

Tualatin Valley Fire and Rescue

A Rural Fire Protection District, Tigard, Oregon

Popular Annual Financial Report

for the fiscal year ended June 30, 2015



Committed to serving the Cities of:

Beaverton • Durham • King City • Rivergrove • Sherwood • Tigard • Tualatin • West Linn • Wilsonville

And portions of:

Washington • Clackamas • Multnomah Counties

Getting to Know Us.....

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Right Sizing

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Dear Citizens and Friends of Tualatin Valley Fire and Rescue,

I am pleased to present Tualatin Valley Fire and Rescue's (TVF&R) third Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2015. This report is designed to provide a summary view of the financial activities of the District in a readily accessible and easily understandable manner. It is a high-level report for those who wish to learn more about the District and its finances. The information in this report is drawn from Tualatin Valley Fire and Rescue's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, the Annual Budget Document for fiscal year 2015-16, and other District resources. The PAFR is consistent with Generally Accepted Accounting Principles. The CAFR is prepared annually by District management, is audited by an independent audit firm and submitted to the State of Oregon. It provides more detailed financial information, note disclosures, and ten years of statistical information.



The District is proud to receive awards from the Government Finance Officers Association (GFOA) for its budget documents, and annual financial reports. We believe participation in these programs provide transparency and ensures best financial practices in our operations. We would be pleased to answer any questions or provide copies of any of these documents to our citizens.

Respectfully,

A handwritten signature in black ink that reads "Michael R. Duyck".

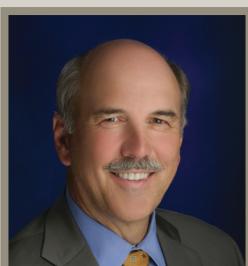
Michael R. Duyck

Fire Chief

TVF&R Board of Directors



President
Gordon L. Hovies
Term Ends:
June 30, 2017



Vice President
Clark I. Balfour
Term Ends:
June 30, 2017



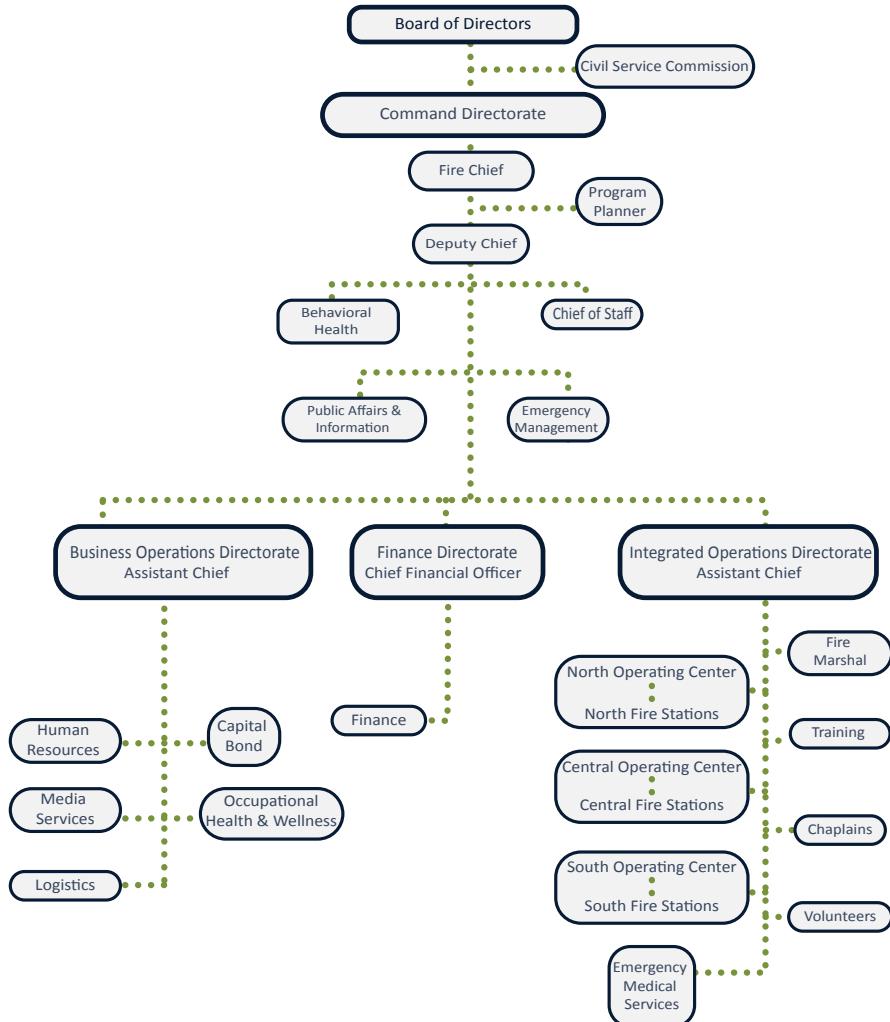
Secretary/Treasurer
Brian J. Clopton
Term Ends:
June 30, 2019



Board Member
Randy J. Lauer
Term Ends:
June 30, 2019



Board Member
Robert C. Wyffels
Term Ends:
June 30, 2017



Achieving Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded TVF&R with outstanding achievement for the District's work and production of the 2014 Popular Annual Financial Report. This respected national award recognizes conformance with the highest standards of preparation in state and local government financial reporting.

