unassigned fund balance, which is a measure of the District's liquidity; and is available for spending at the District's discretion. The remainder of fund balance is either non-spendable (.4 percent), restricted by external parties (15.0 percent), committed by the Board (16.3 percent) or assigned to a specific purpose such as capital projects (10.9 percent).

**Components of Ending Fund Balance  
All Governmental Funds**



# **Tualatin Valley Fire and Rescue**

## **Management's Discussion and Analysis**

**June 30, 2014**

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**General Fund.** The General Fund is the primary operating fund of the District. As of June 30, 2014, unassigned fund balance of the General Fund was \$42,904,607, with total fund balance, including \$12,093,873 committed to future capital purchases, of \$55,365,905. 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 fund expenditures. Unassigned fund balance represents 55.7 percent of total General Fund expenditures and the total fund balance represents 71.9 percent of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$2,210,648, or approximately 4.2 percent during the current fiscal year, down from a \$2,652,907 increase from the prior year. Property tax revenue, which provides for the costs of operating the District, increased \$2,663,787 over the prior year, charges for services increased \$532,155 over the prior year, with workers compensation insurance dividends and refunds increasing another \$355,111 over the prior year. Public Safety and Capital Outlay expenditures increased \$3,546,851, and Transfers Out increased by \$500,000.

**Property and Building Fund.** The Property and Building Fund accounts for the accumulation of resources for site acquisitions and construction costs for new and existing facilities. The District intends this fund to continue to accumulate funds to ensure continuity of construction and land purchase once the bond proceeds have been exhausted as well as fund projects that were not planned as part of the capital bond program. The ending fund balance increased by \$1.4 million to \$9,669,124 at June 30, 2014, and is assigned to capital projects.

**Capital Projects Fund.** The Capital Projects Fund accounts for resources dedicated for building site acquisitions and construction costs for new and existing facilities. As of June 30, 2014, the ending fund balance of the Capital Projects Fund was \$8,141,196 and was restricted for capital projects. This fund accounts for the proceeds of debt issuances to fund construction, land, and apparatus purchases.

### **Budgetary Highlights**

There was one supplemental budget resolution and one budget transfer resolution to the General, Property and Building, and Capital Projects Funds. The Supplemental budget funded cardiac equipment received in the beginning of the year which had been budgeted in the prior year. The budget transfer resolution provided by additional staffing requirements, emergency station repairs and purchase of a future station site and additional response units. Property tax collections exceeded budget due to stronger than expected collections during the year, and historical ratios of expenditures to budget were maintained allowing a continued strong ending fund balance.

# Tualatin Valley Fire and Rescue

## Management's Discussion and Analysis

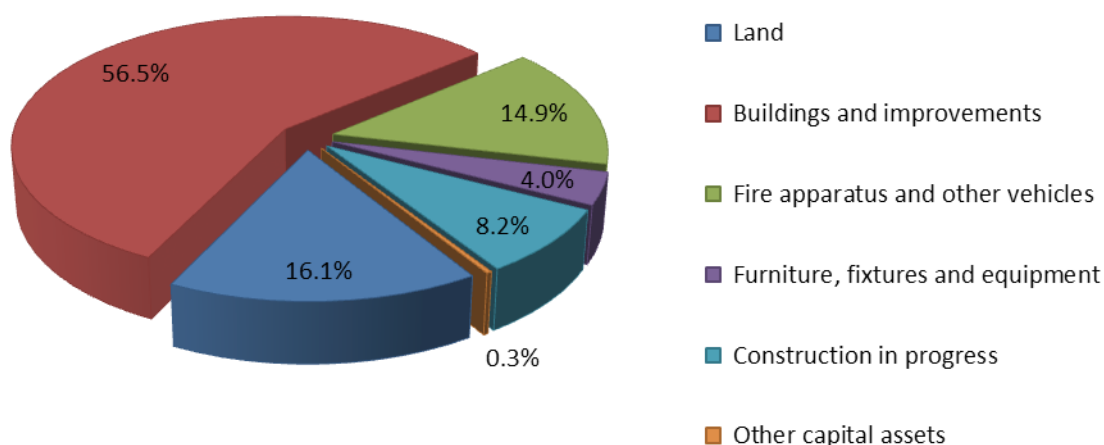
June 30, 2014

### Capital Assets and Debt Administration

**Capital assets.** The District's investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and other vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2014, the District had invested \$79,085,299 in capital assets, net of depreciation, as shown in the following table and chart:

<b>Capital Assets:</b> (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2013
	2014	2013	
Land	\$ 12,747,885	\$ 12,580,668	\$ 167,217
Buildings and improvements	44,721,917	34,724,149	9,997,768
Fire apparatus and other vehicles	11,765,519	13,028,504	(1,262,985)
Furniture, fixtures and equipment	3,147,791	3,067,152	80,639
Construction in progress	6,477,187	12,655,286	(6,178,099)
Other capital assets	225,000	225,000	
<b>Total</b>	<b>\$ 79,085,299</b>	<b>\$ 76,280,759</b>	<b>\$ 2,804,540</b>

### Capital Assets (net of depreciation)



During the year, the District's investment in capital assets increased by \$2,804,540, reflecting assets of \$7,091,512 added during the year, offset by \$4,257,139 of depreciation and \$29,833 of disposals, net of related depreciation. The District's construction in progress includes construction of new fire stations, improvements on four fire stations, purchase and production of six medic units, and land improvements related to future fire stations.

Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 58 of this report.

# **Tualatin Valley Fire and Rescue**

## **Management's Discussion and Analysis**

**June 30, 2014**

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**Long-term Debt.** At the end of the current fiscal year, the District had total bonded debt of \$56,916,463, consisting of general obligation bonds and unamortized premiums. Reduction of outstanding debt reflects scheduled principal payments made during the fiscal year. The District has been given an "Aaa" rating from Moody's Investors Service. The State of Oregon mandates a general obligation debt limit of 1.25 percent of true cash value of assessed property. The District's legal debt margin is approximately \$676 million. Additional information on the District's long-term debt can be found in note II.F.1 on page 59 of this report.

### **Economic Factors and Next Year's Budget**

The District anticipates increased property tax revenues in future years based upon projected assessed value increases which by law may increase for existing property 3% a year unless assessed value exceeds real market value. The local economy has been gradually recovering with construction and development within District boundaries continuing through 2014 and numerous projects slated for the future, including an expansion of the Nike world headquarters complex, and increased home prices throughout the District's service area which reduced the risk of market value falling below assessed value which had been dampening property tax revenue growth.

The District's replacement levy of the current \$.25 local option levy to \$.45 beginning in 2015-16 will allow for additional response units and additional fire stations throughout the District in order to meet fast and effective response time goals as the District's population ages and transportation routes increase in congestion. The replacement levy will provide financial stability through its term of 2019-2020.

### **Requests for Information**

This financial report is designed to provide a general overview of Tualatin Valley Fire & Rescue's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Tualatin Valley Fire & Rescue, 11945 SW 70th Avenue, Tigard, Oregon 97223.





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## **BASIC FINANCIAL STATEMENTS**

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**Tualatin Valley Fire and Rescue**  
**Balance Sheet - Governmental Funds/Statement of Net Position**

**June 30, 2014**

	General Fund	Property and Building Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Position
<b>Assets</b>							
Cash and cash equivalents	\$ 60,905,881	\$ 9,669,124	\$	\$ 1,518,727	\$ 72,093,732	\$ 641,545	\$ 72,735,277
Receivables:							
Property taxes receivable	3,824,371			285,869	4,110,240		4,110,240
Accounts receivable	218,841				218,841		218,841
Prepaid items						1,250,432	1,250,432
Supplies inventory	305,764				305,764		305,764
Other post employment benefit asset						80,449	80,449
LOSAP net pension asset						179,851	179,851
Restricted assets:							
Cash and cash equivalents			9,248,576		9,248,576		9,248,576
Capital assets, not being depreciated:							
Land						12,747,885	12,747,885
Other capital assets						225,000	225,000
Construction in progress						6,477,187	6,477,187
Capital assets, net of accumulated depreciation:							
Buildings and improvements						44,721,917	44,721,917
Fire apparatus and other vehicles						11,765,519	11,765,519
Furniture, fixtures, and equipment						3,147,791	3,147,791
Total assets	<u>\$ 65,254,857</u>	<u>\$ 9,669,124</u>	<u>\$ 9,248,576</u>	<u>\$ 1,804,596</u>	<u>\$ 85,977,153</u>	<u>\$ 81,237,576</u>	<u>\$ 167,214,729</u>
<b>Liabilities</b>							
Accounts payable	\$ 886,338	\$	\$ 1,107,380	\$	\$ 1,993,718	\$ 1,367	\$ 1,995,085
Accrued salaries and benefits payable	5,481,394				5,481,394		5,481,394
Accrued interest payable						344,018	344,018
Unearned revenue	878				878	(878)	
Accrued compensated absences:							
Due within one year						6,475,083	6,475,083
Due in more than one year						1,450,677	1,450,677
Net pension obligation due in more than one year						568,896	568,896
Bonds payable, net of unamortized premium/discount:							
Due within one year						3,567,585	3,567,585
Due in more than one year						53,348,878	53,348,878
Total liabilities	<u>6,368,610</u>		<u>1,107,380</u>		<u>7,475,990</u>	<u>65,755,626</u>	<u>73,231,616</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue - property taxes	3,520,342			263,423	3,783,765	(3,783,765)	
Total deferred inflows of resources	<u>3,520,342</u>			<u>263,423</u>	<u>3,783,765</u>	<u>(3,783,765)</u>	

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

(continued)

**Tualatin Valley Fire and Rescue**  
**Balance Sheet - Governmental Funds/Statement of Net Position (continued)**

**June 30, 2014**

	General Fund	Property and Building Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Position
<b>Fund balances</b>							
Non-spendable	305,764				305,764	(305,764)	
Restricted for capital projects			8,141,196		8,141,196	(8,141,196)	
Restricted for debt service				1,541,173	1,541,173	(1,541,173)	
Committed to capital purchases	12,093,873				12,093,873	(12,093,873)	
Committed to emergency management	18,980				18,980	(18,980)	
Committed to post-employment health benefits	42,681				42,681	(42,681)	
Assigned to capital projects		9,669,124			9,669,124	(9,669,124)	
Unassigned	42,904,607				42,904,607	(42,904,607)	
Total fund balances	<u>55,365,905</u>	<u>9,669,124</u>	<u>8,141,196</u>	<u>1,541,173</u>	<u>74,717,398</u>	<u>\$ (74,717,398)</u>	
<b>Total liabilities and fund balances</b>	<u>\$ 65,254,857</u>	<u>\$ 9,669,124</u>	<u>\$ 9,248,576</u>	<u>\$ 1,804,596</u>	<u>\$ 85,977,153</u>		
<b>Net Position:</b>							
Net investment in capital assets							\$ 31,417,412
Restricted for:							
Debt service							1,541,173
Unrestricted							<u>61,024,528</u>
Total net position							<u>\$ 93,983,113</u>

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

**Tualatin Valley Fire and Rescue**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds/Statement of Activities**  
**For The Year Ended June 30, 2014**

	General Fund	Property and Building Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Activities
<b>Revenues</b>							
Program Revenues:							
Charges for services	\$ 1,938,937	\$	\$	\$	\$ 1,938,937	\$ 728	\$ 1,939,665
Grants and contributions	124,153			42,946	167,099	1,670	168,769
General Revenues:							
Taxes	76,851,403			5,681,392	82,532,795	144,786	82,677,581
Interest	174,926	47,870	31,478	18,907	273,181	3,451	276,632
Insurance dividends and refunds	881,244				881,244	1,096	882,340
Gain on capital assets						583,350	583,350
Miscellaneous	64,356		11,143		75,499	16,308	91,807
Total revenues	<u>80,035,019</u>	<u>47,870</u>	<u>42,621</u>	<u>5,743,245</u>	<u>85,868,755</u>	<u>751,389</u>	<u>86,620,144</u>
<b>Expenditures/expenses</b>							
Current:							
Public Safety	75,652,183			42,946	75,695,129	5,272,747	80,967,876
Debt service:							
Principal				3,450,000	3,450,000	(3,450,000)	
Interest				2,315,835	2,315,835	(104,451)	2,211,384
Capital outlay	<u>1,364,042</u>	<u>224,310</u>	<u>6,113,416</u>		<u>7,701,768</u>	<u>(7,701,768)</u>	
Total expenditures/expenses	<u>77,016,225</u>	<u>224,310</u>	<u>6,113,416</u>	<u>5,808,781</u>	<u>89,162,732</u>	<u>(5,983,472)</u>	<u>83,179,260</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>3,018,794</u>	<u>(176,440)</u>	<u>(6,070,795)</u>	<u>(65,536)</u>	<u>(3,293,977)</u>	<u>6,734,861</u>	<u>2,857,534</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds on sale of surplus property	42,741	585,225			627,966	(627,966)	
Transfers in	149,113	1,000,000			1,149,113	(1,149,113)	
Transfers out	<u>(1,000,000)</u>			<u>(149,113)</u>	<u>(1,149,113)</u>	<u>1,149,113</u>	
Total other financing sources (uses)	<u>(808,146)</u>	<u>1,585,225</u>		<u>(149,113)</u>	<u>627,966</u>	<u>(627,966)</u>	
Net change in fund balances/net position	<u>2,210,648</u>	<u>1,408,785</u>	<u>(6,070,795)</u>	<u>(214,649)</u>	<u>(2,666,011)</u>	<u>\$ 6,106,895</u>	<u>3,440,884</u>
<b>Fund balances/net position:</b>							
Beginning of the year	53,155,257	8,260,339	14,211,991	1,755,822	77,383,409		90,542,229
End of the year	<u>\$ 55,365,905</u>	<u>\$ 9,669,124</u>	<u>\$ 8,141,196</u>	<u>\$ 1,541,173</u>	<u>\$ 74,717,398</u>		<u>\$ 93,983,113</u>

