

Tualatin Valley Fire and Rescue

A Rural Fire Protection District, Tigard , Oregon

Comprehensive 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



Tualatin Valley Fire and Rescue

A Rural Fire Protection District, Tigard , Oregon

Comprehensive Annual Financial Report

for the fiscal year ended June 30, 2015



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

Phone: (503) 649-8577

www.tvfr.com

Prepared by the Finance Department



INTRODUCTORY SECTION

Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	10
Organizational Chart	11
Elected and Appointed Officials	12

FINANCIAL SECTION

Independent Auditor's Report	17
Management's Discussion and Analysis	23
Basic Financial Statements:	
Government-wide Financial Statements:	
Balance Sheet - Governmental Funds/Statement of Net Position	36
Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances - Governmental Funds/Statement of Activities	38
Fund Financial Statements:	
Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances – Budget and Actual – General Fund	39
Statement of Net Position – Proprietary Fund	41
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund	42
Statement of Cash Flows – Proprietary Fund	43
Statement of Net Position – Fiduciary Fund	44
Statement of Changes in Net Position – Fiduciary Fund	45
Notes to the Basic Financial Statements	47
Required Supplementary Information:	
Schedule of Funding Progress:	
Single-Employer Defined Benefit Pension Plan	81
Health Benefit Retiree Program	81
Schedule of Net Pension Asset:	
Volunteer Length of Service Award Plan	81
Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability	82
Schedule of the District's Pension Plan Contributions	83
Notes to the Required Supplementary Information	85
Other Supplementary Information:	
Combining and Individual Fund Financial Statements and Schedules:	
Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance – Budget and Actual - Property and Building Fund	92
Schedule of Revenues, Expenditures, Other Funding Sources, and Changes in Fund Balance – Budget and Actual - Capital Projects Fund	93
Combining Balance Sheet – Nonmajor Governmental Funds	96

Table of Contents

Financial Section, continued

Other Supplementary Information, continued:

Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances - Nonmajor Governmental Funds	97
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grants Fund	98
Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance - Budget and Actual - Debt Service Fund	99
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Insurance Fund	100
Combining Statement of Net Position – Fiduciary Funds	101
Combining Statement of Changes in Net Position – Fiduciary Funds.....	102
Schedule of Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual - Pension Trust Fund	103
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual-Volunteer LOSAP Fund	104
Combining Balance Sheet – General Fund	107
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses) and Changes in Fund Balances – General Fund.....	108
Schedules of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance – Budget and Actual:	
Apparatus Fund	109
Capital Improvements Fund	110
Emergency Management Fund	111
Retiree Medical Insurance Stipend Fund	112
Schedule of Property Tax Transactions and Outstanding Balances	113

STATISTICAL SECTION

Financial Trends:

Net Position by Component	117
Changes in Net Position	118
Fund Balances, Governmental Funds	119
Changes in Fund Balances, Governmental Funds	120

Revenue Capacity:

Assessed and Market Value of Taxable Property	121
Property Tax Rates - Direct and Overlapping Governments	122
Principal Taxpayers - All Washington County	123
Property Tax Levies and Collections	124

Debt Capacity:

Ratio of Net General Bonded Debt to Assessed Value and General Bonded Debt per Capita	125
Computation of Overlapping Net Direct Debt	126
Legal Debt Margin Information	127

Statistical Section, continued

Demographic and Economic Information:	
Demographic and Economic Statistics	128
Major Employment Industries	129
Operating Information:	
Full-Time Equivalent Employees by Function	130
Operating Indicators by Function	131
Capital Assets Statistics by Function	132
INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS	135



.....

Introductory Section

.....





October 26, 2015

**To Board President Hovies 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, 2015. 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.

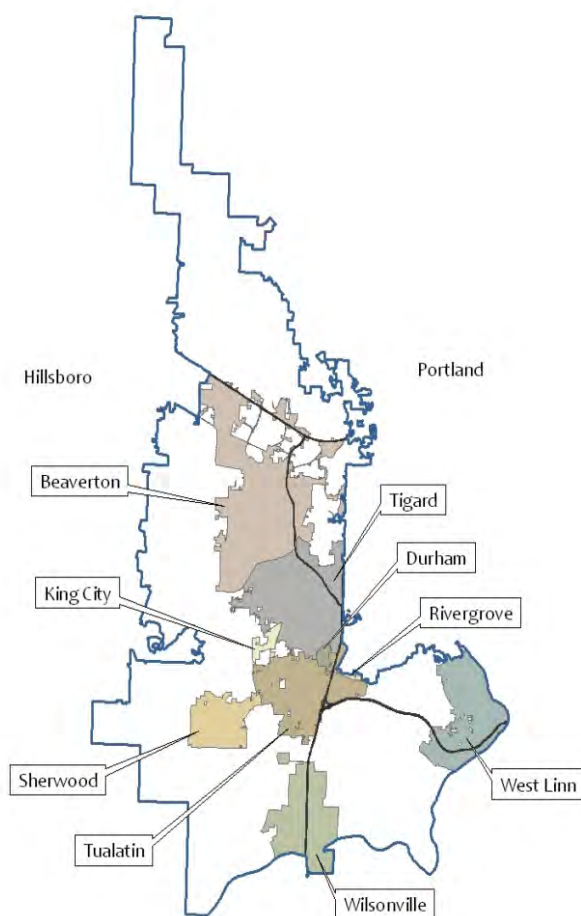
Tualatin Valley Fire and Rescue is a special district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines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

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 22 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 - 473 in 2015 - 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.

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 454,600 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 \$45.2 billion in the 2013-14 to over \$47.2 billion in the 2014-15 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 2015-16 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 in 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. The final sale of general obligations bonds under that authority was completed in March 2015.

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 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 53%, or 199, of the District's professional line firefighters are certified as 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 in the top six counties in Oregon in 2014 providing employment of 75,000 or more people. Washington County ranked in the top third of the nation's counties in year over year gains in average weekly wages, with a gain of 6.0% to \$1,231 a week as compared to \$1,035 nationally. Wage growth for Clackamas County was 2.6% over the prior year's fourth quarter and Multnomah County's weekly wage growth was 2.4% for the fourth quarter 2014.⁽¹⁾

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 73 percent of market value District-wide as of the 2014-15 fiscal year. For 2014-15, the assessed value of the District grew 4.4 percent to over \$47.2 billion dollars.

The District's assessed valuation continues to grow, reaching over \$47.2 billion dollars in 2014-15 with market values exceeding \$64.9 billion dollars. Market values have recovered to 2009 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 2015-16 at 4.9%.

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.