In order to be considered for an award, a government must publish a Popular Annual Financial Report that conforms to program standards for reader appeal, understandability, distribution, innovation and usefulness.



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Tualatin Valley Fire and Rescue
Oregon**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Jeffrey R. Brown
Executive Director/CEO

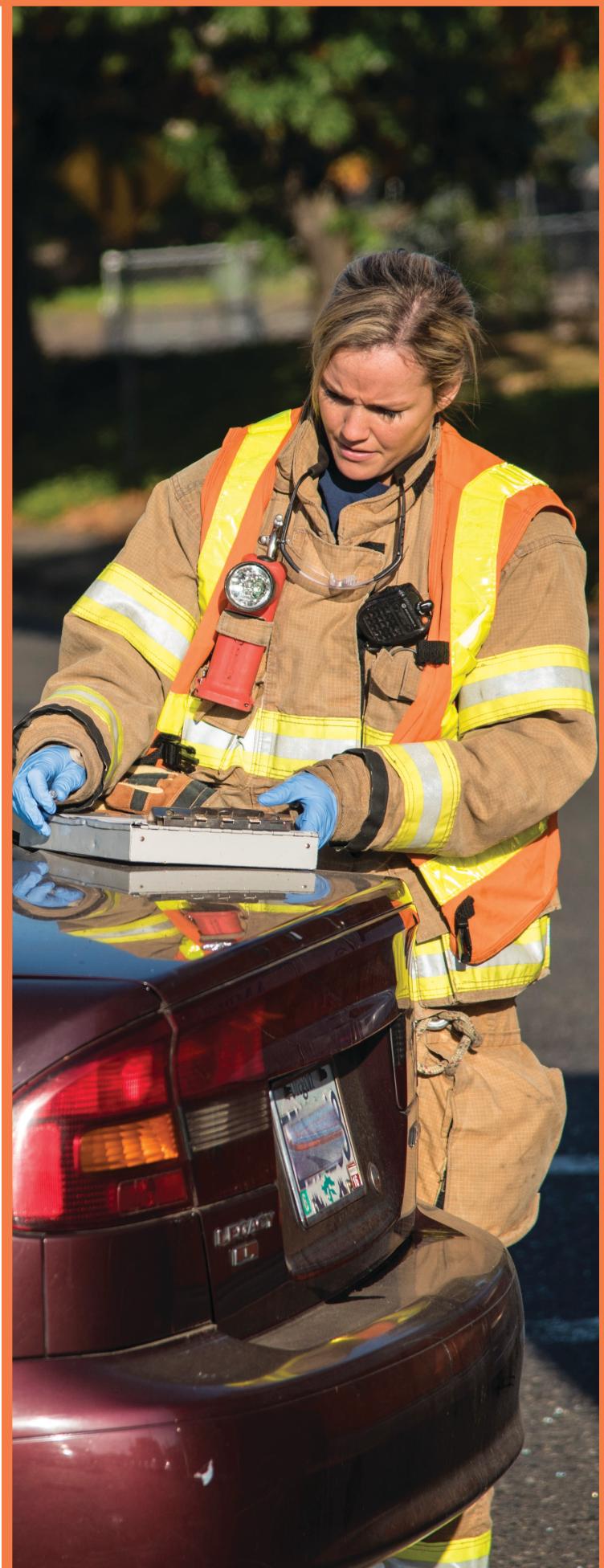
About US



Tualatin Valley Fire and Rescue (TVF&R) was formed in 1989 through the merger of two predecessor fire departments and has continued to grow through additional mergers and annexations. The District provides fire protection and emergency medical services to its approximately 450,000 citizens in the communities of Beaverton, Durham, King City, Rivergrove, Sherwood, Tigard, Tualatin, West Linn, Wilsonville, and portions of Washington, Clackamas, and Multnomah counties.

The District is dedicated to creating safer communities through education, prevention, preparedness, and emergency response. Emergency response services include fire suppression, emergency medical services, and technical rescue services. For several years, the District has served as a Regional Hazardous Material Response provider for the State of Oregon, with a service 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 south to Marion county.

The District's broad geographic base of almost 210 square miles serves a relatively strong area of Oregon's economic base with recovering employment and property tax values. The District's population is forecast to continue to grow in the years ahead.



SMALL SIZE, BIG IMPACT

STATION 70 - RALEIGH HILLS

Tualatin Valley Fire & Rescue's new Raleigh Hills Station 70 opened its doors in 2015. It is staffed by two paramedics who respond to medical calls in Medic Unit 70. Unlike other stations in the District that operate around the clock, this station is staffed during peak hours on Tuesday through Friday from 7 a.m. to 5 p.m. Outside of these hours, emergency calls are divided between nearby West Slope Station 65 and Progress Station 53.

At 1,950 square feet, Station 70 has a much smaller footprint than TVF&R's typical station standard of 10,540 square feet. Station 70's immediate response area includes 5,979 addresses in West Slope and Raleigh Hills. Its two member crew is expected to respond to an average of 1,300 emergency calls each year.