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

# Tualatin Valley Fire and Rescue

## General Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For The Year Ended June 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Property taxes:				
Current year's levy	\$ 73,483,800	\$ 73,483,800	\$ 75,424,694	\$ 1,940,894
Prior years' levies	1,121,684	1,121,684	1,413,822	292,138
Taxes in lieu of property taxes	13,703	13,703	12,887	(816)
Interest on unsegregated property taxes	13,189	13,189	12,645	(544)
Interest on taxes	3,175	3,175	2,627	(548)
Interest on investments	163,451	163,451	94,505	(68,946)
Charges for services	987,792	987,792	1,571,586	583,794
Rental income	72,000	72,000	153,638	81,638
Grants and contributions			106,611	106,611
Plan review fees	2,250	2,250	6,017	3,767
Insurance dividends and refunds	186,731	186,731	881,244	694,513
Miscellaneous	84,347	84,347	64,356	(19,991)
Total revenues	<u>76,132,122</u>	<u>76,132,122</u>	<u>79,744,632</u>	<u>3,612,510</u>
<b>Expenditures</b>				
Current:				
<b>Public Safety:</b>				
<b>Command Directorate:</b>				
Personnel services	2,279,776	2,337,594	2,099,300	238,294
Materials and services	998,722	1,236,670	900,074	336,596
Total Command Directorate	<u>3,278,498</u>	<u>3,574,264</u>	<u>2,999,374</u>	<u>574,890</u>
<b>Integrated Operations Directorate:</b>				
Personnel services	62,224,177	62,224,177	57,745,370	4,478,807
Materials and services	3,736,223	3,736,223	2,981,733	754,490
Total Integrated Operations Directorate	<u>65,960,400</u>	<u>65,960,400</u>	<u>60,727,103</u>	<u>5,233,297</u>
<b>Finance Directorate:</b>				
Personnel services	1,248,697	1,248,697	1,123,524	125,173
Materials and services	495,979	495,979	429,383	66,596
Total Finance Directorate	<u>1,744,676</u>	<u>1,744,676</u>	<u>1,552,907</u>	<u>191,769</u>
<b>Business Operations Directorate:</b>				
Personnel services	6,953,582	6,982,173	5,880,937	1,101,236
Materials and services	4,203,068	4,248,668	3,902,005	346,663
Total Business Operations Directorate	<u>11,156,650</u>	<u>11,230,841</u>	<u>9,782,943</u>	<u>1,447,898</u>
<b>Total Public Safety</b>	<u>82,140,224</u>	<u>82,510,181</u>	<u>75,062,327</u>	<u>7,447,853</u>
Operating contingency	5,180,265	4,810,308		4,810,308
Total expenditures	<u>87,320,489</u>	<u>87,320,489</u>	<u>75,062,327</u>	<u>12,258,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,188,367)</u>	<u>(11,188,367)</u>	<u>4,682,305</u>	<u>15,870,671</u>

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

(continued)

# Tualatin Valley Fire and Rescue

## General Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) For The Year Ended June 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of surplus property			12,442	12,442
Transfers In	200,000	200,000	149,113	(50,887)
Transfers out	(2,629,647)	(2,629,647)	(2,595,018)	34,629
Total other financing sources (uses)	(2,429,647)	(2,429,647)	(2,433,463)	(3,816)
Net change in fund balances	(13,618,014)	(13,618,014)	2,248,842	15,866,856
Fund balances - July 1, 2013	32,902,059	32,902,059	34,470,896	1,568,837
Fund balances - June 30, 2014	<u>\$ 19,284,045</u>	<u>\$ 19,284,045</u>	<u>\$ 36,719,738</u>	<u>\$ 17,435,693</u>

#### Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

Fund Balance - budgetary basis	\$ 36,719,738
Advanced recognition of retirement obligation not a GAAP expense	6,490,633
Fund Balance - Apparatus Fund <sup>(1)</sup>	3,711,080
Fund Balance - Capital Improvements Fund <sup>(1)</sup>	8,382,793
Fund Balance - Emergency Management Fund <sup>(1)</sup>	18,980
Fund Balance - Retiree Medical Insurance Stipend Fund <sup>(1)</sup>	42,681
Fund Balance - GAAP Basis	<u>\$ 55,365,905</u>

<sup>(1)</sup> Refer to page 97 for combining funds schedules.

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

# Tualatin Valley Fire and Rescue

## Statement of Net Position

### Internal Service Fund

June 30, 2014

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Internal Service Fund - Governmental Activities	
<b>Assets</b>	
Current:	
Cash and cash equivalents	\$ 641,545
Total assets	641,545
<b>Liabilities</b>	
Current:	
Accounts payable	1,367
Total liabilities	1,367
<b>Net Position</b>	
Unrestricted total net position	\$ 640,178

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

**Tualatin Valley Fire and Rescue**  
**Statement of Revenues, Expenses, and Change in Net Position**  
**Internal Service Fund**  
**For The Year Ended June 30, 2014**

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	Internal Service Fund - Governmental Activities
<b>Operating Revenue</b>	
Insurance refunds	\$ 1,096
<b>Operating Expense</b>	
Insurance claims	3,066
Operating loss	(1,970)
<b>Nonoperating Revenue</b>	
Interest income	3,451
Change in net position	1,481
Net position, June 30, 2013	638,697
Net position, June 30, 2014	\$ 640,178

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



**Tualatin Valley Fire and Rescue**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For The Year Ended June 30, 2014**

	Internal Service Fund - Governmental Activities
<b>Cash Flows From Operating Activities</b>	
Received from insurance reimbursements	\$ 1,096
Paid for insurance claims	(1,699)
Net cash from operating activities	(603)
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	3,451
Net increase in cash and cash equivalents	2,848
Cash and cash equivalents, June 30, 2013	638,697
Cash and cash equivalents, June 30, 2014	\$ 641,545
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating loss	\$ (1,970)
Change in accounts payable	1,367
Net cash from operating activities	\$ (603)

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

**Tualatin Valley Fire and Rescue**  
**Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

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	Pension Trust Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 64,026
Investments, mutual funds at fair value	254,636
Total assets	<u>318,662</u>
<b>Net Position</b>	
Held in trust for pension benefits	<u>\$ 318,662</u>

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

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**Tualatin Valley Fire and Rescue**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2014**

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	Pension Trust Funds
<b>Additions</b>	
Contributions:	
Employer	\$ 337,512
Investment earnings	<u>75,754</u>
Total additions	<u>413,266</u>
<b>Deductions</b>	
Benefits	<u>753,732</u>
Change in net position	(340,466)
Total net position, June 30, 2013	<u>659,128</u>
Total net position, June 30, 2014	<u><u>\$ 318,662</u></u>

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

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**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**I. Summary of significant accounting policies**

**A. Reporting entity**

Tualatin Valley Fire and Rescue, A Rural Fire Protection District, is an Oregon municipal corporation, which, operating under Oregon Revised Statutes Chapter 478 as a Rural Fire Protection District provides fire protection within Washington, Clackamas, and Multnomah counties.

The power and authority given to the District is vested in a Board of Directors, each member elected for a four-year term. The Board of Directors has the statutory authority to adopt and modify the budget; levy taxes; control all assets, including facilities and properties; authorize borrowing, or long-term debt issuances; sign contracts, and develop the programs to be provided. 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. No separate agency receives a financial benefit from nor imposes a financial burden on the District.

The Board of Directors appoints the Fire Chief of the District. The activities under the purview of the Fire Chief are within the scope of the reporting entity and 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 area. 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. 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 affect 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

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**  
**For The Year Ended June 30, 2014**

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Revenues, Expenditures, and Changes in Fund Balances have also been combined. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, investment earnings, grants and contributions, and charges for services to other governments.

Separate financial statements are provided for the internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial information (Statement of Net Position and Statement of Activities) is reported using the economic resources measurement focus and the accrual basis of accounting, as are the internal service fund and fiduciary fund financial statements. 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 have been met.

The governmental fund financial information uses a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in fund balance. The governmental fund types are maintained using the modified accrual basis of accounting, whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred, except for: (1) interfund transactions for services, which are recorded on the accrual basis; (2) interest expense on long-term debt, which is recorded as due; (3) insurance premiums and other short term contracts benefiting more than one fiscal year are recorded when paid; and (4) accrued compensated absences, which are recorded when payment is due.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The District considers revenues available if they are collected within 60 days of fiscal year-end, with the exception of investment interest, which is recognized when earned. The most significant revenue source, which is measurable and available under the modified accrual basis of accounting, is property tax

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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revenue. For the Internal Service Fund, a proprietary fund type, the District reports insurance refunds received and claims paid as operating revenues and expenses, respectively. Other amounts are reported as non-operating.

The District reports the following major governmental funds:

- The General Fund; the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for, either legally or by Board direction, in another fund. The principal revenue source is property taxes. Primary expenditures are for public safety. In addition, certain funds budgeted as Special Revenue Funds are reported as part of the General Fund because their primary source of funds is transfers from the General Fund.
- The Property and Building Fund; a capital projects fund type, accounts for site acquisitions and construction costs for new and existing facilities, and major facility maintenance projects. The principal resources are transfers from the General Fund and sales of surplus property.
- The Capital Projects Fund; a capital projects fund type, accounts for site acquisitions and construction costs for new and existing facilities, as well as the purchase of public safety emergency response apparatus. The principal resources are proceeds from debt issuance.

Additionally, the District reports the following fund types:

- Nonmajor governmental funds, including special revenue and debt service funds, are reported in the aggregate.
- The Internal Service Fund includes the District's Insurance Fund which is used to account for the accumulation of resources used for payment of claims and losses that are less than the District's deductible limits for insurance coverage. The principal revenue sources are interest income and insurance refunds.
- The fiduciary funds account for assets held by the District in a trustee capacity under the terms of trust agreements. The District's trust funds are comprised of two pension trust funds; the Pension Trust Fund and the Volunteer Length of Service Award Plan (LOSAP) Fund. The Pension Trust Fund accounts for the resources for the District's pension plan for employees who retired prior to July 16, 1981, and for the payments to these retirees and beneficiaries thereunder. The principal

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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revenue source is employer contributions. The Volunteer LOSAP Fund accounts for the accumulated resources for the District's closed Length of Service Award Plan for volunteer firefighters. The principal sources of revenue are earnings on investments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial information.

**D. Budgetary information**

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting, except for the Insurance, Pension Trust, and Volunteer LOSAP Funds, which are budgeted on the accrual basis of accounting.

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, and transfers out and contingencies are the levels of control established by the resolution with the exception of the General Fund, where those same appropriation levels are defined by directorate levels. The detailed budget document contains more specific detailed information for the above mentioned expenditure categories, and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 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, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. The District adopted one supplemental budget resolution and one budget transfer resolution during the year ended June 30, 2014. Appropriations lapse at fiscal year-end.



**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**E. Assets, liabilities, deferred inflows of resources, and net position or fund balance**

**1. Cash and cash equivalents**

The District considers cash on hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less from the date of acquisition to be cash and cash equivalents. Investments maintained in the Oregon Local Government Investment Pool (LGIP) are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the LGIP is the same as the value of the pool shares. Short-term investments classified as cash equivalents are carried at amortized cost.

**2. Investments**

Investments are carried at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue.

**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. Accounts are periodically reviewed for collectability. At June 30, 2014, no allowance for doubtful accounts is considered necessary for property taxes.

**4. Inventories and prepaid items**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories are recorded as expenditures when consumed (consumption method) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements based on the purchases method.

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**5. Capital assets**

Capital assets, which include property, plant and equipment, are stated at cost in the government-wide financial statements. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as 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, repairs, and equipment replacements of a routine nature are charged to expenditures/expenses as incurred and are not capitalized. Land and construction in progress are not depreciated.

Capital assets are depreciated using the straight-line method over the following useful lives.

Buildings and improvements	15 - 30 years
Fire apparatus and other vehicles	4 - 17 years
Furniture, fixtures, and equipment	4 - 10 years

**6. Long-term debt**

Long-term debt is reported as a liability in the Statement of Net Position. Bond premiums 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 information, 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 65, bond issuance costs are expensed as incurred.