⁽¹⁾ Bureau of Labor Statistics, Western Information Office, County Employment and Wages in Oregon – Fourth Quarter 2014, Table 1, <http://www.bls.gov/ro9/qcewor.htm#table1>

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. and Eid Passport.⁽¹⁾ Seventeen of the top 100 fastest growing private companies in Oregon are located within the District's service area, including Serverlogic, Meyer Sign Co. of Oregon, and TFG Card Solutions.⁽¹⁾ Top metropolitan area employers include Intel, Providence Health System, Fred Meyer Stores, Oregon Health & Science University, Wells Fargo, Kaiser Permanente, Nike and U.S. Bank, among others.⁽¹⁾

Major Initiatives

For the Year and For the Future

In fiscal year 2015, the District focused on three significant areas; land acquisition, station construction, and project management of the capital projects being funded through the capital construction program and local option levy. These initiatives impact 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 2015 have been toward the siting, design, and construction of stations placed strategically to help reduce response times of emergency personnel, and seismic remodels of Fire Stations 64 and 69 as well as construction of a new fire station in the Raleigh Hills area.



⁽¹⁾ *Portland Business Journal, Book of Lists, December 26, 2014*

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2015, all divisions and departments of the District contributed toward the accomplishments of the 2015 strategic goals. These goals, as outlined in the District's 2014-15 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, 2015 as a result of these goals included deployment of additional response units and additional site acquisition efforts. Work continued 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, and continued station implementation of community risk reduction programs and services unique to their service areas.

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 28th 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.

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, 2016. 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 28th 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,

A handwritten signature in black ink, reading "Michael R. Dyck". The signature is written in a cursive style with a large, stylized "M" and "D".

Tualatin Valley Fire and Rescue

Achieving Excellence In Financial Reporting



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Tualatin Valley Fire and Rescue
A Rural Fire Protection District
Oregon**

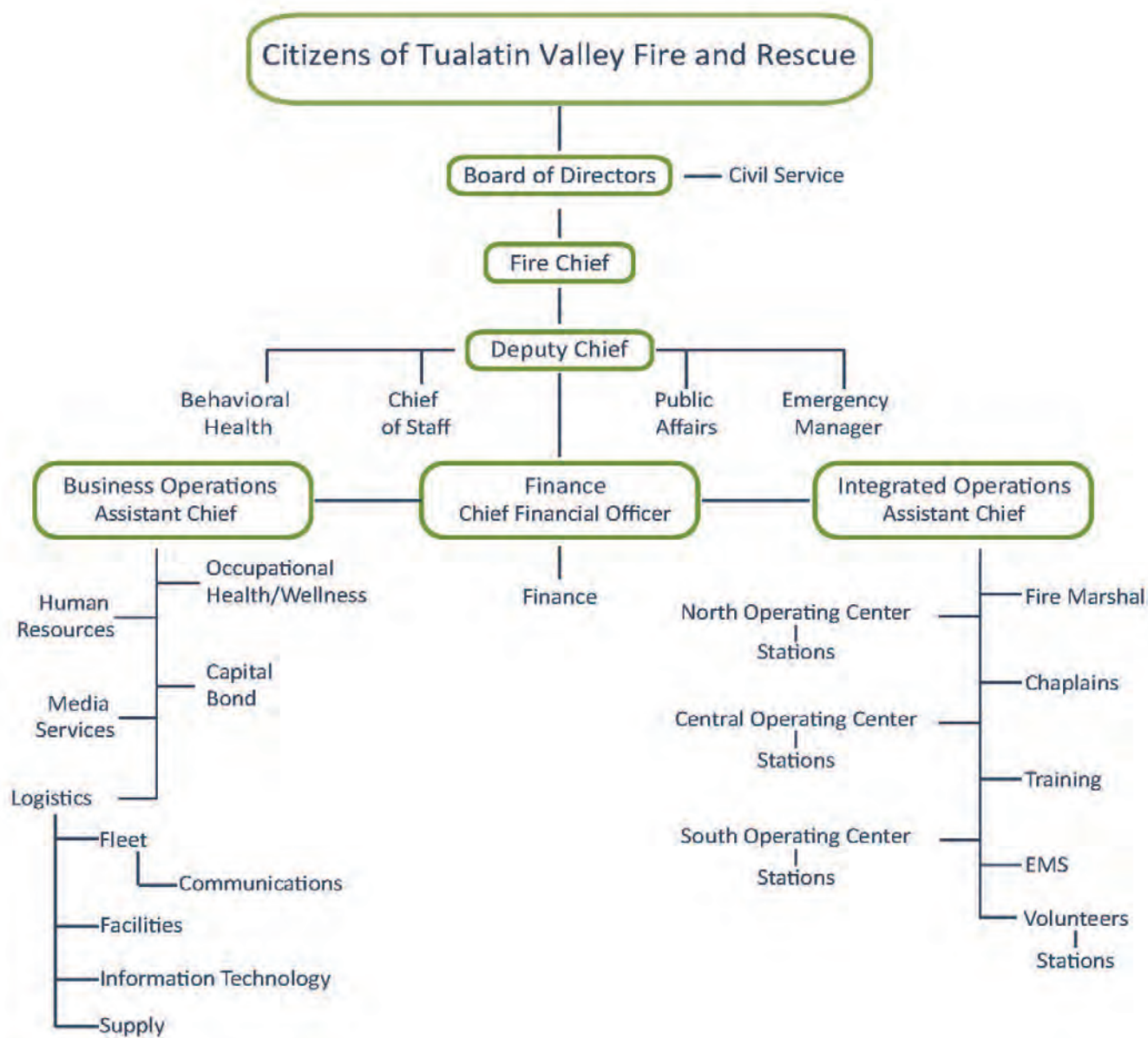
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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, 2014.

This was the 28th 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.



Board of Directors



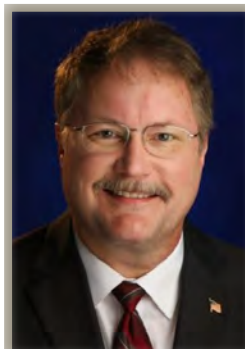
President
Gordon L. Hovies
Term Ends:
June 30, 2017



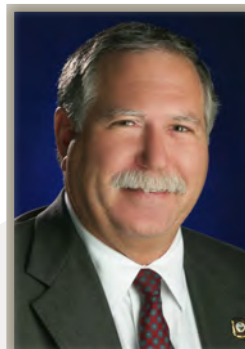
Vice President
Clark I. Balfour
Term Ends:
June 30, 2017