Station 70 was built to accommodate a single medic unit and is the District's first to have horizontal four-fold apparatus bay doors, which open in less than half the time as traditional overhead doors.



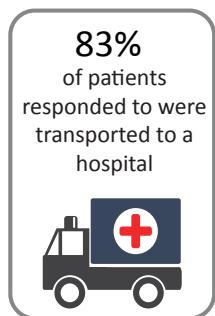
Station 70 Crew



RIGHT SIZING

An analysis of five years of response data between 2008 and 2012 showed that a station was needed at the exact location of Station 70 to meet service demands.

Of the 6,473 incidents reviewed in the station's first-due area, 86 percent were emergency medical calls. The most frequent medical emergencies crews respond to in this area include reports of a sick person, fall, chest pain, breathing problem, or a motor vehicle accident with an injury.



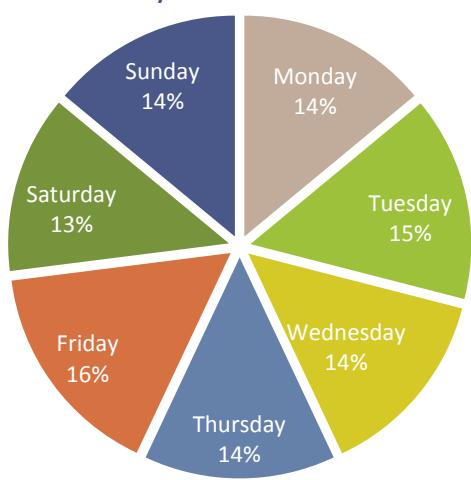
Calls by Type in Station 70 Service Area

| | Fire | EMS | Hazard | Service * | False Call | Other ** |
|---------------|------|-----|--------|-----------|------------|----------|
| Dispatched As | 9% | 86% | 2% | 2% | 0% | 1% |
| What We Found | 2% | 66% | 3% | 9% | 5% | 15% |

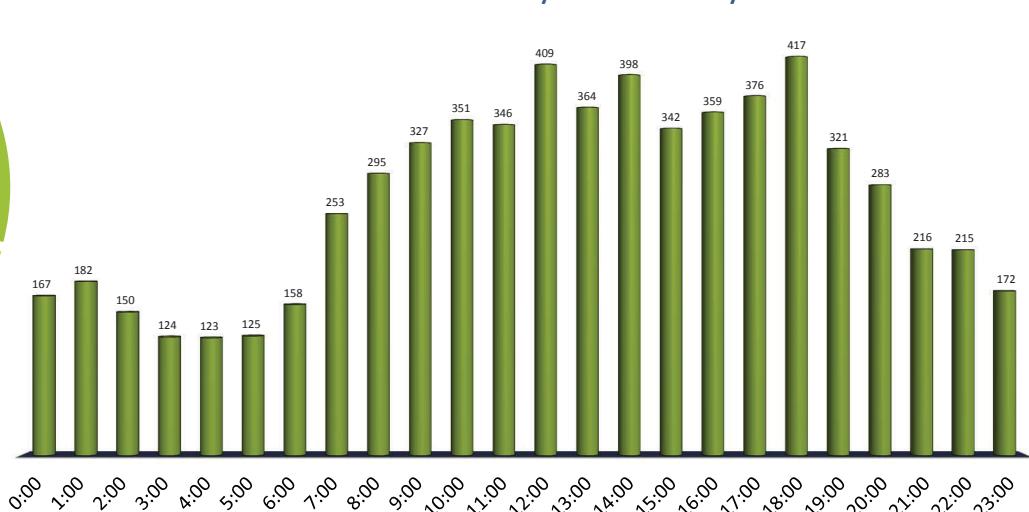
* Service calls include assistance for patients or law enforcement