**7. Deferred inflows of resources**

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

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**8. Net position flow assumption**

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

**9. 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. These classifications are:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- 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 (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.
- 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 the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance.

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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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. To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum ending fund balance policy specifying a balance in the budgetary basis General Fund sufficient to meet five months of operating costs in the General Fund.

**F. Revenues and expenditures/expenses**

**1. Property taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1<sup>st</sup>. The tax levy for each property is mailed by county assessors as of October 25<sup>th</sup>, with taxes due on November 15<sup>th</sup>. Citizens who pay in full by November 15<sup>th</sup> receive a 3 percent 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. Program revenues**

Amounts reported as program revenues include 1) charges for services for fleet maintenance, occupational health services, and I.T. services provided to external agencies, 2) charges for certain ambulance transport services, and 3) grants and contributions that are restricted to meeting the District's operational or capital requirements of the public safety function.

**3. Compensated absences**

**a. Vacation and Personal Leave**

Accumulated accrued compensated absences for vacation and personal leave benefits are accrued when incurred in the Statement of Net Position and Statement of Activities. A liability for those amounts is reported in governmental funds only if they have matured as a result of employee retirements or resignations.

**b. Sick Leave**

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

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**G. Retirement plans**

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

The District maintains a single-employer defined benefit pension plan for certain former employees who retired prior to July 16, 1981. Contributions to the pension plan in the amount necessary to pay current benefits are funded annually by the District.

The District maintains a closed defined benefit Length of Service Award Plan (LOSAP) for past volunteer firefighters. No further contributions to the defined benefit plan are actuarially required. The District also contributes to a defined contribution plan for its current volunteer firefighters.

**II. Detailed notes on all activities and funds**

**A. Cash, cash equivalents and investments**

**1. Deposits and investments**

The District maintains separate accountability by fund for cash, cash equivalents, and investment accounts.

Deposits with financial institutions include bank demand deposits and bank money market deposits. The combined total book balance at June 30, 2014 was \$36,138,225 and the total bank balance was \$36,544,655. The District's demand deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any amounts in excess of FDIC insurance are secured in accordance with Oregon Revised Statutes 295 under Oregon Public Funds Collateralization Program, a collateral program administered by the Oregon State Treasurer, which is a shared liability structure for participating bank depositories, protecting public funds though still not guaranteeing that all funds are 100 percent protected. In general, well capitalized bank depositories are required to pledge collateral valued at least 10 percent of their last-reported uninsured public funds deposits. Adequately capitalized and undercapitalized depositories are required by ORS 295 to pledge collateral valued at 110 percent of their uninsured public funds deposits.

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

At June 30, 2014, the District's cash, cash equivalents, and investments are comprised of the following:

Cash on hand	\$ 1,570
Cash with county assessors	265,675
Deposits with financial institutions	36,138,225
State of Oregon Local Government Investment Pool	45,642,409
Investments:	
Open-ended mutual funds	254,636
	<u>\$ 82,302,515</u>

Cash and investments are reflected on the basic financials statements as follows:

	Governmental Activities	Fiduciary Funds
Cash and cash equivalents:		
Unrestricted	\$ 72,735,277	\$ 64,026
Restricted	9,248,576	
Investments		254,636
Total cash, cash equivalents, and investments	<u>\$ 81,983,853</u>	<u>\$ 318,662</u>

The Oregon State Treasury Finance Division administers the Local Government Investment Pool (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 has control of any public funds. 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. Cost approximates the District's fair value in the LGIP.

## 2. Custodial credit risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2014, the District does not have investments exposed to custodial credit risk.

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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**3. Interest rate risk**

As a means of managing its exposure to fair value loss arising from increasing interest rates, the District's governmental funds investment policies limit maturities to 18 months. Generally, short-term investment funds will be invested for periods less than 12 months. Identified amounts in those funds may be available for investment periods up to 18 months. Investments with a maturity of 12 months or more shall be limited to U.S. Agency or U.S. Treasury securities.

**4. Credit risk**

State statutes govern the District's investment policy. Permissible investments for governmental funds include general obligations of the United States government and its agencies, obligations of the states of Oregon, California, Idaho, and Washington that have a rating at settlement of AA or better, A-1 rated commercial paper and bankers' acceptances, Aa rated corporate bonds, time deposits, repurchase agreements, and the LGIP. The Pension Trust funds maintain a separate investment policy following fiduciary and trust investment guidelines that allow investment in mutual funds in addition to the above investment types.

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company, and approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

**B. Receivables**

Receivables consist of property taxes, fire conflagration, medical transport and other accounts receivable at year end. Non-property tax receivables are presented net of an allowance for doubtful accounts based on management's estimate of collectability.

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

**C. Capital assets**

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
<b>Governmental activities:</b>				
Non-depreciable capital assets:				
Land	\$ 12,580,668	\$ 180,340	\$ (13,123)	\$ 12,747,885
Other capital assets	225,000			225,000
Construction in progress	12,655,286	5,186,487	(11,364,586)	6,477,187
Total capital assets, not being depreciated	<u>25,460,954</u>	<u>5,366,827</u>	<u>(11,377,709)</u>	<u>19,450,072</u>
Capital assets, being depreciated:				
Buildings and improvements	52,743,034	11,826,827	(181,167)	64,388,694
Fire apparatus and other vehicles	28,044,986	285,135	(121,320)	28,208,801
Furniture, fixtures, and equipment	8,309,762	977,309	(1,270,328)	8,016,743
Total capital assets, being depreciated	<u>89,097,782</u>	<u>13,089,271</u>	<u>(1,572,815)</u>	<u>100,614,238</u>
Less accumulated depreciation for:				
Buildings and improvements	(18,018,885)	(1,829,059)	181,167	(19,666,777)
Fire apparatus and other vehicles	(15,016,482)	(1,548,120)	121,320	(16,443,282)
Furniture, fixtures, and equipment	(5,242,610)	(879,960)	1,253,618	(4,868,952)
Total accumulated depreciation	<u>(38,277,977)</u>	<u>(4,257,139)</u>	<u>1,556,105</u>	<u>(40,979,011)</u>
Total capital assets being depreciated, net	<u>50,819,805</u>	<u>8,832,132</u>	<u>(16,710)</u>	<u>59,635,227</u>
Total capital assets, net of depreciation	<u>\$ 76,280,759</u>	<u>\$ 14,198,959</u>	<u>\$ (11,394,419)</u>	<u>\$ 79,085,299</u>

All depreciation is charged to Public Safety in the Statement of Activities.

**D. Interfund receivables, payables, and transfers**

Interfund transfers for the year ended June 30, 2014 were as follows:

	Transfer In	Transfer Out
General Fund	\$ 149,113	\$ 1,000,000
Property and Building Fund	1,000,000	
Nonmajor governmental funds		149,113
	<u>\$ 1,149,113</u>	<u>\$ 1,149,113</u>



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The District made transfers from the General Fund to the Property and Building Fund in the amount of \$1,000,000 to accumulate resources to fund acquisition and construction costs for new or existing facilities. In addition, the District transferred the remaining balance of matching grant funds from nonmajor governmental funds back to the General Fund in the amount of \$149,113.

For the year ended June 30, 2014, \$337,512 was paid into the District's Pension Trust Fund (fiduciary funds).

**E. Operating leases**

The District leases copiers under non-cancelable operating leases. The total cost for these leases amounted to approximately \$68,300 for the year ended June 30, 2014. Future payments are due as follows:

Ending June 30,	Amount
2015	\$ 43,357
2016	14,536
	<u>\$ 57,893</u>

**F. Long-term obligations**

**1. Bonds payable**

The District was authorized by its voters in November 2006, to issue \$77,500,000 of general obligation bonds. The District has outstanding bonds payable from the \$20,000,000 issuance of 20-year bonds dated April 11, 2007, with stated interest rates on specific maturities ranging from 4.0 percent to 4.25 percent; the \$14,000,000 issuance of 15-year bonds dated March 17, 2009, with stated interest rates ranging from 3.0 percent to 4.375 percent; the \$15,000,000 issuance of 20-year bonds dated June 16, 2009, with stated interest rates ranging from 3.0 percent to 4.25 percent, and the \$23,500,000 issuance of 20-year bonds dated June 2, 2011, with stated interest rates ranging from 2.0 percent to 5.0 percent. All these bond issues were for purposes of funding fire station construction and command center projects, seismic improvements, and to purchase land and fire apparatus. Interest rates vary by respective maturities. The District has no variable rate debt. At June 30, 2014, the District had \$5,000,000 of remaining authority to issue bonds.

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Annual debt service requirements to maturity for the bonds are as follows:

Issue Date	Original Issue	Principal			Outstanding at June 30, 2014	Due Within One Year	Interest Rates
		Outstanding at June 30, 2013	Additions	Reductions			
<u>General Obligation Bonds:</u>							
April 11, 2007	\$ 20,000,000	\$ 14,000,000		\$ (1,000,000)	\$ 13,000,000	\$ 1,000,000	4.00 - 4.25%
March 17, 2009	14,000,000	10,560,000		(960,000)	9,600,000	960,000	3.00 - 4.375%
June 16, 2009	15,000,000	12,735,000		(595,000)	12,140,000	610,000	3.00 - 4.25%
June 2, 2011	23,500,000	21,755,000		(895,000)	20,860,000	915,000	2.00 - 5.00%
Total General Obligation Bonds		59,050,000		(3,450,000)	55,600,000	3,485,000	
<u>Unamortized Premium</u>		1,399,048		(82,585)	1,316,463	82,585	
Total		\$ 60,449,048		\$ (3,532,585)	\$ 56,916,463	\$ 3,567,585	

Outstanding issues are callable as follows:

April 11, 2007 - at par plus accrued interest beginning April 1, 2017  
March 17, 2009 - at par plus accrued interest beginning March 1, 2019  
June 16, 2009 - at par plus accrued interest beginning June 15, 2019  
June 2, 2011 - at par plus accrued interest beginning June 1, 2021

Future bond maturities are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 3,485,000	\$ 2,211,285	\$ 5,696,285
2016	3,525,000	2,105,885	5,630,885
2017	3,565,000	1,990,785	5,555,785
2018	3,615,000	1,862,485	5,477,485
2019	3,670,000	1,730,085	5,400,085
2020-2024	19,450,000	6,361,675	25,811,675
2025-2029	15,025,000	2,460,350	17,485,350
2030-2031	3,265,000	205,526	3,470,526
	<u>\$ 55,600,000</u>	<u>\$ 18,928,076</u>	<u>\$ 74,528,076</u>

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**2. Compensated absences**

Compensated absences activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Current Portion
<b>Governmental activities:</b>					
Compensated absences	<u>\$ 7,409,123</u>	<u>\$ 7,282,786</u>	<u>\$ (6,766,149)</u>	<u>\$ 7,925,760</u>	<u>\$ 6,475,083</u>

Due to the current financial resources focus of the governmental funds, only the portion of the accrued compensated absences related to retirements or resignations as of June 30, 2014, is recorded on the governmental funds balance sheet. 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.

**G. Governmental Fund Statements to Entity-wide Statements of Net Position and Activities**

Governmental fund balances differ from net position as presented in the Statement of Net Position due to the differences in measurement focus between the fund and entity-wide statements. Fund balance, as presented in the governmental funds balance sheet, reconciles to net position in the Statement of Net Position through consideration of the following:

Fund balance in the Governmental Fund Balance Sheet	\$ 74,717,398
Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Prepaid items	1,250,432
Unearned revenue	878
Capital assets, net	79,085,299
Unavailable revenue recognized on full accrual basis	3,783,765
Accrued compensated absences	(7,925,760)
Accrued interest payable on long-term debt	(344,018)
Long-term bonded debt	(56,916,463)
Net OPEB asset	80,449
Net pension obligation - Frozen Pension Plan	(568,896)
Net pension asset - LOSAP	179,851
Net position of internal service funds combined with total governmental activities	<u>640,178</u>
Net position in the Statement of Net Position	<u><u>\$ 93,983,113</u></u>

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Similarly, changes in fund balance reconcile to changes in net position in the Statement of Activities through consideration of the following:

Net changes in fund balances	\$ (2,666,011)
Amounts that are not considered current financial resources or uses are not reported in the funds, but are considered on the full accrual basis in the Statement of Activities:	
Net increases in capital assets (\$7,061,679) less depreciation for the year (\$4,257,139)	2,804,540
Property taxes not meeting the measurable and available criteria	144,786
Expenditures in the Statement of Activities that do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds	73,329
Certain revenues recognized as measurable and available in the current year	878
Net increase in accrued compensated absences	(516,637)
Net increase in other post employment benefits	26,892
Net decrease in net pension obligations - Frozen Pension Plan	89,520
Net increase in net pension asset - LOSAP	129,223
Payments on long-term debt and related expenses	3,352,883
Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:	
Change in net position of internal service fund combined with governmental activities	1,481
Net change in net position	<u>\$ 3,440,884</u>

### **III. Other information**

#### **A. Risk management**

The District is exposed to various risks of loss related to torts, theft of or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District, through its General Fund, purchases commercial insurance. Deductibles are generally at \$5,000 or less and natural disasters have a deductible of \$100,000. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The District's industrial accident insurance policies were modified in fiscal year 2013-14 to purchase a Guaranteed Cost/Annual Prepay Plan which provides for a fixed cost. The previously purchased policies allowed for a three-year retrospective annual premium adjustment until claims experience became available. Alternatively, the District may annually elect to close out one or more of the open claim years. Claim years

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for fiscal 2011, 2012, and 2013 remain open. The District's maximum liability for premiums related to these three open claim years is approximately \$2.1 million which represents the difference between the maximum possible premiums less the premium paid. If the claims experience for any of these open claim years is favorable, the District could receive a refund of a portion of the premiums paid.