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

Budget Committee Members

Angie R. Fong
Term Ends:
June 30, 2018

Paul A. Leavy
Term Ends:
June 30, 2018

James W. Petrizzi
Term Ends:
June 30, 2017

Michael T. Mudrow
Term Ends:
June 30, 2016

Michael D. Smith
Term Ends:
June 30, 2016

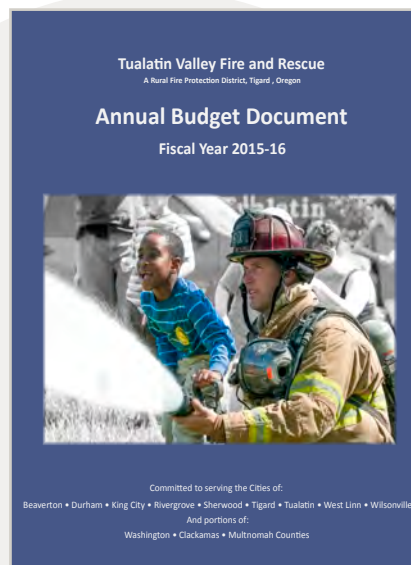
Budget Document

Tualatin Valley Fire and Rescue, in compliance with Oregon State Budget Law, prepares an annual budget document that serves not only as a financial plan, but also as a policy document and operational guide.

Electronic versions are available to view and download at www.tvfr.com.

Registered Agent
Michael R. Duyck
Fire Chief

Legal Counsel
Innova Legal
Advisors, Inc.





Tualatin Valley Fire and Rescue is committed to creating safer communities through prevention, preparedness and effective emergency response.



.....

Financial Section

.....





**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

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, 2015, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

An independently owned member
MCGLADREY ALLIANCE



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, 2015, 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.

EMPHASIS OF MATTERS

As discussed in Note IV. G to the financial statements, the District adopted the accounting requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2014. Our opinions are not modified with respect to this matter.

As discussed in Note IV. D. 1 to the financial statements, changes in benefit terms of the Oregon Public Employees Retirement System resulting from the April 30, 2015 Oregon Supreme Court decision are not reflected in the December 31, 2012 actuarial valuation used to measure pension amounts as of and for the fiscal year ended June 30, 2015.

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, Schedule of Net Pension Asset, Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability, Schedule of the District's Pension Plan Contributions, and Notes to Required Supplementary Information, 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Board of Directors
Tualatin Valley Fire and Rescue

OTHER MATTERS (Continued)

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.

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 26, 2015, 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*
Julie B. Fahey, Partner

Lake Oswego, Oregon
October 26, 2015



.....

Management's Discussion and Analysis

.....



As management of Tualatin Valley Fire and 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, 2015. 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 nine of this report.

Financial Highlights

- In the government-wide financial statements, the assets of the District exceeded its liabilities at June 30, 2015 by \$87,252,221. Of this amount, \$30,872,433 represents the District's net investment in capital assets; \$1,355,457 is restricted for debt service, and the balance of \$55,024,331 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 \$18,026,246 for the year ended June 30, 2015. Unrestricted net position increased by \$18,756,941; net position of net investment in capital assets decreased by \$544,979, and restricted net position for debt service decreased by \$185,716.
- As of June 30, 2015, the District's governmental funds reported combined ending fund balances of \$75,128,680, an increase of \$411,282 in comparison with the prior year. The General Fund's fund balance decreased by \$637,276, offset by an increase in the Property and Building Fund of \$615,083 due to a transfer-in in excess of capital outlay. Planned expenditures on projects funded through Capital Projects Fund of \$5,216,198 were offset by a bond sale of \$5,000,000 with a \$514,167 premium, which, with other activity, resulted in a \$528,232 increase in ending fund balance. Lastly net decreases in ending fund balances of nonmajor funds of \$94,757 resulted from property tax revenue and a refunding debt issuance offsetting payments to escrow to advance refund the general obligation bonds, in addition to scheduled debt payments.
- At June 30, 2015, unassigned fund balance in the General Fund was \$42,041,184. 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 \$35,550,551 represents 42.7% 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 in addition to sufficient fund balance to purchase one fire station site and construct one fire station. 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 increased by \$1,420,000 during the current fiscal year. This was due to principal payments on the District's four outstanding bond issues in the amount of \$3,485,000, the advance refunding payment to escrow of \$10,000,000 of debt offset by the issuance of the advance refunding debt of \$9,905,000 and issuance of \$5,000,000 new general obligation bonds.

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 deferred outflows, and liabilities and deferred inflows, with the difference between them 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.

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.

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 78 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, and PERS schedules detailing ten years of pension (assets)/liabilities and pension contributions. Required supplementary information can be found on pages 81 through 87 of this report.

Combining and individual fund statements and schedules are presented as other supplementary information and can be found on pages 92 through 112 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 113 of this report.

The District adopted Government Accounting Standard 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27* (GASB 68) during fiscal year 2015. GASB Statement 68 established accounting and financial reporting standards for employers, including reporting of the new pension asset or liability on the Statement of Net Position, and deferred inflows and outflows associated with investment, economic and demographic gains and losses associated with the plan. GASB Statement 68 also provides guidance related to the calculation of pension expense. Fiscal year 2013-14 information reported on page 27 has been restated to conform to the new reporting and accounting standards.

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 \$87,252,221 at June 30, 2015.

A significant portion of the District's net position (35 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.

Assets consist mainly of cash and cash equivalents, property taxes receivable, PERS net pension asset, 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 and a net pension asset. The District's largest liability (72 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 2014
	2015	2014 (Restated)	
Net Position:			
Current and other assets	\$ 102,306,498	\$ 88,129,430	\$ 14,177,068
Capital assets	81,241,652	79,085,299	2,156,353
<i>Total assets</i>	<u>183,548,150</u>	<u>167,214,729</u>	<u>16,333,421</u>
Total deferred outflows of resources	7,050,722	5,390,098	1,660,624
Current liabilities	19,264,990	16,234,930	3,030,060
Long-term debt	58,229,107	87,143,922	(28,914,815)
<i>Total liabilities</i>	<u>77,494,097</u>	<u>103,378,852</u>	<u>(25,884,755)</u>
Total deferred inflows of resources	25,852,554		25,852,554
Net investment in capital assets	30,872,433	31,417,412	(544,979)
Restricted	1,355,457	1,541,173	(185,716)
Unrestricted	55,024,331	36,267,390	18,756,941
<i>Total net position</i>	<u>\$ 87,252,221</u>	<u>\$ 69,225,975</u>	<u>\$ 18,026,246</u>