** Other calls include cancellations, natural conditions, and good intent

Percentage of Total Calls by Day of the Week



Calls by Time of Day



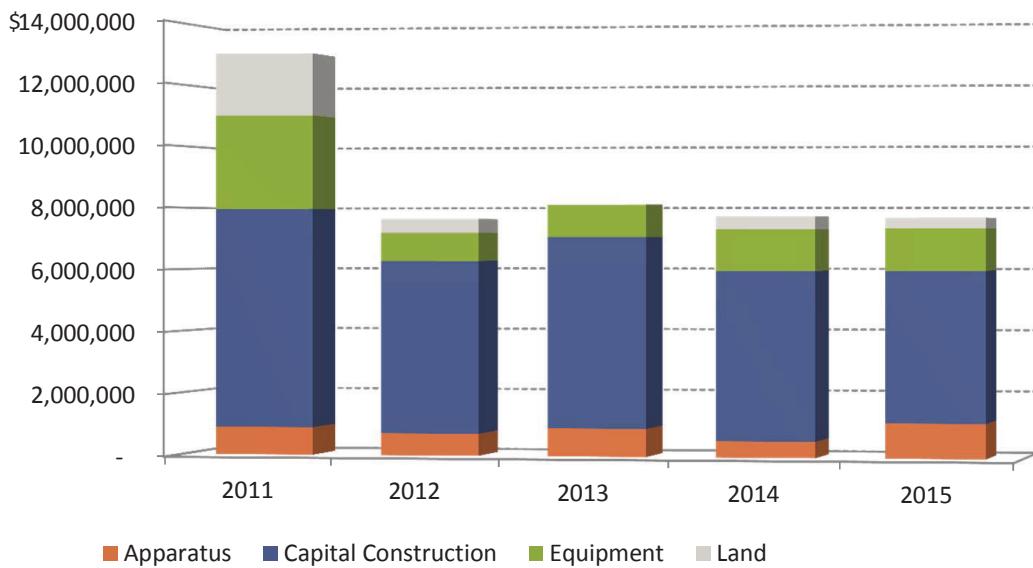
Growth



TVF&R plans for and sets aside reserves for future capital expenditures. Because the costs of many assets are significant, the District is required to save over a period of years prior to expenditure. This process also helps anticipate when outside funding might be required. General obligation bonds and local option levies have also been utilized for capital purposes.

Capital projects range from the purchase of land for future development of fire stations, costs for construction of new facilities, seismic remodel of older facilities, and the purchase of apparatus and other firefighting equipment. All departments within the District are required to maintain replacement schedules for existing equipment and infrastructure as well as anticipated new and ongoing purchases. These schedules are incorporated into the long-term financial forecast.

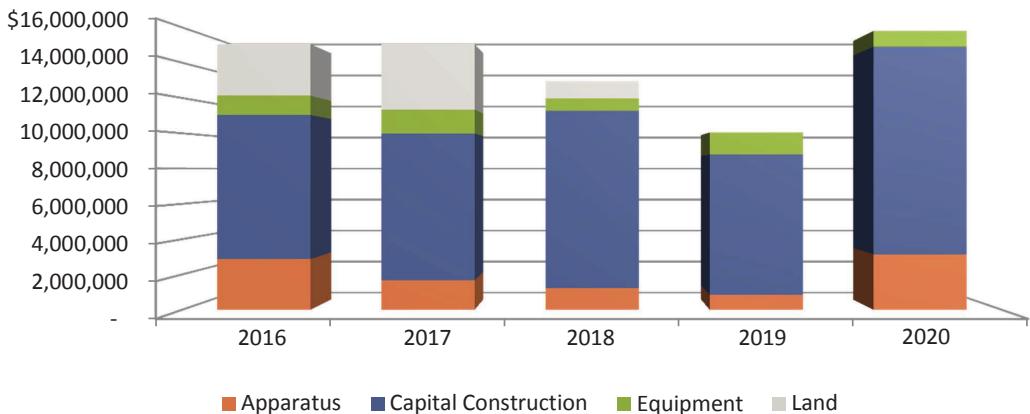
Capital Spending History (past five years)





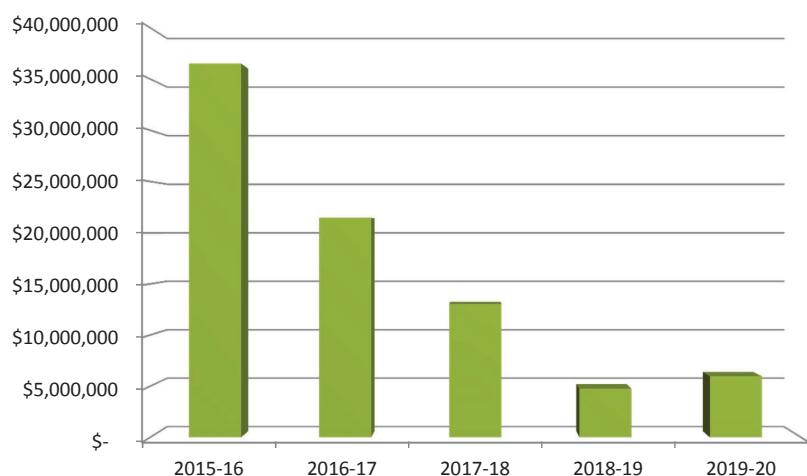
The capital forecast below illustrates the capital expenditures planned for the next five years.

Capital Spending Forecast (next five years)



| Apparatus | Capital Construction | Equipment | Land |
|------------------------------|---------------------------------------|--|---------------------------------|
| Response Vehicles | | | |
| Fire engines | Station 31 - West Bull Mountain | IT & Communications Equipment | Station 31 - West Bull Mountain |
| Fire trucks | Station 39 - Rivergrove | Servers | Station 38 - Borland |
| Medic units | Station 54 - Charbonneau | Network infrastructure & storage | Station 39 - Rivergrove |
| Response cars | Station 55 - Rosemont | Mobile computing | Station 54 - Charbonneau |
| Water Tenders | Station 62 - Aloha | Response infrastructure (WCCA) | Station 55 - Rosemont |
| Non-response Vehicles | Station 63 - Aloha | Operations Equipment | Station 62 - Aloha |
| Staff code 3 vehicles | Station 70 - Raleigh Hills | Turnouts | Station 63 - Aloha |
| Staff vehicles | Station 71 - Kaiser/Springville | Extrication equipment | |
| | Remodel & Seismic Upgrades | EMS equipment | |
| | Station 64 - Somerset | HazMat equipment | |
| | Station 69 - Cooper Mountain | Technical rescue equipment | |
| | | Training materials | |
| | | Media Equipment | |
| | | AV replacement | |
| | | Cameras | |
| | | DTV delivery system | |