**B. Related party transactions**

The District contracts with Washington County Consolidated Communications Agency (WCCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2014, the District paid \$1,586,956 to WCCCA for dispatch fees.

**C. Deferred compensation plans**

The District offers all employees a deferred compensation plan created 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. Participation in the plan is optional.

Under terms of the bargaining agreement, and in accordance with Internal Revenue Code Section 401(a), participating employees, who meet length of service requirements receive a District matching contribution of four percent of base wages. The District made a similar match of four and one half percent for non-bargaining employees. The District's contribution during fiscal year 2014 was \$1,420,550, of which \$1,042,153 was made for the bargaining unit employees.

**D. Employee retirement systems and pension plans**

**1. Oregon Public Employees Retirement System (PERS)**

**Plan Description** - The Oregon Public Employees Retirement System (PERS or "the System") provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. For the District and state agencies, community colleges, school districts, and political subdivisions that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, Chapter 283A, and Internal Revenue Code 401(a) by the Public Employees Retirement Board. The Board has the authority

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under state statutes to amend the Plan's contribution rates. PERS issues financial reports, available to the public, that include financial statements and required supplementary information. The reports can be obtained from the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or by calling 503-598-7377, or by following this link: [http://www.oregon.gov/pers/pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/pages/section/financial_reports/financials.aspx).

The Plan offers retirement and disability benefits, post-employment healthcare benefits, annual cost of living increases, and death benefits to Plan members and beneficiaries. Benefits differ depending upon employee entry date. PERS Tier One and Tier Two plans, and the Oregon Public Service Employee's Retirement Plan (OPSRP) established for public employees hired after August 29, 2003, are established by state statutes to provide benefits for state and local governments and their employees. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature.

**Funding Policy** - The required employee contribution of six percent is paid by the District as a result of a collective bargaining agreement. The employee's six percent contribution is required to be remitted to the Individual Account Program (IAP) for all eligible employees under the ORS 238A Individual Account Program plan. The District also contributes the remaining amounts necessary to pay benefits when due. The employer rate adopted by the PERS board based on the December 31, 2011 actuarial valuation and adjusted by Senate Bills 822 and 861 which lowered projected benefits rates for the District for fiscal year 2013-14 and 2014-15 is 15.92 percent for Tier 1 and Tier 2 employees. For OPSRP employees, the District remits contributions based on employee class. The OPSRP contribution rates are 7.75 percent for general service employees and 10.48 percent for police and fire employees. These contribution rates also include the rates for the Retirement Health Insurance Accounts (RHIA).

**Annual Pension Cost** - The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees. The District's contributions to PERS were approximately \$8,487,000 for 2014, \$8,243,000 for 2013, and \$8,015,000 for 2012, equal to the required contributions each year for pension and retiree health insurance costs.

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**2. Single-Employer Defined Benefit Pension Plan**

**Plan Description** - The District maintains a single-employer defined benefit pension plan for those former employees of Washington County Fire Protection District No. 1 (a merged District), who retired prior to July 16, 1981. Compensation levels and years of service were frozen for benefit purposes as of June 30, 1981. 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.

The Plan is maintained for two retired employees and four beneficiaries currently receiving benefits. Benefits paid are based upon the former employees' years of service and a percentage of their average monthly compensation prior to June 30, 1981.

The Plan is administered by the Fire Chief. Benefits under this plan consist of payments to retirees and beneficiaries. Amendments to the plan may be made at the discretion of the Board.

**Actuarial Methods and Assumptions** - The total actuarial present value of accumulated plan benefits as of June 30, 2014, the date of the latest actuarial valuation, was \$2,613,438. All benefits are vested. Significant actuarial assumptions used in the valuation included (a) rate of return of two percent to reflect that the Plan is 'unfunded' according to GASB, (b) cost of living increases of two percent for the 1976 Plan retirees and two to three and one half percent for 1973 Plan retirees, and (c) mortality based upon static table pursuant to IRS Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2014. Because all pension participants are retired, the actuarial valuation of liabilities was performed by discounting expected future cash flows at the assumed rate of interest earned by assets. Unfunded liabilities are amortized over a nine-year open amortization period.

**Funded Status** - Based on the June 30, 2014 actuarial valuation, the annual pension costs for June 30, 2014, are \$247,992. The Net Pension Obligation (NPO) as of June 30, 2014 is estimated at \$568,896. Pension benefits for retirees and beneficiaries will be made on a pay-as-you-go basis. As benefits are paid over the remaining lifetime of the current participants, it is expected that the Net Pension Obligation will trend toward zero over the remaining lifetime of the current participants.

The Plan does not issue stand-alone financial reports.

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<b>Three-Year Trend Information</b>			
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 247,992	136.0 %	\$ 568,896
2013	265,970	118.0	658,416
2012	259,220	126.0	706,834

**Annual Pension Cost and Net Pension Obligation, June 30, 2014:**

	<b>Pension Trust Fund</b>
Annual Required Contribution	\$ 313,908
Interest on Net Pension Obligation	13,168
Adjustment to Annual Required Contribution	(79,084)
Annual Pension Cost	247,992
Contributions - actuarially projected	(337,512)
Increase (decrease) in Net Pension Obligation	(89,520)
Net Pension Obligation - beginning of year	658,416
Net Pension Obligation - end of year	\$ 568,896

**Condensed Statement of Net Position, June 30, 2014:**

	<b>Pension Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$
<b>NET POSITION</b>	
Held in trust for pension benefits	\$

**Changes in Net Position for the year ended June 30, 2014:**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 337,512
<b>DEDUCTIONS</b>	
Benefits	337,512
Change in net position	
Total net position, July 1, 2013	
Total net position, June 30, 2014	\$



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**3. Volunteer Length of Service Award Program (LOSAP)**

**Plan Description** - The District maintains two Volunteer Length of Service Award Programs (known as the LOSAP Plans), for its volunteer firefighters. The District's current volunteers participate in a defined contribution plan implemented effective January 1, 2012, and which is administered by the Oregon Fire District Directors Association. The District maintains a closed defined benefit plan for some prior volunteers under a 1992 plan. The District Finance Division administers investments for the 1992 program and the investment mix consists primarily of investments in the Oregon Local Government Investment Pool and open-end mutual funds. The 1992 program was closed for crediting of additional future benefits on July 1, 1998.

The closed 1992 program is accounted for as a single employer defined benefit plan and provides length of service award benefits of a monthly amount based upon years of service. The Fire Chief, as the Plan Administrator, administers the plan and the Board of Directors provides oversight. Amendments to the plan may be made at the discretion of the Board. Vesting occurred after five years of service and service benefits were limited to 10 years certain-and-life annuity payable at the normal retirement age of 62.

**Actuarial Methods and Assumptions** – Beginning with the fiscal year ended June 30, 2014, the District is accounting for plan liabilities in accordance with GASB Statements 67 and 68. The June 30, 2014 actuarial valuation, the latest available, included a rate of return of five percent and mortality based upon a static table for annuitants described in Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2014. As required by these standards, the Entry Age Normal level Percent of Pay method is used to determine the Service Cost and Total Pension Liability. Under this method the Service Cost is determined as a level percent of covered payroll and the Total Pension Liability is determined as the accumulated value of all past Service Costs.

This is a change in method from prior valuations that used the Aggregate Cost method to calculate a Normal Cost, and the Entry Age Normal method to calculate an Actuarial Accrued Liability for disclosure purpose. Because there are no active participants in the plan and all benefits are fully accrued, the Service Cost would be zero under any method, and the Total Pension Liability (or Actuarial Accrued Liability) is equal to the present value of future payments.

**Funded Status and Funding Progress** – Based on the June 30, 2014 actuarial valuation, the District's Total Pension Liability at June 30, 2014, was \$138,811 and the Fiduciary Net Position

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was \$318,662, resulting in a Net Pension Asset of \$179,851. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the present value of fully projected benefits. The plan is projected to remain fully funded until all benefits have been distributed. No future contributions from the District are expected to be made, thus no Actuarially Determined Contribution under GASB 67 has been calculated.

The plan does not issue stand-alone financial reports.

**Schedule of Net Pension Liability (Asset), June 30, 2014:**

<b>Two-Year Trend Information</b>					
Year Ended June 30	Fiduciary Net Position	Total Pension Liability	Net Pension Liability (Asset)	Funded Ratio	Covered Payroll
2014	\$ 318,662	\$ 138,811	\$ (179,851)	230 %	N/A
2013	659,128	534,531	(124,597)	123	N/A

**Net Pension Liability (Asset), June 30, 2014:**

	<b>Volunteer LOSAP Fund</b>
Present value of fully projected benefits	\$ 138,811
Fiduciary net position	(318,662)
Net pension liability (asset)	<u>\$ (179,851)</u>

**Changes in Plan Assets for the Year Ended June 30, 2014:**

	<b>Volunteer LOSAP Fund</b>
Plan assets at beginning of year	\$ 659,128
Decrease due to:	
Benefit payments	(416,220)
Increase due to:	
Investment earnings	75,754
Plan assets at end of year	<u>\$ 318,662</u>

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**E. Other post-employment benefits (OPEB)**

**1. Health Benefit Retiree Program**

**Plan Description** - The District's Health Benefit Retiree Program has two components: the Explicit Benefit Plan and the Self-Pay Health Plan. The Explicit Benefit Plan results from past agreements made between the District and various employees and employee groups. Under the plan, certain union and non-union retirees are eligible for an explicit benefit in the form of a monthly stipend until age 65 or Medicare eligible. This plan was closed effective July 1, 2000, to current active employees. The District accounts for the resources and expenditures associated with funding this single-employer program through the Retiree Medical Insurance Stipend Fund. The Self-Pay Health Plan is provided in accordance with ORS 243.303, which requires that retirees, including those ineligible for an explicit benefit, be allowed to continue their health care coverage at their own expense. Since union actives continue their coverage through the Union Trust, only non-union actives are eligible to continue their coverage under the District's health plan after retirement. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

**Funding Policy** – Under the Explicit Benefit Plan, the benefit was determined by the retiring employee's years of service and ranges from \$50 to \$100 per month. Under the Self-Pay Health Plan, the District makes no contributions. As of June 30, 2013, the date of the most recent actuarial valuation, there were 111 active employees and 43 retirees and surviving spouses included in both components of the Health Benefit Retiree Program.

**Annual OPEB Cost and Net OPEB Asset** - The District's annual other post-employment benefit cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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The following table shows the components of the OPEB asset at the end of the year:

	<b>Retiree Health Benefit Program</b>
Annual Required Contribution	\$ 101,358
Interest on OPEB	(1,606)
Adjustment for OPEB	2,732
Annual OPEB Cost	102,484
Expected Contributions	(129,376)
Increase (Decrease) in Net OPEB Obligation	(26,892)
Net OPEB Obligation (Asset) - beginning of year	(53,557)
Net OPEB Obligation (Asset) - end of year	<u>\$ (80,449)</u>

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation (asset) for 2014 were as follows:

<b>Three-Year Trend Information</b>			
Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$ 102,484	126.24 %	\$ (80,449)
2013	102,043	120.50	(53,557)
2012	149,205	101.05	(32,586)

**Funded Status and Funding Progress** - As of June 30, 2013, the District's actuarial accrued liability (AAL) for benefits was \$1,391,312, and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,391,312 on a covered payroll of \$9,758,266. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For the governmental activities, OPEBs are generally liquidated by the General Fund.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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The actuarial cost method used to determine the Annual Required Contribution (ARC) for this plan was the Entry Age Normal (EAN) method. Under this method, the District adopted the Level Dollar alternative to apply the EAN method, where the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level. The actuarial assumptions included a discount rate of three percent and a 35 percent assumption of participants who elect medical coverage at retirement. They also assume medical and vision premiums would increase at 6.5 percent inflation for 2014, grading down to an annual rate of five percent over three years, which is consistent with expectations for long-term health care cost inflation. An open period was used for the medical portion of the plan and a closed period was used to amortize the unfunded liability attributed to the stipend. There is no explicit assumption for future inflation, as benefits are not tied to inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS.

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

**Plan Description** – As a member of Oregon Public Employees Retirement System (PERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA resides with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERS, PO Box 23700, Tigard, OR 97281-3700.

**Funding Policy** – Given that RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS requires that an amount up to \$60 shall be paid from the 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. A surviving

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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.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes .59 percent of annual covered Tier 1 and Tier 2 payroll and .49 percent of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2014, 2013, and 2012 were approximately \$247,000, \$218,000, and \$236,000 respectively, and were included as part of the required PERS contributions.