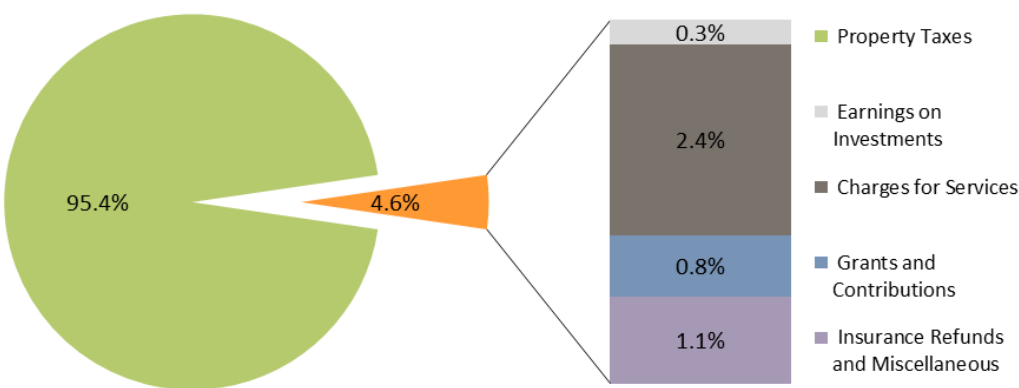
During the current fiscal year, the District's net position increased by \$18,026,246 due largely to the recording of a PERS net pension asset in the amount of \$13,390,794 as part of the District's implementation of GASB Statement 68, and the recording of Deferred Outflows of Resources of \$7,050,722 related to the advance refunding of outstanding debt and the PERS contributions made after the measurement date of June 30, 2014 as part of the implementation of GASB Statement 68.

Governmental Activities. Governmental activities increased the District's net position in the current year by \$18,026,246. Property tax revenue increased by 3.5 percent or \$2,904,836, reflecting a net increase in taxes levied and collected. Grants and Contributions, largely from a state income tax sharing program, increased \$530,496. Charges for services for medical transport, fleet, occupational health, and response revenue from wild-fire conflagration services increased by \$243,844. These increases were offset by a decrease from the prior year's gain on sale of capital assets due to a prior year sale of a closed fire station site. Expenses for public safety decreased by 13.8 percent, reflecting personnel cost increases in wages and benefits offset by reductions in pension expenses recorded as part of the implementation of GASB Statement 68.

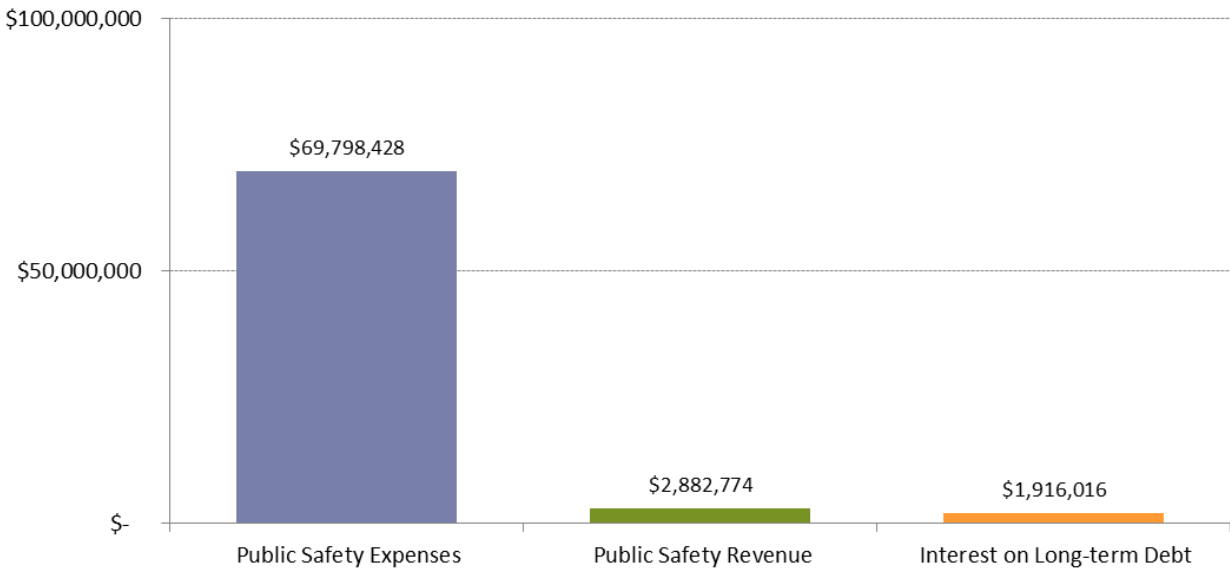
Governmental activities

	Governmental Activities		Increase (Decrease) from Fiscal 2014
	2015	2014	
Changes in Net Position:			
Revenues			
Program revenues			
Charges for services	\$ 2,183,509	\$ 1,939,665	\$ 243,844
Grants and contributions	699,265	168,769	530,496
General revenues:			
Property taxes	85,582,417	82,677,581	2,904,836
Earnings on investments	276,125	276,632	(507)
Insurance refunds	551,766	882,340	(330,574)
Gain on sale of capital assets	94,503	583,350	(488,847)
Miscellaneous	353,105	91,807	261,298
Total revenues	<u>89,740,690</u>	<u>86,620,144</u>	<u>3,120,546</u>
Expenditures/expenses			
Public safety-fire protection	69,798,428	80,967,876	(11,169,448)
Interest on long-term debt	<u>1,916,016</u>	<u>2,211,384</u>	<u>(295,368)</u>
Total expenses	<u>71,714,444</u>	<u>83,179,260</u>	<u>(11,464,816)</u>
Change in net position	<u>18,026,246</u>	<u>3,440,884</u>	<u>14,585,362</u>
Beginning of the year	69,225,975	90,542,229	(21,316,254)
Restatement of beginning of year	<u> </u>	<u>(24,757,138)</u>	<u>24,757,138</u>
Net position - July 1	<u>69,225,975</u>	<u>65,785,091</u>	<u>3,440,884</u>
Net position - June 30	<u>\$ 87,252,221</u>	<u>\$ 69,225,975</u>	<u>\$ 18,026,246</u>