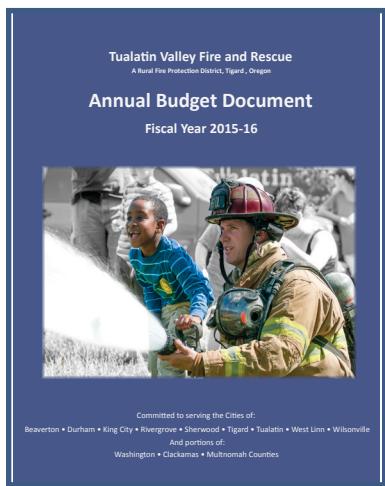
Resources Available to Fund Expenditures



Funding Sources:

- General obligation bonds
- Sale of surplus land
- Reserves held for capital purposes
- Transfers from the General Fund

TVF&R Budget



The District's fiscal year is July 1 through June 30. Each year in early fall the District begins its budget process. This process is completed with the Board of Director's adoption of the budget in late June. Creation of the budget includes analysis, projection and incorporation of the District's Strategic Plan.

Please visit www.tvfr.com to access the current Budget Document online.

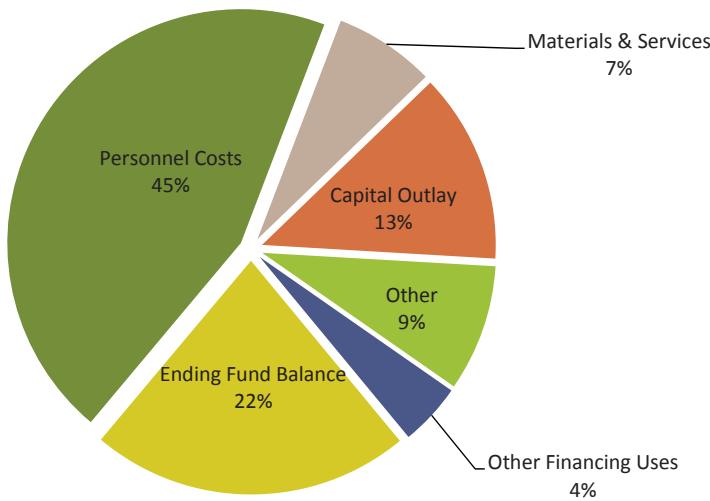
| Fiscal Year | | | |
|-------------|------|------|------|
| | 2014 | 2015 | 2016 |

Budgeted Requirements

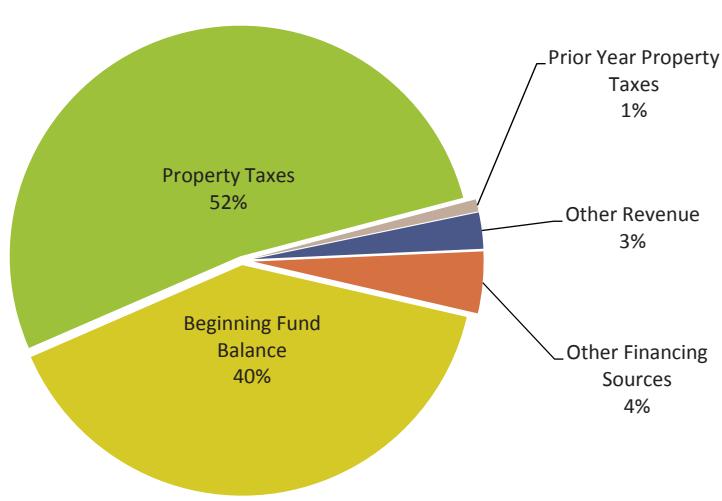
| | | | |
|------------------------------------|-----------------------|-----------------------|-----------------------|
| Personnel services | \$ 74,012,410 | \$ 78,199,718 | \$ 82,241,513 |
| Materials and services | 10,496,072 | 11,194,787 | 12,851,435 |
| Capital outlay | 14,906,550 | 11,614,737 | 24,187,673 |
| Debt service payments | 5,765,836 | 5,696,285 | 6,341,112 |
| Transfers | 2,829,647 | 3,256,559 | 7,957,170 |
| Contingency | 11,396,627 | 9,003,624 | 9,780,959 |
| Total budgeted requirements | \$ 119,407,142 | \$ 118,965,710 | \$ 143,359,862 |

Significant increases in all categories for the 2016 year are a result of implementing improvements allowed by the passage of a local option levy at the rate of 45 cents per \$1,000 of assessed value (AV). The previous rate was 25 cents per \$1,000 of AV. The additional local option levy will help ensure TVF&R meets its highest priority of fast and effective emergency response by deploying additional firefighters and response units and acquiring land for additional station sites.