**3. Retiree Health Plan for Local 1660 Members**

**Plan Description** – Tualatin Valley Fire & Rescue (TVF&R) contributes to the IAFF Local 1660 Union Health Trust, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by Local 1660. The Health Trust provides medical benefits to active and retired employees of participating fire districts. The authority to establish and amend benefit provisions remains with Local 1660. The Health Trust issues a publicly available financial report that includes financial statements and required supplementary information for the retiree health plan. That report may be obtained by writing to Mr. Rocky L. Hanes, President, IAFF Local 1660, P.O. Box 1904, Lake Oswego, OR 97035.

**Funding Policy** - Local 1660 sets the contribution requirements for the retirees of the participating employers and they may be amended by the Local 1660 board of trustees. Currently, retirees must self-pay for their retiree health coverage, and health coverage is only available until attainment of age 65. Retired members and beneficiaries receiving benefits contribute an average of \$1,216 per month for medical coverage and \$145 per month for dental coverage to age 65.

Participating fire districts are contractually required to contribute at a monthly per-employee rate negotiated with Local 1660. The negotiated per employee rate reflects the ongoing net claims costs for retired members but is not directly based on the annual required contribution (ARC)

**Tualatin Valley Fire and Rescue**  
**Notes To The Basic Financial Statements**

**June 30, 2014**

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of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The District's contributions to the Union Health Trust for retiree benefits for the plan years ended June 30, 2014, 2013 and 2012 were \$2,165, \$4,780, and \$5,460 respectively, which equaled the required contributions as negotiated for each year.

**F. Commitments and contingencies**

As of June 30, 2014, the District is committed under various accepted bid agreements and contracts for approximately \$2.9 million for goods, services and construction of facilities. This includes \$2.3 million in construction commitments for Stations 51 and 52.





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## REQUIRED SUPPLEMENTARY INFORMATION

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**Tualatin Valley Fire and Rescue**  
**Required Supplementary Information**

**June 30, 2014**

<b>Schedule of Funding Progress</b> <b>Single-Employer Defined Benefit Pension Plan</b>					
Actuarial Date June 30,	AVA <sup>(1)</sup>	AAL <sup>(2)</sup>	(UAAL) <sup>(4)</sup>	Funded Ratio	Covered Payroll
2014	\$	\$ 2,613,438	\$ (2,613,438)	0%	N/A
2012	307	2,803,775	(2,803,468)	0	N/A
2010	2,191	2,921,875	(2,919,684)	0	N/A

<b>Schedule of Funding Progress</b> <b>Health Benefit Retiree Program</b>						
Actuarial Date June 30,	AVA <sup>(1)</sup>	AAL <sup>(2)</sup>	(UAAL) <sup>(4)</sup>	Percent Funded	Covered Payroll	UAAL <sup>(3)</sup>
2013		\$ 1,391,312	\$ (1,391,312)	0%	\$ 9,758,266	14.26%
2011		1,806,831	(1,806,831)	0	8,460,763	21.36
2009		1,721,578	(1,721,578)	0	7,450,107	23.11

<b>Schedule of Net Pension Asset</b> <b>Volunteer Length of Service Award Plan</b>							
Actuarial Date June 30,	Fiduciary Net Position	Total Pension Liability	Net Pension Liability (Asset)	Funded Ratio	Covered Payroll	Net Pension Liability as a % of Covered Payroll	
2014	\$ 318,662	\$ 138,811	\$ (179,851)	230.00%	N/A	N/A	
2013	659,128	534,531	(124,597)	123.00	N/A	N/A	
2010	801,161	982,436	(181,275)	81.55	N/A	N/A	

<sup>(1)</sup> Actuarial Value of Assets

<sup>(2)</sup> Actuarial Accrued Liability

<sup>(3)</sup> As a Percentage of Covered Payroll

<sup>(4)</sup> Funded/Unfunded Actuarial Accrued Liability



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## OTHER SUPPLEMENTARY INFORMATION

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## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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# Tualatin Valley Fire and Rescue

## Property and Building Fund

### Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual For The Year Ended June 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Interest	\$ 12,477	\$ 12,477	\$ 47,870	\$ 35,393
<b>Expenditures</b>				
Capital outlay	189,200	225,200	224,310	890
Operating contingency	2,435,800	2,399,800		2,399,800
Total expenditures	2,625,000	2,625,000	224,310	2,400,690
Excess (deficiency) of revenues over (under) expenditures	(2,612,523)	(2,612,523)	(176,440)	2,436,083
<b>Other Financing Sources</b>				
Transfers in	1,000,000	1,000,000	1,000,000	
Proceeds from sale of surplus property			585,225	585,225
Total other financing sources	1,000,000	1,000,000	1,585,225	585,225
Net change in fund balance	(1,612,523)	(1,612,523)	1,408,785	3,021,308
Fund balance - July 1, 2013	7,339,585	7,339,585	8,260,339	920,754
Fund balance - June 30, 2014	\$ 5,727,062	\$ 5,727,062	\$ 9,669,124	\$ 3,942,062



**Tualatin Valley Fire and Rescue**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For The Year Ended June 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Interest	\$ 15,300	\$ 15,300	\$ 31,478	\$ 16,178
Miscellaneous			11,143	11,143
Total revenues	<u>15,300</u>	<u>15,300</u>	<u>42,621</u>	<u>27,321</u>
<b>Expenditures</b>				
Capital outlay	12,430,000	13,044,000	6,113,416	6,930,584
Operating contingency	<u>2,424,090</u>	<u>1,810,090</u>		<u>1,810,090</u>
Total expenditures	<u>14,854,090</u>	<u>14,854,090</u>	<u>6,113,416</u>	<u>8,740,674</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,838,790)</u>	<u>(14,838,790)</u>	<u>(6,070,795)</u>	<u>8,767,995</u>
Fund balance - July 1, 2013	<u>14,838,790</u>	<u>14,838,790</u>	<u>14,211,991</u>	<u>(626,799)</u>
Fund balance - June 30, 2014	<u>\$</u>	<u>\$</u>	<u>\$ 8,141,196</u>	<u>\$ 8,141,196</u>



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## NONMAJOR GOVERNMENTAL FUNDS

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These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this category are:

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### **Special Revenue Fund:**

*Grants Fund* - accounts for the resources used for the acquisition of items approved through awarded grants.

### **Debt Service Fund:**

*Debt Service Fund* - accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

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**Tualatin Valley Fire and Rescue**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

	Fund Type		Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	
	Grants Fund	Debt Service Fund	
<b>Assets</b>			
Cash and cash equivalents	\$	\$ 1,518,727	\$ 1,518,727
Receivables:			
Property taxes receivable		285,869	285,869
Total assets	<u>\$</u>	<u>\$ 1,804,596</u>	<u>\$ 1,804,596</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	<u>\$</u>	<u>\$ 263,423</u>	<u>\$ 263,423</u>
Total deferred inflows of resources		263,423	263,423
<b>Fund balances:</b>			
Restricted		1,541,173	1,541,173
Total fund balances		1,541,173	1,541,173
Total deferred inflows of resources, and fund balances	<u>\$</u>	<u>\$ 1,804,596</u>	<u>\$ 1,804,596</u>

# Tualatin Valley Fire and Rescue

## Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance Nonmajor Governmental Funds For The Year Ended June 30, 2014

	Fund Type		
	Special Revenue	Debt Service	
	Grants Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes	\$	\$ 5,681,392	\$ 5,681,392
Interest		18,907	18,907
Grants and donations	42,946		42,946
Total revenues	<u>42,946</u>	<u>5,700,299</u>	<u>5,743,245</u>
<b>Expenditures</b>			
Current:			
Public safety:			
Personnel services	3,424		3,424
Materials and services	39,522		39,522
Debt service:			
Principal		3,450,000	3,450,000
Interest		2,315,835	2,315,835
Total expenditures	<u>42,946</u>	<u>5,765,835</u>	<u>5,808,781</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(65,536)</u>	<u>(65,536)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(149,113)</u>		<u>(149,113)</u>
Total other financing sources (uses)	<u>(149,113)</u>		<u>(149,113)</u>
Net change in fund balances	(149,113)	(65,536)	(214,649)
Fund balances - July 1, 2013	149,113	1,606,709	1,755,822
Fund balances - June 30, 2014	<u>\$</u>	<u>\$ 1,541,173</u>	<u>\$ 1,541,173</u>

**Tualatin Valley Fire and Rescue**  
**Grants Fund**  
**Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance**  
**Budget and Actual**  
**For The Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Grants and contributions	\$ 96,700	\$ 42,946	\$ (53,754)
<b>Expenditures</b>			
Current:			
Public safety:			
Personnel services	6,800	3,424	3,376
Materials and services	89,900	39,522	50,378
Operating contingency	10,000		10,000
Total expenditures	106,700	42,946	63,754
Excess (deficiency) of revenues over (under) expenditures	(10,000)		10,000
<b>Other Financing Sources (Uses)</b>			
Transfers out	(200,000)	(149,113)	50,887
Net change in fund balance	(210,000)	(149,113)	60,887
Fund balance - July 1, 2013	210,000	149,113	(60,887)
Fund balance - June 30, 2014	\$	\$	\$

# Tualatin Valley Fire and Rescue

## Debt Service Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For The Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes	\$ 5,601,998	\$ 5,680,542	\$ 78,544
Taxes in lieu	350	850	500
Interest	14,525	18,907	4,382
Total revenues	<u>5,616,873</u>	<u>5,700,299</u>	<u>83,426</u>
<b>Expenditures</b>			
Debt service:			
Principal	3,450,000	3,450,000	
Interest	2,315,836	2,315,835	1
Total expenditures	<u>5,765,836</u>	<u>5,765,835</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(148,963)	(65,536)	83,427
Fund balance - July 1, 2013	1,254,606	1,606,709	352,103
Fund balance - June 30, 2014	<u>\$ 1,105,643</u>	<u>\$ 1,541,173</u>	<u>\$ 435,530</u>

**Tualatin Valley Fire and Rescue**  
**Insurance Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For The Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Interest	\$ 3,400	\$ 3,451	\$ 51
Insurance refunds		1,096	1,096
Total revenues	<u>3,400</u>	<u>4,547</u>	<u>1,147</u>
<b>Expenditures</b>			
Materials and services	<u>643,797</u>	<u>3,066</u>	<u>640,731</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(640,397)	1,481	641,878
Fund balance - July 1, 2013	<u>640,397</u>	<u>638,697</u>	<u>(1,700)</u>
Fund balance - June 30, 2014	<u>\$</u>	<u>\$ 640,178</u>	<u>\$ 640,178</u>



**Tualatin Valley Fire and Rescue**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	Pension Trust Fund	Volunteer LOSAP Fund	Total Pension Trust Funds
<b>Assets</b>			
Cash and cash equivalents	\$	\$ 64,026	\$ 64,026
Investments, mutual funds at fair value		254,636	254,636
Total assets		318,662	318,662
<b>Net Position</b>			
Held in trust for pension benefits	\$	\$ 318,662	\$ 318,662

**Tualatin Valley Fire and Rescue**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2014**

	Pension Trust Fund	Volunteer LOSAP Fund	Total Pension Trust Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 337,512		\$ 337,512
Investment earnings:		\$ 75,754	75,754
Total additions	<u>337,512</u>	<u>75,754</u>	<u>413,266</u>
<b>Deductions</b>			
Benefits	<u>337,512</u>	<u>416,220</u>	<u>753,732</u>
Changes in net position		(340,466)	(340,466)
Total net position, July 1, 2013		659,128	659,128
Total net position, June 30, 2014	<u>\$</u>	<u>\$ 318,662</u>	<u>\$ 318,662</u>

## Tualatin Valley Fire and Rescue

### Pension Trust Fund

#### Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual For The Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Expenditures</b>			
Personnel services	\$ 343,874	\$ 337,512	\$ 6,362
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(343,874)	(337,512)	(6,362)
<b>Other Financing Sources</b>			
Transfers in	343,874	337,512	(6,362)
Net change in fund balance			
Fund balance - July 1, 2013			
Fund balance - June 30, 2014	\$	\$	\$

**Tualatin Valley Fire and Rescue**

**Volunteer LOSAP Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For The Year Ended June 30, 2014**

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	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Investment earnings	<u>\$ 8,050</u>	<u>\$ 75,754</u>	<u>\$ 67,704</u>
<b>Expenditures</b>			
Personnel services	<u>624,248</u>	<u>416,220</u>	<u>208,028</u>
Net change in fund balance	(616,198)	(340,466)	275,732
Fund balance - July 1, 2013	<u>616,198</u>	<u>659,128</u>	<u>42,930</u>
Fund balance - June 30, 2014	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

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## GENERAL FUND

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These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this category combine into the General Fund in the combined basic financial statements and are listed below.

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***General Fund*** - accounts for the basic financial operations of the District.

***Apparatus Fund*** - accounts for the accumulation of resources for emergency service apparatus and vehicles.

***Capital Improvements Fund*** - accounts for the resources provided for firefighting, emergency medical service, office and fire technology and other equipment used in operations.