Revenue Sources - Governmental Activities
Fiscal Year 2015



Expenses and Program Revenues
Governmental Activities
Fiscal Year 2015

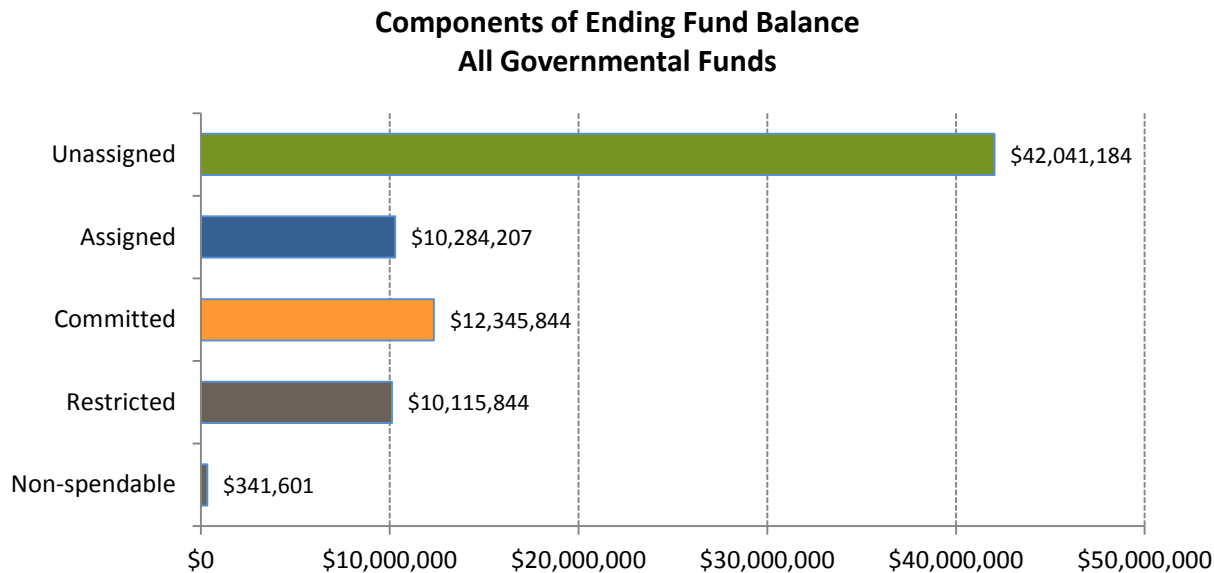


Financial Analysis of the Governmental Funds

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, 2015, the District's governmental funds reported combined ending fund balances of \$75,128,680, an increase of \$411,282 in comparison with the prior year. This increase is a result of bond issuance proceeds in the Capital Projects Fund of \$5.5 million offset by capital expenditures for the construction and improvement of fire stations for a net increase in fund balance of \$528,232. A large portion of this total amount (56.0 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 (.5 percent), restricted by external parties (13.5 percent), committed by the Board (16.4 percent) or assigned to a specific purpose such as capital projects (13.6 percent).



General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2015, unassigned fund balance of the General Fund was \$42,021,184, with total fund balance, including \$12,326,380 committed to future capital purchases, of \$54,728,629. 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 50.5 percent of total General Fund expenditures and the total fund balance represents 65.7 percent of total General Fund expenditures.

The fund balance of the District's General Fund decreased by \$637,276, or approximately 1.2 percent during the current fiscal year, compared to the \$2,210,648 increase from the prior year. This was largely due to increased workers compensation costs and early hiring and implementation of firefighters in advance of the receipt of the higher replacement levy in 2015-16. Property tax revenue, which provides for the costs of operating the District, increased \$3,576,525 over the prior year, charges for services increased \$87,572 over the prior year, with workers compensation insurance dividends and refunds decreasing \$360,675 over the prior year. Public Safety and Capital Outlay expenditures increased \$6,263,134, and Transfers Out increased by \$153,922.

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 \$615,083 to \$10,284,207 at June 30, 2015, 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, 2015, the ending fund balance of the Capital Projects Fund was \$8,669,428 and was restricted for capital projects. This fund accounts for the proceeds of debt issuances to fund construction, land, and apparatus purchases. The expenditures for Capital Outlay were offset by the issuance of new general obligation debt of \$5,000,000 during the year.

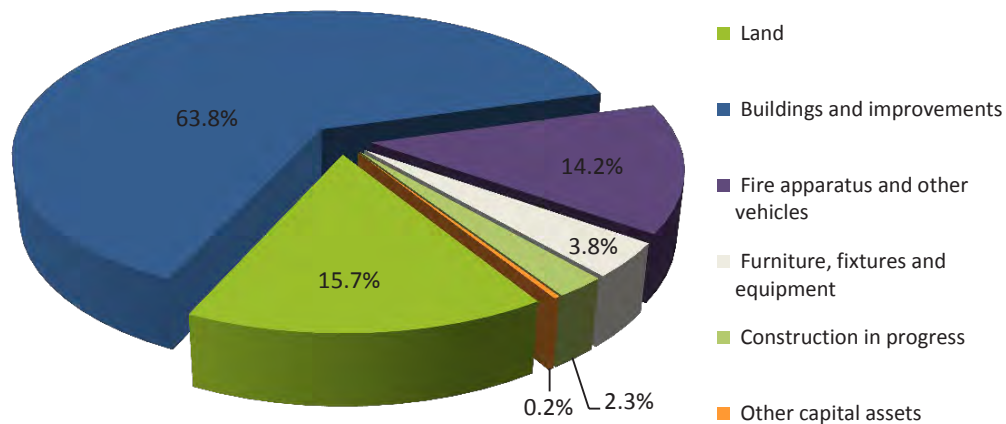
Budgetary Highlights

There was one supplemental budget resolution to the General, Grant, Property and Building, and Capital Projects Funds. The Supplemental budget funded closing the Post Retiree Medical Insurance Fund into the General Fund, the appropriation to order three response cars among other emergency response equipment and to begin seismic improvement on fire stations after receipt of a grant, as well as station land site purchase due diligence costs. Lastly interest rates provided an opportunity to refinance existing debt at a savings to the taxpayers. Property tax collections exceeded budget due to stronger than expected assessed value growth the prior year. The District's early implementation of two response units in advance of the increased levy scheduled for 2015-16 as well as a significant workers compensation retroactive payment resulted in increased Public Safety expenditures and a corresponding planned reduction in ending fund balance.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets consists of land and improvements, buildings and improvements, fire apparatus and other vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2015, the District had invested \$81,241,652 in capital assets, net of depreciation, as shown in the following table and chart:

Capital Assets: (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2014
	2015	2014	
Land	\$ 12,747,885	\$ 12,747,885	\$
Buildings and improvements	51,832,747	44,721,917	7,110,830
Fire apparatus and other vehicles	11,520,212	11,765,519	(245,307)
Furniture, fixtures and equipment	3,074,322	3,147,791	(73,469)
Construction in progress	1,841,486	6,477,187	(4,635,701)
Other capital assets	225,000	225,000	
Total	\$ 81,241,652	\$ 79,085,299	\$ 2,156,353

Capital Assets (net of depreciation)

During the year, the District's investment in capital assets increased by \$2,156,353, reflecting assets of \$6,664,380 added during the year, offset by \$4,463,277 of depreciation and \$44,750 of disposals, net of related depreciation. The District's construction in progress includes the construction of new fire station 70, and seismic improvements to numerous other stations, as well as emergency response vehicles in progress, 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 59 of this report.