2015-16 Budgeted Requirements



2015-16 Budgeted Resources



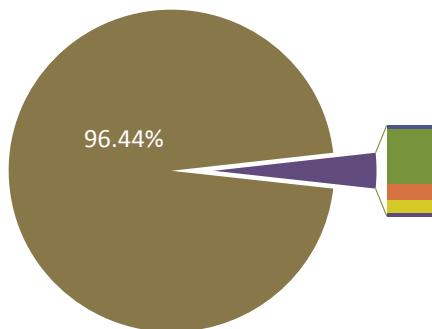
General Fund



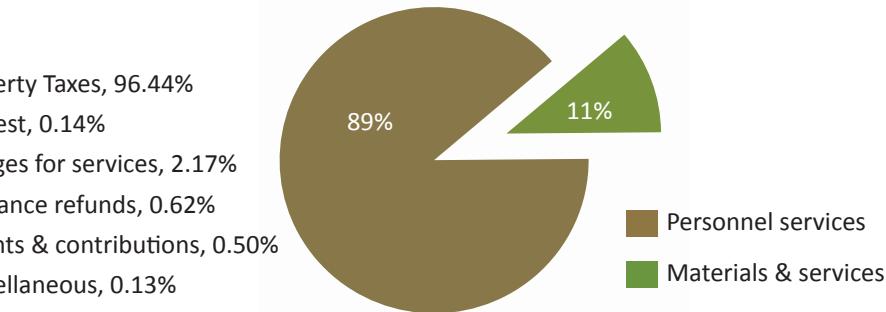
The General Fund accounts for the ongoing operations of the District on the modified accrual basis of accounting, and does not include revenues and expenditures that are required to be accounted for in other funds such as capital items and those of a fiduciary nature. The principal revenue source is from property taxes which grew at a rate of approximately 4.4% in 2015, and the primary expenditure is for public safety. Expenditures for personnel services increased by 7.8% as staffing increases were initiated early in response to voter approval of an increased local option levy.

| | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|
| Revenues | | | |
| Property taxes | \$ 74,187,616 | \$ 76,851,403 | \$ 80,427,928 |
| Interest | 149,414 | 109,777 | 119,296 |
| Charges for services | 1,227,268 | 1,731,241 | 1,806,645 |
| Insurance refunds | 526,133 | 881,244 | 520,569 |
| Grants and contributions | | 106,611 | 413,520 |
| Miscellaneous | 239,710 | 64,356 | 105,758 |
| Total revenues | 76,330,141 | 79,744,632 | 83,393,716 |
| Expenditures | | | |
| Personnel services | 63,749,453 | 66,849,131 | 72,082,009 |
| Materials and services | 7,879,019 | 8,213,196 | 8,955,539 |
| Total expenditures | 71,628,472 | 75,062,327 | 81,037,548 |
| Other Financing Sources (Uses) | | | |
| Transfers in | | 149,113 | 24,151 |
| Transfers out | (3,400,120) | (2,595,018) | (3,219,787) |
| Proceeds on sale of surplus property | 4,294 | 12,442 | 11,882 |
| Total other financing sources (uses) | (3,395,826) | (2,433,463) | (3,183,754) |
| Net change in fund balance | 1,305,843 | 2,248,842 | (827,586) |
| Beginning fund balance | 39,655,686 | 40,961,529 | 43,210,371 |
| Ending fund balance | \$ 40,961,529 | \$ 43,210,371 | \$ 42,382,785 |

Revenues



Expenditures



Statement of Net Position

The Statement of Net Position is also known as the Government-wide Balance Sheet. It presents information on all the District's assets and liabilities on the accrual basis of accounting with the difference between the two representing the net position of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. In 2015, the District's position increased by over \$18 million. This is mostly due to the 2015 addition of the PERS net pension asset as a result of new reporting requirements of the Government Accounting Standards Board related to pension disclosures.

| | 2013 | 2014 As restated | 2015 |
|--------------------------------------|----------------------|----------------------|----------------------|
| Current and other assets | \$ 90,991,605 | \$ 88,129,430 | \$ 102,306,498 |
| Capital assets | 76,280,759 | 79,085,299 | 81,241,652 |
| <u>Total assets</u> | <u>167,272,364</u> | <u>167,214,729</u> | <u>183,548,150</u> |
| Total deferred outflows of resources | | 5,390,098 | 7,050,722 |
| Total assets and deferred outflows | 167,272,364 | 172,604,827 | 190,598,872 |
| Current liabilities | 17,753,764 | 16,234,930 | 19,264,990 |
| Long-term debt | 58,976,371 | 87,143,922 | 58,229,107 |
| <u>Total liabilities</u> | <u>76,730,135</u> | <u>103,378,852</u> | <u>77,494,097</u> |
| Total deferred inflows of resources | | | 25,852,554 |
| <u>Total net position</u> | <u>\$ 90,542,229</u> | <u>\$ 69,225,975</u> | <u>\$ 87,252,221</u> |