***Emergency Management Fund*** - accounts for resources provided for and used in emergency preparedness, through a regional partnership.

***Retiree Medical Insurance Stipend Fund*** - accounts for the use of accumulated resources for the payment of post-employment health benefits under a plan closed in 2000 for firefighters and other employees until age 65.

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**Tualatin Valley Fire and Rescue**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2014**

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Stipend Fund	Total General Fund
<b>Assets</b>						
Cash and cash equivalents	\$ 48,548,213	\$ 3,711,080	\$ 8,584,927	\$ 18,980	\$ 42,681	\$ 60,905,881
Receivables:						
Property taxes receivable	3,824,371					3,824,371
Accounts receivable	218,791		50			218,841
Supplies inventory	305,764					305,764
Total assets	<u>\$ 52,897,139</u>	<u>\$ 3,711,080</u>	<u>\$ 8,584,977</u>	<u>\$ 18,980</u>	<u>\$ 42,681</u>	<u>\$ 65,254,857</u>
<b>Liabilities</b>						
Liabilities:						
Accounts payable	\$ 684,154	\$	\$ 202,184	\$	\$	\$ 886,338
Accrued salaries and benefits payable	5,481,394					5,481,394
Unearned revenue	878					878
Total liabilities	<u>6,166,426</u>	<u></u>	<u>202,184</u>	<u></u>	<u></u>	<u>6,368,610</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenue - property taxes	<u>3,520,342</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>3,520,342</u>
<b>Fund balances</b>						
Nonspendable	305,764					305,764
Committed		3,711,080	8,382,793	18,980	42,681	12,155,534
Unassigned	42,904,607					42,904,607
Total fund balances	<u>43,210,371</u>	<u>3,711,080</u>	<u>8,382,793</u>	<u>18,980</u>	<u>42,681</u>	<u>55,365,905</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,897,139</u>	<u>\$ 3,711,080</u>	<u>\$ 8,584,977</u>	<u>\$ 18,980</u>	<u>\$ 42,681</u>	<u>\$ 65,254,857</u>

**Tualatin Valley Fire and Rescue  
General Fund  
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances -  
Budget and Actual  
For The Year Ended June 30, 2014**

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Stipend Fund	Eliminations	Total General Fund
<b>Revenues</b>							
Program Revenues:							
Charges for services	\$ 1,731,241	\$	\$	\$ 207,696	\$	\$	\$ 1,938,937
Grants and contributions	106,611		17,542				124,153
General Revenues:							
Taxes	76,851,403						76,851,403
Interest	109,777	19,968	44,869		312		174,926
Insurance dividends and refunds	881,244						881,244
Miscellaneous	64,356						64,356
Total revenues	<u>79,744,632</u>	<u>19,968</u>	<u>62,411</u>	<u>207,696</u>	<u>312</u>		<u>80,035,019</u>
<b>Expenditures</b>							
Current:							
Public safety:							
Personnel services	66,849,131			188,716	34,656	337,512	67,410,015
Materials and services	8,213,196			28,972			8,242,168
Capital outlay			1,364,042				1,364,042
Total expenditures	<u>75,062,327</u>		<u>1,364,042</u>	<u>217,688</u>	<u>34,656</u>	<u>337,512</u>	<u>77,016,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,682,305</u>	<u>19,968</u>	<u>(1,301,631)</u>	<u>(9,992)</u>	<u>(34,344)</u>	<u>(337,512)</u>	<u>3,018,794</u>
<b>Other Financing Sources (Uses)</b>							
Transfers in	149,113		1,228,534	28,972		(1,257,506)	149,113
Transfers out	(2,595,018)					1,595,018	(1,000,000)
Proceeds on sale of surplus property	12,442		30,299				42,741
Total other financing sources	<u>(2,433,463)</u>		<u>1,258,833</u>	<u>28,972</u>		<u>337,512</u>	<u>(808,146)</u>
Net change in fund balances	2,248,842	19,968	(42,798)	18,980	(34,344)		2,210,648
Fund balances - July 1, 2013	<u>40,961,529</u>	<u>3,691,112</u>	<u>8,425,591</u>		<u>77,025</u>		<u>53,155,257</u>
Fund balances - June 30, 2014	<u>\$ 43,210,371</u>	<u>\$ 3,711,080</u>	<u>\$ 8,382,793</u>	<u>\$ 18,980</u>	<u>\$ 42,681</u>	<u>\$</u>	<u>\$ 55,365,905</u>

**Tualatin Valley Fire and Rescue**  
**Apparatus Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For The Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Interest	\$ 11,172	\$ 19,968	\$ 8,796
<b>Expenditures</b>			
Operating contingency	500,000		500,000
Excess (deficiency) of revenues over (under) expenditures	(488,828)	19,968	508,796
Fund balance - July 1, 2013	3,192,030	3,691,112	499,082
Fund balance - June 30, 2014	<u>\$ 2,703,202</u>	<u>\$ 3,711,080</u>	<u>\$ 1,007,878</u>



# Tualatin Valley Fire and Rescue

## Capital Improvements Fund

### Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual For The Year Ended June 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Interest	\$ 26,073	\$ 26,073	\$ 44,869	\$ 18,796
Grants and contributions			17,542	17,542
Total revenue	<u>26,073</u>	<u>26,073</u>	<u>62,411</u>	<u>36,338</u>
<b>Expenditures</b>				
Capital outlay	801,350	1,637,350	1,364,042	273,308
Operating contingency	<u>2,692,827</u>	<u>1,856,827</u>		1,856,827
Total expenditures	<u>3,494,177</u>	<u>3,494,177</u>	<u>1,364,042</u>	<u>2,130,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,468,104)</u>	<u>(3,468,104)</u>	<u>(1,301,631)</u>	<u>2,166,473</u>
<b>Other Financing Sources</b>				
Transfers in	1,228,534	1,228,534	1,228,534	
Proceeds on sale of surplus property	<u>2,500</u>	<u>2,500</u>	<u>30,299</u>	<u>27,799</u>
Total other financing sources	<u>1,231,034</u>	<u>1,231,034</u>	<u>1,258,833</u>	<u>27,799</u>
Net change in fund balance	(2,237,070)	(2,237,070)	(42,798)	2,194,272
Fund balance - July 1, 2013	<u>7,449,540</u>	<u>7,449,540</u>	<u>8,425,591</u>	<u>976,051</u>
Fund balance - June 30, 2014	<u>\$ 5,212,470</u>	<u>\$ 5,212,470</u>	<u>\$ 8,382,793</u>	<u>\$ 3,170,323</u>

# Tualatin Valley Fire and Rescue

## Emergency Management Fund

### Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual For The Year Ended June 30, 2014

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Charges for services	\$ 200,957	\$ 207,696	\$ 6,739
<b>Expenditures</b>			
Current:			
Public safety:			
Personnel services	203,361	188,716	14,645
Materials and services	44,835	28,972	15,863
Operating contingency	10,000		10,000
Total expenditures	258,196	217,688	40,508
Excess (deficiency) of revenues over (under) expenditures	(57,239)	(9,992)	47,247
<b>Other Financing Sources</b>			
Transfers in	57,239	28,972	(28,267)
Net change in fund balance		18,980	18,980
Fund balance - July 1, 2013			
Fund balance - June 30, 2014	\$	\$ 18,980	\$ 18,980

**Tualatin Valley Fire and Rescue**  
**Retiree Medical Insurance Stipend Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For The Year Ended June 30, 2014**

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Interest	\$ 500	\$ 312	\$ (188)
<b>Expenditures</b>			
Current:			
Public Safety:			
Personnel services	41,486	34,656	6,830
Excess (deficiency) of revenues over (under) expenditures	(40,986)	(34,344)	6,642
Fund balance - July 1, 2013	77,706	77,025	(681)
Fund balance - June 30, 2014	\$ 36,720	\$ 42,681	\$ 5,961

**Tualatin Valley Fire and Rescue**  
**Schedule of Property Tax Transactions and Outstanding Balances**  
**For The Year Ended June 30, 2014**

Tax Year	Taxes Uncollected June 30, 2013	Add Levy as Extended by Assessor	Add (deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deductions) Collections	Taxes Uncollected June 30, 2014
2013-14	\$	\$ 84,922,515	\$ (2,222,531)	\$ 23,676	\$ (216,246)	\$ (80,738,959)	\$ 1,768,455
2012-13	1,854,166		(6,476)	59,884	(46,632)	(962,606)	898,336
2011-12	971,393		141	55,332	10,666	(382,202)	655,330
2010-11	673,327		26	68,356	15,345	(333,473)	423,581
2009-10	399,532		13	30,027	(16,710)	(113,880)	298,982
2008-09	46,583		13	5,793	(9,428)	(17,217)	25,744
2008 and prior	64,422			3,846	(13,765)	(14,691)	39,812
Total prior	4,009,423		(6,283)	223,238	(60,524)	(1,824,069)	2,341,785
Total	\$ 4,009,423	\$ 84,922,515	\$ (2,228,814)	\$ 246,914	\$ (276,770)	\$ (82,563,028)	\$ 4,110,240

	General Fund	Debt Service Fund	Total
Reconciliation to tax revenues on combined financial statements:			
Property tax collections above	\$ 76,878,360	\$ 5,684,668	\$ 82,563,028
Property taxes susceptible to accrual at June 30, 2014	304,029	22,446	326,475
Property taxes susceptible to accrual at June 30, 2013	(343,873)	(26,572)	(370,445)
Taxes in lieu of property taxes	12,887	850	13,737
Tax revenues	\$ 76,851,403	\$ 5,681,392	\$ 82,532,795

	Property Taxes		Taxes in Lieu of Property Taxes	Total	Taxes Uncollected June 30, 2014
	Current Levy	Prior Years			
Distributed As Follows:					
General Fund	\$ 75,424,694	\$ 1,413,822	\$ 12,887	\$ 76,851,403	\$ 3,824,371
Debt Service Fund	5,574,144	106,398	850	5,681,392	285,869
Total	\$ 80,998,838	\$ 1,520,220	\$ 13,737	\$ 82,532,795	\$ 4,110,240

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## STATISTICAL SECTION

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

Contents	Page
<b>Financial Trends:</b>	<b>104</b>
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>	<b>108</b>
These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	
<b>Debt Capacity:</b>	<b>112</b>
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>	<b>115</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information:</b>	<b>117</b>
These schedules contain service and infrastructure 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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*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.*

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**Tualatin Valley Fire and Rescue**  
**Net Position By Component**  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities:</b>										
Net investment in capital assets	\$23,463,387	\$27,938,890	\$25,440,690	\$26,022,160	\$26,836,071	\$27,397,380	\$30,510,984	\$30,618,980	\$30,971,036	\$31,417,412
Restricted	1,031,033	1,165,747	1,273,796	1,321,652	544,419	1,298,395	1,312,282	1,676,044	1,626,185	1,541,173
Unrestricted	28,809,681	30,663,907	39,349,635	46,748,396	49,339,432	51,160,608	51,301,589	54,491,788	57,945,008	61,024,528
Total primary government net position	\$53,304,101	\$59,768,544	\$66,064,121	\$74,092,208	\$76,719,922	\$79,856,383	\$83,124,855	\$86,786,812	\$90,542,229	\$93,983,113

## Tualatin Valley Fire and Rescue

### Changes in Net Position

Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues</b>										
Governmental activities:										
Charges for services <sup>(1)</sup>	\$704,506	\$818,382	\$852,678	\$916,859	\$758,476	\$587,305	\$738,171	\$1,322,635	\$1,383,399	\$1,939,665
Operating grants and contributions	1,794,138	606,864	583,497	277,094	134,753	241,384	278,408	1,086,330	1,161,457	168,769
Capital grants and contributions		1,453,268		68,535	432,805	43,950		48,450		
Total primary government program revenues	2,498,644	2,878,514	1,436,175	1,262,488	1,326,034	872,639	1,016,579	2,457,415	2,544,856	2,108,434
<b>General Revenues</b>										
Property taxes	55,233,714	58,118,393	61,211,437	66,146,305	68,254,733	72,601,267	74,905,936	79,303,750	79,853,105	82,677,581
Investment earnings	875,339	1,645,622	2,504,630	2,755,890	1,006,351	406,556	299,393	343,772	336,512	276,632
Insurance dividends and refunds	148,656	450,318	273,161	646,230	236,921	420,993	655,797	188,074	527,435	882,340
Miscellaneous	76,822	192,871	81,298	52,372	116,317	270,443	113,625	224,532	400,202	91,807
Total primary government general revenue	56,334,531	60,407,204	64,070,526	69,600,797	69,614,322	73,699,259	75,974,751	80,060,128	81,117,254	83,928,360
<b>Expenses</b>										
Governmental activities:										
Public safety - fire protection	53,100,610	56,652,973	58,872,384	61,874,697	67,371,019	69,649,810	71,961,409	76,438,386	78,142,770	80,967,876
Interest on long-term debt	280,733	210,432	359,307	921,830	950,457	1,785,629	1,761,449	2,417,200	2,315,227	2,211,384
Loss on sale of capital assets	77,030			38,671						
Total primary government expenses	53,458,373	56,863,405	59,231,691	62,835,198	68,321,476	71,435,439	73,722,858	78,855,586	80,457,997	83,179,260
Total primary government net expense	5,374,802	6,422,313	6,275,010	8,028,087	2,618,880	3,136,459	3,268,472	3,661,957	3,204,113	2,857,534
<b>Other Changes in Net Position</b>										
Gain on sale of capital assets		42,130	20,567		8,834				551,304	583,350
<b>Change in Net Position</b>										
Total primary government	\$5,374,802	\$6,464,443	\$6,295,577	\$8,028,087	\$2,627,714	\$3,136,459	\$3,268,472	\$3,661,957	\$3,755,417	\$3,440,884

<sup>(1)</sup> Beginning in 2012, the District expanded contracting for fleet services with several local fire agencies.