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt of \$59,844,471, consisting of general obligation bonds and unamortized premiums. The increase in debt relates to the issuance of \$5,000,000 in general obligation bonds, offset by scheduled principal payments throughout the year. Additionally, \$10,000,000

of bonds was advance refunded through the issuance of \$9,905,000 of debt during the fiscal year. The result is expected to be a decrease in future debt service payments of \$1,286,032 with a present value savings at issuance of \$984,884. The District has been affirmed at 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 \$811 million. Additional information on the District's long-term debt can be found in note III.F.1 on pages 60 and 61 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 recovering with construction and development within District boundaries continuing through 2015 and numerous projects slated for the future, including a major expansion of the Nike world headquarters complex, and increased home prices throughout the District's service area.

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 2019-20.

Requests for Information

This financial report is designed to provide a general overview of Tualatin Valley Fire and 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 and Rescue, 11945 SW 70th Avenue, Tigard, Oregon 97223.



.....

Basic Financial Statements

.....

Basic Financial Statements

Tualatin Valley Fire and Rescue
**Balance Sheet - Governmental Funds/
Statement of Net Position**
June 30, 2015

	General Fund	Property and Building Fund	Capital Projects Funds	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Position
Assets							
Cash and cash equivalents	\$ 60,688,722	\$ 10,303,054	\$	\$ 1,411,618	\$ 72,403,394	\$ 613,121	\$ 73,016,515
Receivables (net of allowances):							
Property taxes receivable	3,728,913			263,552	3,992,465		3,992,465
Accounts receivable	295,433			181,285	476,718		476,718
Prepaid items						1,326,977	1,326,977
Supplies inventory	341,601				341,601		341,601
Other post employment benefit asset						97,335	97,335
LOSAP net pension asset						188,841	188,841
PERS net pension asset						13,390,794	13,390,794
Restricted assets:							
Cash and cash equivalents			9,475,252		9,475,252		9,475,252
Capital assets, not being depreciated:							
Land						12,747,885	12,747,885
Other capital assets						225,000	225,000
Construction in progress						1,841,486	1,841,486
Capital assets, net of accumulated depreciation:							
Buildings and improvements						51,832,747	51,832,747
Fire apparatus and other vehicles						11,520,212	11,520,212
Furniture, fixtures, and equipment						3,074,322	3,074,322
Total assets	<u>65,054,669</u>	<u>10,303,054</u>	<u>9,475,252</u>	<u>1,856,455</u>	<u>86,689,430</u>	<u>96,858,720</u>	<u>183,548,150</u>
Deferred Outflows of Resources							
Deferred refunding charge						880,143	880,143
Contributions after measurement date						6,170,579	6,170,579
Total deferred outflows of resources						7,050,722	7,050,722
Total assets and deferred outflows	<u>\$ 65,054,669</u>	<u>\$ 10,303,054</u>	<u>\$ 9,475,252</u>	<u>\$ 1,856,455</u>	<u>\$ 86,689,430</u>	<u>\$ 103,909,442</u>	<u>190,598,872</u>
Liabilities							
Accounts payable	\$ 910,736	\$ 18,847	\$ 805,824	\$ 168,355	\$ 1,903,762	\$	1,903,762
Accrued salaries and benefits payable	5,841,337				5,841,337		5,841,337
Accrued interest payable						357,632	357,632
Accrued compensated absences:							
Due within one year						6,877,892	6,877,892
Due in more than one year						2,165,853	2,165,853
Net pension obligation - due in more than one year						503,150	503,150
Bonds payable, net of unamortized premium/discount:							
Due within one year						4,284,367	4,284,367
Due in more than one year						55,560,104	55,560,104
Total liabilities	<u>6,752,073</u>	<u>18,847</u>	<u>805,824</u>	<u>168,355</u>	<u>7,745,099</u>	<u>69,748,998</u>	<u>77,494,097</u>
Deferred Inflows of Resources							
Unavailable revenue - property taxes	3,416,089			241,684	3,657,773	(3,657,773)	
Unavailable revenue - transport services	118,268				118,268	(118,268)	
Unavailable revenue - HazMat revenue	39,610				39,610	(39,610)	
Pension proportionate contribution difference						13,747	13,747
Deferred pension investment						25,838,807	25,838,807
Total deferred inflows of resources	<u>3,573,967</u>			<u>241,684</u>	<u>3,815,651</u>	<u>22,036,903</u>	<u>25,852,554</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, 2015

	General Fund	Property and Building Fund	Capital Projects Funds	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Position
Fund balances:							
Non-spendable	341,601				341,601	(341,601)	
Restricted for capital projects			8,669,428		8,669,428	(8,669,428)	
Restricted for debt service				1,355,457	1,355,457	(1,355,457)	
Restricted for grant expenditures				90,959	90,959	(90,959)	
Committed to capital purchases	12,326,380				12,326,380	(12,326,380)	
Committed to emergency management	19,464				19,464	(19,464)	
Assigned to capital projects		10,284,207			10,284,207	(10,284,207)	
Unassigned	42,041,184				42,041,184	(42,041,184)	
Total fund balances	<u>54,728,629</u>	<u>10,284,207</u>	<u>8,669,428</u>	<u>1,446,416</u>	<u>75,128,680</u>	<u>\$ (75,128,680)</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 65,054,669</u>	<u>\$ 10,303,054</u>	<u>\$ 9,475,252</u>	<u>\$ 1,856,455</u>	<u>\$ 86,689,430</u>		
Net Position:							
Net investment in capital assets							30,872,433
Restricted for:							
Debt service							1,355,457
Unrestricted							55,024,331
Total net position							<u>\$ 87,252,221</u>

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

Basic Financial Statements

Tualatin Valley Fire and Rescue
**Statement of Governmental Fund Revenues, Expenditures, Other Financing Sources (Uses),
and Changes in Fund Balances/Statement of Activities**
For the Year Ended June 30, 2015