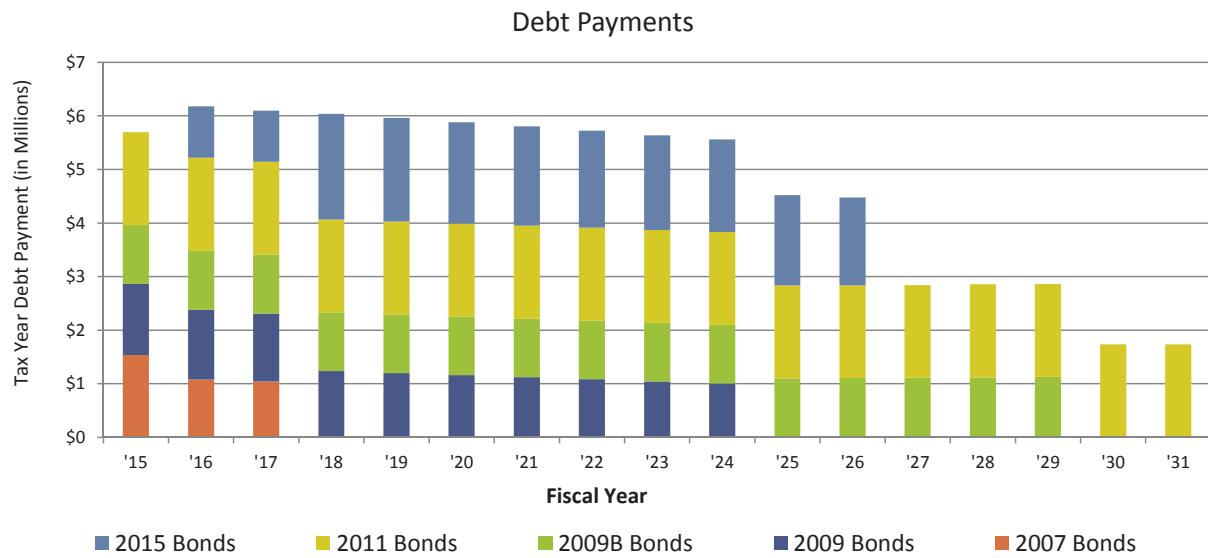
Statement of Activities

The Statement of Activities is also known as the Government-wide Income Statement. This statement reports money received and spent by the District during the fiscal year. The largest revenue by far, is property tax revenue, which makes up over 95% of all revenue. Of note during 2015:

- Property tax revenue increased by 3.5 percent due to growth in assessed values.
- Personnel services decreased by 18% (due to the pension adjustment mentioned above)

| | 2013 | 2014 | 2015 |
|----------------------------------|----------------------|----------------------|----------------------|
| Program revenues | \$ 2,544,056 | \$ 2,108,434 | \$ 2,882,774 |
| Property tax revenues | 79,853,105 | 82,677,581 | 85,582,417 |
| Other revenues | 1,816,253 | 1,834,129 | 1,275,499 |
| <u>Total revenues</u> | <u>84,213,414</u> | <u>86,620,144</u> | <u>89,740,690</u> |
| | | | |
| Public safety - fire protection | 78,142,770 | 80,967,876 | 69,798,428 |
| Interest on long-term debt | 2,315,227 | 2,211,384 | 1,916,016 |
| <u>Total expenses</u> | <u>80,457,997</u> | <u>83,179,260</u> | <u>71,714,444</u> |
| | | | |
| Change in net position | 3,755,417 | 3,440,884 | 18,026,246 |
| Beginning net position | 86,786,812 | 90,542,229 | 69,225,975 |
| Restatement of beginning of year | | (24,757,138) | |
| <u>Ending net position</u> | <u>\$ 90,542,229</u> | <u>\$ 69,225,975</u> | <u>\$ 87,252,221</u> |

District Debt Payments



- The District was authorized by its voters in November 2006 to issue \$77.5 million of general obligation bonds. The final issuance of \$5 million occurred in early 2015.
- A portion of the 2007 bond series was refunded during 2015 for a savings of almost \$1 million.
- The bond proceeds were used to fund fire station construction and command center projects, seismic improvements, and to purchase land for future stations and fire apparatus.

District Funding

Property tax revenues provide almost all funding for TVF&R. Property taxes are received through a (\$1.52/\$1,000 of assessed value) permanent tax rate, a local option levy that funds firefighters and equipment, and a general obligation bond tax levy that pays for capital construction projects approved by voters in 2006. The District's permanent tax rate was set in 1997 as part of the implementation of a statewide constitutional tax measure.

- Permanent rate - \$1.5252
- Local option levy - \$0.2500
- General obligation bond - \$0.1170

Moody's Bond Rating

The District's bond rating is Aaa, the highest rating available.