**Tualatin Valley Fire and Rescue**  
**Fund Balances, Governmental Funds**  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Reserved	\$204,312	\$225,511	\$236,315	\$272,292	\$302,466	\$	\$	\$	\$	\$
Unreserved	22,218,710 <sup>(1)</sup>	25,737,059	30,458,483	34,934,854	36,809,276					
Non-spendable						281,282	283,918	275,878	323,981	305,764
Committed						8,056,103	8,004,148	10,846,664	12,193,728	12,155,534
Unassigned						37,979,877	40,080,565	39,379,808	40,637,548	42,904,607
Total general fund	<u>\$22,423,022</u>	<u>\$25,962,570</u>	<u>\$30,694,798</u>	<u>\$35,207,146</u>	<u>\$37,111,742</u>	<u>\$46,317,262</u>	<u>\$48,368,631</u>	<u>\$50,502,350</u>	<u>\$53,155,257</u>	<u>\$55,365,905</u>
<b>All Other Governmental Funds</b>										
Reserved	\$1,339,277	\$1,428,618	\$17,868,637	\$11,340,917	\$22,908,804	\$	\$	\$	\$	\$
Unreserved, reported in										
Special revenue funds	2,801,691	2,523,009	4,451,489	6,706,623	7,343,692					
Capital projects fund	4,224,381	3,882,796	5,848,944	5,982,171	5,959,548					
Non-spendable							18,670	18,670		
Restricted										
Assigned						12,151,239	27,722,449	22,548,912	15,967,813	9,682,369
Total all other governmental funds	<u>\$8,365,349</u>	<u>\$7,834,423</u>	<u>\$28,169,070</u>	<u>\$24,029,711</u>	<u>\$36,212,044</u>	<u>\$19,083,544</u>	<u>\$33,943,158</u>	<u>\$29,564,155</u>	<u>\$24,228,152</u>	<u>\$19,351,493</u>

<sup>(1)</sup> Fiscal years 2005 and prior were not restated for compensated absences.

<sup>(2)</sup> GASB 54 was implemented in fiscal year 2011. Fund balances were restated for fiscal year 2010 forward.



**Tualatin Valley Fire and Rescue**  
**Changes in Fund Balances, Governmental Funds**  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$55,433,542	\$58,139,673	\$61,007,196	\$65,684,260	\$67,581,260	\$72,431,406	\$75,053,455	\$78,390,053	\$80,009,514	\$82,532,795
Interest	860,920	1,614,208	2,469,936	2,720,574	992,093	402,132	296,086	340,389	332,825	273,181
Charges for services	702,918	831,114	848,145	895,648	728,156	583,312	763,085	1,308,643	1,406,782	1,938,937
Insurance dividends and refunds	142,632	383,678	239,646	641,668	230,529	415,446	655,797	179,479	526,133	881,244
Grants and contributions	1,256,727	606,864	230,399	190,593	81,762	225,052	156,951	1,072,899	864,502	167,099
Miscellaneous	70,635	181,377	73,987	47,083	89,484	104,552	93,638	222,553	385,023	75,499
Total revenues	58,467,374	61,756,914	64,869,309	70,179,826	69,703,284	74,161,900	77,019,012	81,514,016	83,524,779	85,868,755
<b>Expenditures</b>										
Current										
Public safety	49,622,079	53,080,053	55,487,788	58,494,214	61,873,639	65,697,931	67,630,668	70,506,595	73,220,646	75,695,129
Capital outlay	4,622,077	5,448,168	3,026,118	8,163,030	19,875,402	13,007,737	12,993,142	7,609,985	8,099,083	7,701,768
Debt service:										
Principal	1,582,100	1,190,000	1,280,000	2,375,000	2,475,000	2,115,000	2,520,000	3,395,000	3,420,000	3,450,000
Interest	287,532	225,450	170,200	931,892	841,575	1,798,179	1,738,673	2,520,412	2,419,635	2,315,835
Total expenditures	56,113,788	59,943,671	59,964,106	69,964,136	85,065,616	82,618,847	84,882,483	84,031,992	87,159,364	89,162,732
Excess (deficiency) of revenues over (under) expenditures	2,353,586	1,813,243	4,905,203	215,690	(15,362,332)	(8,456,947)	(7,863,471)	(2,517,976)	(3,634,585)	(3,293,977)
<b>Other Financing Sources (Uses)</b>										
Proceeds from debt issuance			20,000,000		29,000,000		23,500,000			
Premiums from debt issuance					362,404		1,249,264			
Proceeds from sales of surplus property	32,886	173,229	161,672	157,299	86,857	533,967	25,190	272,692	951,489	627,966
Transfers in	4,002,535	4,090,853	2,604,257	2,704,125	3,205,453	4,641,755	3,185,885	1,200,000	500,000	1,149,113
Transfers out	(4,002,535)	(4,090,853)	(2,664,257)	(2,704,125)	(3,205,453)	(4,641,755)	(3,185,885)	(1,200,000)	(500,000)	(1,149,113)
Total other financing sources (uses)	32,886	173,229	20,101,672	157,299	29,449,261	533,967	24,774,454	272,692	951,489	627,966
Net change in fund balances	\$2,386,472	\$1,986,472	\$25,006,875	\$372,989	\$14,086,929	\$(7,922,980)	\$16,910,983	\$(2,245,284)	\$(2,683,096)	\$(2,666,011)
Debt service as a percentage of noncapital expenditures	3.63%	2.60%	2.53%	5.29%	5.09%	5.62%	5.92%	7.74%	7.39%	7.08%

# Tualatin Valley Fire and Rescue

## Assessed and Market Value of Taxable Property

### Last Ten Fiscal Years

Fiscal Year	Real Property*		Personal Property		Mobile Home Property		Utility Property		Total		Total Assessed to Total Market Value	Total District Tax Rate
	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value		
2014	\$42,716,027,358	\$55,819,620,463	\$1,289,133,350	\$1,330,709,755	\$37,054,528	\$48,696,174	\$1,198,999,750	\$1,316,814,786	\$45,241,214,986	\$58,515,841,178	77.31	\$1.91
2013	41,153,875,254	52,242,895,589	1,285,083,148	1,300,882,754	37,473,333	49,143,750	1,186,894,151	1,294,538,870	43,663,325,886	54,887,460,963	79.55	1.91
2012	40,033,905,433	53,094,082,885	1,242,926,832	1,254,219,436	41,878,148	54,190,090	1,205,943,990	1,245,624,000	42,524,654,403	55,648,116,411	76.42	1.93
2011	38,896,351,775	55,859,041,477	1,239,530,152	1,251,419,908	45,889,216	59,433,410	1,209,023,665	1,214,510,966	41,390,794,808	58,384,405,761	70.89	1.88
2010	37,743,268,296	60,010,991,508	1,291,172,910	1,302,244,097	54,963,237	62,488,050	1,193,592,740	1,194,549,230	40,282,997,183	62,570,272,885	64.38	1.90
2009	36,352,459,360	64,462,001,645	1,365,624,057	1,375,655,902	51,351,504	57,431,190	1,063,723,000	1,067,347,629	38,833,157,921	66,962,436,366	57.99	1.84
2008	34,641,993,583	62,615,731,611	1,280,664,739	1,292,853,444	54,128,069	59,845,740	1,020,096,190	1,073,993,240	36,996,882,581	65,042,424,035	56.88	1.87
2007	32,870,751,582	55,887,171,646	1,209,328,395	1,215,420,705	66,468,302	71,311,755	969,696,390	977,289,297	35,116,244,669	58,151,193,403	60.39	1.82
2006	31,203,991,728	45,563,141,842	1,175,706,594	1,184,110,910	70,563,327	74,439,919	927,989,770	929,254,187	33,378,251,419	47,750,946,858	69.90	1.82
2005	28,848,716,198	40,772,439,891	1,165,078,033	1,183,135,033	74,672,926	79,567,132	901,881,166	916,813,830	30,990,348,323	42,951,955,886	72.15	1.83

Information from Washington, Clackamas, and Multnomah County Assessment and Tax Roll Summaries.

\* Includes Multnomah County Assessed Valuation in its entirety.

Note: In May 1997, Oregon voters approved Measure 50 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 3% growth per year. Accordingly, since that date, there is an increasing difference between market value and assessed value.

## Tualatin Valley Fire and Rescue

### Property Tax Rates - Direct and Overlapping Governments (per \$1,000 of Assessed Value)

Last Ten Fiscal Years  
For Fiscal Years Ended June 30

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value</b>	\$12.09 to \$20.09	\$11.96 to \$21.35	\$11.21 to \$20.11	\$12.37 to \$20.55	\$12.11 to \$20.96	\$12.61 to \$21.97	\$12.51 to \$19.10	\$12.59 to \$19.59	\$12.55 to \$19.72	\$13.23 to \$21.06
Tualatin Valley Fire and Rescue	\$1.83	\$1.82	\$1.82	\$1.87	\$1.84	\$1.89	\$1.88	\$1.93	\$1.91	\$1.91
Washington County	2.87	2.84	2.45	3.03	2.98	2.98	2.98	2.97	2.97	2.97
Hillsboro School District	6.60	6.58	6.52	2.00	7.10	7.46	7.58	7.47	7.50	7.40
Portland School District	7.18	4.77	5.28	6.53	6.53	6.53	6.53	7.27	7.27	8.36
Beaverton School District	6.60	7.98	6.29	6.74	6.56	6.88	6.78	6.86	6.77	8.05
West Linn / Wilsonville School District	9.18	7.90	9.31	7.57	9.05	9.18	9.34	9.36	9.38	9.32
Newberg School District	8.21	8.17	8.27	8.55	8.30	8.24	8.33	7.46	7.44	7.42
Tigard-Tualatin School District	7.79	6.98	6.90	6.86	7.71	7.68	7.37	7.85	7.41	7.41
City of Beaverton	4.10	4.01	4.21	4.18	4.12	4.20	4.20	4.83	4.24	4.37
City of Tigard	2.70	2.72	2.73	2.74	2.68	2.72	2.72	3.80	2.94	2.93
City of Durham	1.94	1.86	1.83	1.81	1.82	1.83	1.81	1.82	1.84	1.85
City of King City	1.53	1.94	1.94	1.94	1.94	1.94	2.08	2.08	2.08	2.08
Portland Community College	0.51	0.50	0.49	0.51	0.50	0.63	0.64	0.60	0.67	0.73
Port of Portland	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Tualatin Hills Parks & Recreation District	1.46	1.45	1.44	1.43	1.43	1.73	1.74	1.74	1.73	1.74
Enhanced Sheriff Patrol	1.14	1.12	1.11	1.09	1.31	1.28	1.27	1.25	1.23	1.32
Clackamas ESD	0.36	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Multnomah ESD	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
N.W. Regional ESD	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Clackamas County	2.82	2.40	2.87	2.40	2.85	2.86	2.98	3.22	2.86	2.96
Clackamas Community College	0.54	0.54	2.40	0.55	0.55	0.74	0.72	0.70	0.70	0.71
Lake Oswego School District	7.11	7.32	7.04	6.85	7.15	7.16	6.90	6.85	6.85	6.84
Canby School District	6.54	7.11	4.58	4.58	6.63	6.91	6.88	4.58	6.74	6.90
Sherwood School District	7.30	6.94	7.07	8.92	8.80	8.92	8.88	9.84	8.82	8.82
City of Sherwood	4.19	3.89	3.78	3.72	3.54	3.56	4.00	3.96	3.48	3.43
City of Tualatin	2.01	2.14	2.13	2.26	2.15	2.18	2.53	2.56	2.56	2.55
City of Wilsonville	2.42	2.37	2.32	2.25	2.20	2.17	2.69	2.69	2.12	2.14
Wilsonville Urban Renewal	2.65	0.73	0.69	0.79	0.86	2.42	2.23	2.98	3.41	3.23
City of West Linn		3.03	2.88	2.12	2.12	2.45	2.45	2.42	2.56	2.56

Note: Tualatin Valley Fire and Rescue has approximately thirty overlapping jurisdictions with boundaries that do not coincide with the District. Therefore, tax rates within the District have a wide variation depending upon code area; i.e., which of the above jurisdictions overlap with the District within a specific area. The Washington County figure includes county-wide levies for Co-op Library, Road Improvements, and 9-1-1 Emergency.