	General Fund	Property and Building Fund	Capital Projects Funds	Nonmajor Funds	Total Funds	Adjustments	Statement of Activities
Revenues							
Program Revenues:							
Charges for services	\$ 2,026,509	\$	\$	\$	\$ 2,026,509	\$ 157,000	\$ 2,183,509
Grants and contributions	413,520			285,745	699,265		699,265
General Revenues:							
Taxes	80,427,928			5,280,481	85,708,409	(125,992)	85,582,417
Interest	185,103	52,891	16,866	17,897	272,757	3,368	276,125
Insurance dividends and refunds	520,569				520,569	31,197	551,766
Gain on capital assets						94,503	94,503
Miscellaneous	105,904		229,932		335,836	17,269	353,105
Total revenues	83,679,533	52,891	246,798	5,584,123	89,563,345	177,345	89,740,690
Expenditures/expenses							
Current:							
Public Safety	81,616,482		51,585	128,890	81,796,957	(11,998,529)	69,798,428
Debt service:							
Principal				3,485,000	3,485,000	(3,485,000)	
Interest				2,005,285	2,005,285	(89,269)	1,916,016
Capital outlay	1,662,877	596,730	5,216,198	181,286	7,657,091	(7,657,091)	
Total expenditures/expenses	83,279,359	596,730	5,267,783	5,800,461	94,944,333	(23,229,889)	71,714,444
Excess (deficiency) of revenues over (under) expenditures/ expenses	400,174	(543,839)	(5,020,985)	(216,338)	(5,380,988)	23,407,234	18,026,246
Other Financing Sources (Uses)							
Proceeds on sale of surplus property	116,472	5,000	35,050		156,522	(156,522)	
Proceeds from debt issuance			5,000,000	9,905,000	14,905,000	(14,905,000)	
Premium from debt issuance			514,167	1,121,871	1,636,038	(1,636,038)	
Payment to escrow				(10,905,290)	(10,905,290)	10,905,290	
Transfers in		1,153,922			1,153,922	(1,153,922)	
Transfers out	(1,153,922)				(1,153,922)	1,153,922	
Total other financing sources (uses)	(1,037,450)	1,158,922	5,549,217	121,581	5,792,270	(5,792,270)	
Net change in fund balances/net position	(637,276)	615,083	528,232	(94,757)	411,282	17,614,964	18,026,246
Fund balances/net position:							
Beginning of the year	55,365,905	9,669,124	8,141,196	1,541,173	74,717,398	19,265,715	93,983,113
Restatement of beginning of year						(24,757,138)	(24,757,138)
Beginning of year, as restated	55,365,905	9,669,124	8,141,196	1,541,173	74,717,398	(5,491,423)	69,225,975
End of the year	\$ 54,728,629	\$ 10,284,207	\$ 8,669,428	\$ 1,446,416	\$ 75,128,680	\$ 12,123,541	\$ 87,252,221

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

Tualatin Valley Fire and Rescue
General Fund
Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes:				
Current year's levy	\$ 77,157,400	\$ 77,157,400	\$ 79,054,101	\$ 1,896,701
Prior years' levies	1,269,061	1,269,061	1,362,917	93,856
Taxes in lieu of property taxes	10,271	10,271	10,910	639
Interest on unsegregated property taxes	13,751	13,751	12,713	(1,038)
Interest on taxes	4,191	4,191	6,764	2,573
Interest on investments	123,451	123,451	99,819	(23,632)
Charges for services	1,336,355	1,336,355	1,677,510	341,155
Rental income	84,000	84,000	123,580	39,580
Grants and contributions			413,520	413,520
Plan review fees	2,250	2,250	5,555	3,305
Insurance dividends and refunds	197,389	197,389	520,569	323,180
Miscellaneous	87,103	87,103	105,758	18,655
Total revenues	<u>80,285,222</u>	<u>80,285,222</u>	<u>83,393,716</u>	<u>3,108,494</u>
Expenditures				
Current:				
Public Safety				
Command Directorate:				
Personnel services	3,061,569	3,061,569	2,675,689	385,880
Materials and services	1,229,304	1,229,304	865,627	363,677
Total Command Directorate	<u>4,290,873</u>	<u>4,290,873</u>	<u>3,541,316</u>	<u>749,557</u>
Integrated Operations Directorate:				
Personnel services	65,883,627	65,883,627	61,871,348	4,012,279
Materials and services	4,131,091	4,131,091	3,290,113	840,978
Total Integrated Operations Directorate	<u>70,014,718</u>	<u>70,014,718</u>	<u>65,161,461</u>	<u>4,853,257</u>
Finance Directorate:				
Personnel services	1,254,815	1,254,815	1,201,840	52,975
Materials and services	483,506	503,506	417,608	85,898
Total Finance Directorate	<u>1,738,321</u>	<u>1,758,321</u>	<u>1,619,448</u>	<u>138,873</u>
Business Operations Directorate:				
Personnel services	7,276,250	7,276,250	6,333,132	943,118
Materials and services	4,647,211	4,747,211	4,382,191	365,020
Total Business Operations Directorate	<u>11,923,461</u>	<u>12,023,461</u>	<u>10,715,323</u>	<u>1,308,138</u>
Total Public Safety	<u>87,967,373</u>	<u>88,087,373</u>	<u>81,037,548</u>	<u>7,049,825</u>
Operating contingency	3,224,325	3,129,325		3,129,325
Total expenditures	<u>91,191,698</u>	<u>91,216,698</u>	<u>81,037,548</u>	<u>10,179,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,906,476)</u>	<u>(10,931,476)</u>	<u>2,356,168</u>	<u>13,287,644</u>

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

(continued)

Basic Financial Statements

Tualatin Valley Fire and Rescue

General Fund

Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances - Budget and Actual (continued) For the Year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other Financing Sources (Uses)				
Proceeds on sale of surplus property	4,410	4,410	11,882	7,472
Transfers in		25,000	24,151	(849)
Transfers out	(3,256,559)	(3,256,559)	(3,219,787)	36,772
Total other financing sources (uses)	(3,252,149)	(3,227,149)	(3,183,754)	43,395
Net change in fund balances	(14,158,625)	(14,158,625)	(827,586)	13,331,039
Fund balances - June 30, 2014	33,259,733	33,259,733	36,719,738	3,460,005
Fund balances - June 30, 2015	<u>\$ 19,101,108</u>	<u>\$ 19,101,108</u>	<u>\$ 35,892,152</u>	<u>\$ 16,791,044</u>

Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

Fund Balance - budgetary basis	\$ 35,892,152
Advanced recognition of retirement obligation not a GAAP expense	6,490,633
Fund Balance - Apparatus Fund ⁽¹⁾	3,832,927
Fund Balance - Capital Improvements Fund ⁽¹⁾	8,493,453
Fund Balance - Emergency Management Fund ⁽¹⁾	19,464
Fund Balance - GAAP Basis	<u>\$ 54,728,629</u>

⁽¹⁾ Refer to page 108 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
Proprietary Funds
June 30, 2015

	Governmental Activities
	Internal Service Fund
Assets	
Current:	
Cash and cash equivalents	\$ 613,121
Total assets	<u>613,121</u>
Liabilities	
Current:	
Accounts payable	<u> </u>
Total liabilities	<u> </u>
Net Position	
Unrestricted total net position	<u><u>\$ 613,121</u></u>