Total 2014-15 Tax Rate **\$1.8922**



Hazardous Materials Response Team

By The Numbers

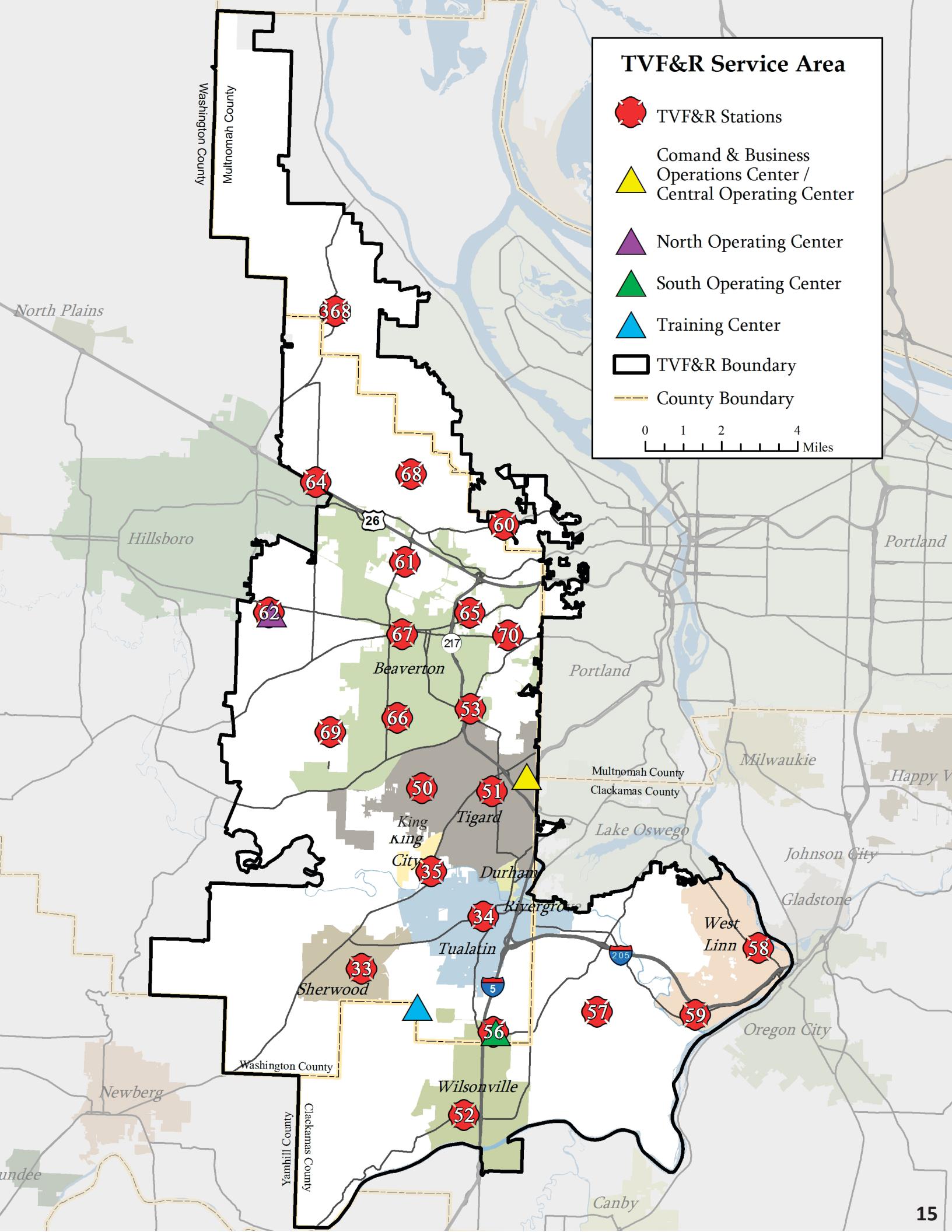
| Incidents 2014 (Calendar Year) | | Personnel 2014-15 Fiscal Year | |
|---|------------|-------------------------------|------------------------------|
| Incidents by type: | | Function: | |
| Fire prevention inspections | | 6,890 | Fire and rescue services |
| Emergency medical service calls | | 29,829 | Fire prevention and training |
| Fire responses | | 3,460 | Administrative and support |
| Other calls, including hazardous condition and public service | | 2,540 | |
| Miscellaneous calls, including good intent | | 304 | |
| | | 43,023 | |
| Public Events 2014 Calendar Year | | Apparatus 2014-15 Fiscal Year | |
| Events | | Attendees | |
| Community events and station tours | 705 | 59,070 | Aerial/Truck/Platform |
| Safety house events | 36 | 7,215 | Antique fire equipment |
| Landlord training workshops | 4 | 160 | Brush rig |
| | 745 | 66,445 | Cars |
| | | | Elevated waterway |
| | | | Hazardous materials |
| | | | Medic unit |
| | | | Mobile command unit |
| | | | Pumper/engine |
| | | | Rescue |
| | | | Technical rescue |
| | | | Water tender |
| Number of Stations 2014-15 Fiscal Year | | | |
| Stations | | 21 | |
| | | | 88 |



TVF&R Service Area

- TVF&R Stations
- Comand & Business Operations Center / Central Operating Center
- North Operating Center
- South Operating Center
- Training Center
- TVF&R Boundary
- County Boundary

0 1 2 3 4 Miles





Command & Business Operations Center
11945 SW 70th Avenue
Tigard, OR 97223-9196

Phone: (503) 649-8577

www.tvfr.com

Copies of the Popular Annual Financial Report, Comprehensive Annual Financial Report and Budget Document are available online at www.tvfr.com. Hard copies can be requested by calling (503) 649-8577.

This report was prepared by Tualatin Valley Fire & Rescue, Finance Division.