Source: Washington and Clackamas County Assessment and Tax Roll Summaries



**Tualatin Valley Fire and Rescue**  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2014	\$84,922,515	\$80,738,959	95.07%	\$1,824,068	\$82,563,027	97.22 %
2013	82,413,293	78,548,654	95.31	1,446,400	79,995,054	97.07
2012	81,106,617	76,988,839	94.92	1,481,752	78,470,591	96.75
2011	76,954,903	72,714,192	94.49	2,365,805	75,079,997	97.56
2010	74,662,973	70,399,625	94.29	1,930,985	72,330,610	96.88
2009	70,168,538	66,017,433	94.08	1,498,114	67,515,547	96.22
2008	67,886,825	64,345,840	94.78	1,288,336	65,634,176	96.68
2007	62,860,513	59,799,046	95.13	1,176,222	60,975,268	97.00
2006	59,783,920	56,844,054	95.08	1,339,636	58,183,690	97.32
2005	56,843,613	53,918,038	94.85	1,438,746	55,356,784	97.38

Source: District financial statements, current and prior years

**Tualatin Valley Fire and Rescue**

**Ratio of Net General Bonded Debt to Assessed Value and General Bonded Debt Per Capita**

Last Ten Fiscal Years

Fiscal Year	Assessed Value (in thousands) <sup>(1)</sup>	Gross Bonded Debt <sup>(2)</sup>	Debt Service Monies Available <sup>(2)</sup>	Net General Bonded Debt <sup>(2)</sup>	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita <sup>(3)</sup>	Percentage of Personal Income <sup>(3)</sup>
2014	\$45,241,215	\$56,916,463	\$1,541,173	\$55,375,290	0.12 %	126.48	0.28 %
2013	43,663,326	60,449,048	1,606,709	58,842,339	0.13	135.70	0.32
2012	42,524,654	63,951,633	1,604,149	62,347,484	0.15	145.03	0.36
2011	41,390,795	67,429,218	1,240,387	66,188,831	0.16	154.47	0.39
2010	40,282,997	45,225,280	1,207,841	44,017,439	0.11	104.66	0.26
2009	38,833,158	47,360,402	544,418	46,815,984	0.12	110.82	0.29
2008	36,996,882	20,417,235	1,321,652	19,095,583	51.61	48.27	0.13
2007	35,116,244	22,779,528	1,273,796	21,505,732	61.24	54.41	0.15
2006	33,378,251	4,115,736	1,165,747	2,949,989	8.84	9.93	0.02
2005	30,990,348	5,288,817	1,031,033	4,257,784	13.74	12.89	0.03

**Sources:**

- <sup>(1)</sup> Washington, Clackamas, and Multnomah County Assessment and Taxation Departments
- <sup>(2)</sup> District financial statements, current and prior years
- <sup>(3)</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data

**Tualatin Valley Fire and Rescue**  
**Computation of Overlapping Net Direct Debt**  
June 30, 2014

Jurisdiction	Net Direct Debt Outstanding <sup>(1)</sup>	Percentage Applicable to District	Amount Applicable to District
City of Durham	\$875,000	99.99%	\$874,878
City of Hillsboro	35,595,000	0.15	53,357
City of Sherwood	3,425,000	99.98	3,424,452
City of Tigard	26,820,000	100.00	26,819,061
City of Tualatin	8,455,000	99.99	8,454,222
City of West Linn	18,045,000	100.00	18,045,000
Clackamas Community College	24,370,000	24.36	5,936,800
Clackamas County	103,805,000	18.59	19,296,311
Clackamas County SD 3J (West Linn/Wilsonville)	186,589,645	100.00	186,589,271
Clackamas County SD 7J (Lake Oswego)	99,037,049	5.80	5,747,615
Clackamas County SD 86 (Canby)	77,457,992	13.43	10,402,531
Columbia County SD 1J (Scappoose)	30,645,000	0.20	62,363
Metro Service District	222,955,000	28.55	63,647,633
Multnomah County	183,565,000	0.94	1,725,144
Multnomah County SD 1J (Portland)	537,147,447	1.49	7,985,771
Portland Community College	167,875,000	31.24	52,450,194
Tualatin Hills Park & Recreation District	96,683,112	98.81	95,534,807
Washington County	20,235,000	72.66	14,703,581
Washington County SD 1J (Hillsboro)	279,611,712	12.85	35,919,759
Washington County SD 23J (Tigard-Tualatin)	110,945,868	99.90	110,836,254
Washington County SD 48J (Beaverton)	416,415,000	95.03	395,709,181
Washington County SD 88J (Sherwood)	109,238,213	99.29	108,463,495
Willamette ESD	1,405,000	0.42	5,867
Yamhill County SD 29J (Newberg)	71,691,868	4.40	3,153,439
Subtotal overlapping debt			1,175,840,986
District direct debt			56,916,463
Total direct and overlapping debt			\$1,232,757,449

<sup>(1)</sup> 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.

Source: Oregon State Treasury, Debt Management Division

# Tualatin Valley Fire and Rescue

## Legal Debt Margin Information

June 30, 2014

Real market value of District property	\$58,515,841,178
Debt limit under ORS 478.410(2) - (1.25% of the real market value)	731,448,015
Amount of debt applicable to debt limit:	
Gross bonded debt outstanding	\$56,916,463
Assets in Debt Service Fund available for debt service	(1,541,173)
Total amount of debt applicable to debt limit	55,375,290
Legal debt margin	<u>\$676,072,725</u>
Total net debt applicable to the limit as a percentage of debt limit	7.57%

	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$536,899,449	\$596,886,836	\$726,889,918	\$813,030,300	\$837,030,455	\$782,128,411	\$729,805,072	\$695,601,455	\$686,093,262	\$731,448,015
Total net debt applicable to limit	4,257,784	2,949,989	21,505,732	19,095,583	46,815,984	44,017,439	66,188,831	62,347,484	58,842,339	55,375,290
Legal debt margin	<u>\$532,641,665</u>	<u>\$593,936,847</u>	<u>\$705,384,186</u>	<u>\$793,934,717</u>	<u>\$790,214,471</u>	<u>\$738,110,972</u>	<u>\$663,616,241</u>	<u>\$633,253,971</u>	<u>\$627,250,923</u>	<u>\$676,072,725</u>
Total net debt applicable to the limit as a percentage of debt limit	0.79%	0.49%	2.96%	2.35%	5.59%	5.63%	9.07%	8.96%	8.58%	7.57%

Source: District financial statements and Oregon Revised Statutes



**Tualatin Valley Fire and Rescue**  
**Deomographic and Economic Statistics**  
 Last Ten Fiscal Years

Fiscal Year	Population <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	Total Personal Income (in thousands) <sup>(2)</sup>	School Enrollment <sup>(3)</sup>	Unemployment <sup>(4)</sup>
2014	450,008	\$44,396	\$19,978,555	57,221	5.90 %
2013	445,464	42,639	18,994,139	57,147	6.60
2012	440,966	40,606	17,905,865	56,410	6.90
2011	436,513	39,465	17,226,986	56,768	7.70
2010	432,106	40,188	17,365,476	55,672	9.15
2009	427,346	39,660	16,948,548	54,519	7.68
2008	422,987	37,969	16,060,402	54,480	4.42
2007	418,673	35,991	15,068,451	53,824	4.30
2006	414,402	34,298	14,213,170	52,884	4.73
2005	410,175	33,301	13,659,250	52,034	5.63

<sup>(1)</sup> US Census/Portland State University

<sup>(2)</sup> Worksource Oregon Employment Department (Washington County Only)

<sup>(3)</sup> Oregon Dept of Education (Washington County Only)

<sup>(4)</sup> Bureau of Labor Statistics, estimated (Washington County Only)

**Tualatin Valley Fire and Rescue**  
**Major Employment Industries**  
Current Year and Nine Years Ago

	2014		2005	
	Fiscal Average	% of Total	Fiscal Average	% of Total
Natural Resources & Mining		1%		2%
Construction		5%	3,670	
Manufacturing			13,542	6%
Wood Products	783			
Fabricated metal products	2,270			
Food	1,316		1,656	
Plastics and rubber products	1,238		2,805	
Computer Products	20,149		1,751	
Machinery	2,914		2,003	
Other	4,911		26,708	
Total Manufacturing	33,581	17%	3,611	
Trade, Transportation, and Utilities			7,832	20%
Wholesale	9,461			
Retail	21,949		16,966	
Transportation, Warehousing, and Utilities	3,014		27,181	
Total Trade, Transportation, and Utilities	34,424	18%	4,429	21%
Information				
Publishing	2,330			
Telecommunications	1,605		3,378	
Other (broadcasting, ISP's, etc.)	1,551	3%	1,886	
Total Information	5,486		1,469	3%
Financial Activities				
Finance and Insurance	8,584		9,654	
Real Estate	2,370		3,701	
Total Financial Activities	10,954	6%	13,355	6%
Professional & Business Services				
Education	36,520	19%	30,946	13%
Health & Social Assistance	3,719	2%	4,326	2%
Leisure & Hospitality	19,709	10%	18,025	8%
Other Services	16,286	8%	18,152	8%
Total Non-Classified	6,254	3%	7,480	3%
Private Non-Classified	77	0%	71	0%
Total All Government	15,747	8%	18,425	8%
Total Employment	195,153	100%	229,667	100%

Source: Oregon Employment Department Labor Market Information System (OLMIS)

**Tualatin Valley Fire and Rescue**  
**Full-Time Equivalent Employees by Function**  
 Last Ten Fiscal Years

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Fire and Rescue Service	302	298	301	305	307	319	325	330	340	344
Fire Prevention and Training	42	40	41	40	43	37	25	22	23	24
Administrative and Support	59	65	64	67	67	76	93	89	92	90
Total	403	403	406	412	417	432	443	441	455	458

Source: Tualatin Valley Fire & Rescue Human Resources records.

**Tualatin Valley Fire and Rescue**  
**Operating Indicators by Function**  
 Last Ten Calendar Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 est.
Public Safety:										
Fire Prevention Inspections	4,452	4,818	8,605	6,802	6,704	7,729	4,731	3,957 <sup>(2)</sup>	6,684 <sup>(3)</sup>	6,000
Emergency Medical Service Calls <sup>(1)</sup>	23,347	24,650	25,262	25,381	24,092	24,671	25,539	27,118	28,738	30,186
Fire Responses <sup>(1)</sup>	4,758	5,121	4,605	4,527	4,079	3,564	3,293	3,282	3,597	3,471
Other Responses - including hazardous condition , public service <sup>(1)</sup>	2,058	2,433	2,020	2,019	2,114	1,883	1,898	2,155	2,416	2,899
Miscellaneous - including good intent <sup>(1)</sup>	182	204	215	166	224	266	154	271	342	276

<sup>(1)</sup> Statistics are based on Dispatch Call Type

<sup>(2)</sup> The District intentionally reduced the number of commercial occupancy inspections based on analysis of incident data and community risk. This reduction was designed to shift resources from lower priority inspections to higher priority risk.

<sup>(3)</sup> Additional inspection personnel were added to the District, which resulted in a greater number and type of inspections being performed.

**Tualatin Valley Fire and Rescue**  
**Capital Asset Statistics by Function**  
 Last Ten Fiscal Years

Function	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety:										
Number of Stations	22	22	22	22	23	23	23	21 <sup>(3)</sup>	21	21
Equipment: <sup>(1)</sup>										
Aerial/Truck/Platform		4	4	4	5	5	5	3	4	4
Antique Fire Equipment		3	3	3	3	3	3	2	3	3
Brush Rig		8	8	8	9	9	9	8	9	11
Cars						4	4	4	4	4
Elevated Waterway		3	4	4	4	3	3	3	3	3
HazMat		3	3	3	3	3	3	5	5	5
Medic Unit					3	4	4	3	4	4
Mobile Command Unit		1	1	1	1	1	1	1	1	1
Pumper/Engine		33	31	37	35	30	30	30	30	30
Rehab Unit					2	2	4	3	2	2
Rescue		8	5	5						
Squad/Rescue		4	5	7						
Technical Rescue		6	6	6	4	6	6	7	7	7
Water Tender		8	7	7	7	7	7	6	9	9
Engines	36									
Ladder trucks	4									
Brush rigs	8									
Tenders	6									
Hazmat squad	1									
Squad/Support units	13									
Technical rescue	1									
Heavy squad										
Mustar vehicles	4									

<sup>(1)</sup> Reclassified equipment categories in 2006 to more closely mirror NFPA (National Fire Protection Agency) standards.

<sup>(2)</sup> Station 50 placed into service

<sup>(3)</sup> Volunteer Stations 358 and 359 no longer staffed or used.



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

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

Board of Directors  
Tualatin Valley Fire and Rescue  
Tigard, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon (the District) as of and for the year ended June 30, 2014, and have issued our report thereon dated October 23, 2014.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, 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*.

**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

**OAR 162-10-0230 INTERNAL CONTROL**

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

**RESTRICTIONS ON USE**

This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Talbot, Korvola & Warwick, LLP*

Lake Oswego, Oregon  
October 23, 2014