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

Tualatin Valley Fire and Rescue
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities
	Internal Service Fund
Operating Revenue	
Insurance refunds	\$ 31,197
Operating Expense	
Insurance claims	61,622
Operating loss	(30,425)
Nonoperating Revenue	
Interest income	3,368
Change in net position	(27,057)
Net position, June 30, 2014	640,178
Net position, June 30, 2015	\$ 613,121

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

Tualatin Valley Fire and Rescue
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Received from insurance reimbursements	\$ 31,197
Paid for insurance claims	(62,989)
Net cash from operating activities	(31,792)
Cash Flows From Investing Activities	
Interest received on investments	3,368
Net decrease in cash and cash equivalents	(28,424)
Cash and cash equivalents, June 30, 2014	641,545
Cash and cash equivalents, June 30, 2015	\$ 613,121
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (30,425)
(Decrease) increase in accounts payable	(1,367)
Net cash from operating activities	\$ (31,792)

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

Tualatin Valley Fire and Rescue
Statement of Net Position
Fiduciary Fund
June 30, 2015

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 54,958
Investments:	
Mutual funds	267,239
Total assets	322,197
Net Position	
Net position held in trust for pension benefits	\$ 322,197

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

Tualatin Valley Fire and Rescue
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2015

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 340,865
Investment earnings	<u>12,835</u>
Total additions	<u>353,700</u>
Deductions	
Benefits	<u>350,165</u>
Change in net position	3,535
Total net position, June 30, 2014	<u>318,662</u>
Total net position, June 30, 2015	<u><u>\$ 322,197</u></u>

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



I. Summary of significant accounting policies

The financial statements of Tualatin Valley Fire and Rescue, A Rural Fire Protection District, Oregon (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements require the application of all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Reporting entity

The District is an Oregon municipal corporation operating under Oregon Revised Statutes Chapter 478 as a Rural Fire Protection District and 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 to the citizens of the District. 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. Basis of presentation – government-wide and fund financial statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the District as a whole. The effect of interfund activity has been removed from these statements except for interfund services provided and used and reimbursements between funds which if eliminated would distort the direct costs and program revenues reported for the various functions. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of 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 deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between them reported as net position

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not attributable to a specific program are reported as general revenues.

The entity-wide statements and governmental fund statements have been combined as allowed for single-purpose governmental activities. The Statement of Net Position and the Governmental Funds Balance Sheet have been combined into a single presentation, with adjustments indicated to move from fund totals to the entity-wide totals. Similarly, the Statement of Activities and the Governmental Funds Statement of Revenues, Expenditures, Other Financing Sources (Uses), 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 governmental funds, the proprietary fund and the 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 funds 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. Exceptions to this are: (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 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, 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 consists of 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.
- A proprietary/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 fiduciary capacity under the terms of plan agreements. The District's fiduciary 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 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.

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, 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 further defined by directorate levels. The detailed budget document contains more specific 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 of notice, 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 during the year ended June 30, 2015. Appropriations lapse at fiscal year-end.

E. Assets, liabilities, deferred outflows/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, 2015, no allowance for doubtful accounts is considered necessary for property taxes.

Ambulance transport service receivables consist of charges to patients net of allowances for contractual discounts and uncompensated care.

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.

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 Statement 65, bond issuance costs are expensed as incurred.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has two items that qualify for reporting in this category. One deferred outflow relates to the District's pension plan and consists of employer contributions to OPERS after the measurement date. The second is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, which is nine years.

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 two types of items, which arise only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, one item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The District reports unavailable revenues from three sources: property taxes, transport services, and HazMat services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item relates to the District's pension plan and consists of a deferred pension investment and a pension contribution difference. In the Statement of Net Position, a deferred inflow of resources related to the District's pension plan is recognized. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the District's proportionate share of contributions.

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 resolution by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance.

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 targeted at five months of operating expenditures (approximately 42%) in the General Fund. This amount is intended to provide “dry-period financing” during the first five months of each fiscal year before the receipt of property taxes each November. Additionally, the policy requires the maintenance of a fund balance sufficient to purchase one piece of fire station land and construct a fire station in the budgeted Property and Building 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 1st. The tax levy for each property is mailed by county assessors as of October 25th, with taxes due on November 15th. Citizens who pay in full by November 15th 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, wildland firefighting, and information technology 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. Accrued Compensated absences**F. 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.

G. Pension Obligations

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the District's net pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS).

H. 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. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

Governmental fund balances differ from net position as presented in the Balance Sheet – Governmental Funds/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, Governmental Fund Balance Sheet	\$ 75,128,680
Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Prepaid items	1,326,977
Unearned revenue	157,878
Capital assets, net	81,241,652
Unavailable revenue recognized on full accrual basis	3,657,773
Accrued compensated absences	(9,043,745)
Accrued interest payable on long-term debt	(357,632)
Long-term bonded debt	(59,844,471)
Deferred refunding charge on refunded bonds	880,143
Net OPEB asset	97,335
Net pension obligation - Frozen Pension Plan	(503,150)
Net pension asset - LOSAP	188,841
Net pension asset - PERS	13,390,794
PERS contributions after measurement date	6,170,579
Pension proportionate contribution differences	(13,747)
Deferred pension investment	(25,838,807)
Net position of internal service funds combined with governmental activities	613,121
Net position, Statement of Net Position	\$ 87,252,221

B. Explanation of certain differences between the governmental fund statement of revenues, expenditure, other financing sources and uses, and changes in fund balances and the government-wide statement of activities

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

Net changes in fund balances	\$ 411,282
<i>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:</i>	
Net increases in capital assets (\$6,619,630) less depreciation for the year (\$4,463,277)	2,156,353
Property taxes not meeting the measurable and available criteria	(125,992)
Payments on long-term debt and related refunded debt	(2,061,479)
Net increase in accrued compensated absences	(1,117,985)
Certain revenues recognized as measurable and available in the current year	157,000
Net increase in other post employment benefits	16,886
Net decrease in net pension obligations - Frozen Pension Plan	65,746
Net increase in net pension asset - LOSAP	8,990
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	76,545
Net decrease in net pension obligations - PERS	18,465,957
<i>Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:</i>	
Change in net position of internal service fund combined with governmental activities	(27,057)
Net change in net position	<u>\$ 18,026,246</u>

III. 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, 2015 was \$38,476,997 and the total bank balance was \$38,612,264. 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.

At June 30, 2015, the District's cash, cash equivalents, and investments are comprised of the following:

Cash, cash equivalents and investments	
Cash on hand	\$ 1,019
Cash with county assessors	247,186
Deposits with financial institutions	38,476,997
State of Oregon Local Government Investment Pool	43,821,523
Investments:	
Open-ended mutual funds	267,239
	<u>\$ 82,813,964</u>

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

	Governmental Activities	Fiduciary Funds
Cash and cash equivalents:		
Unrestricted	\$ 73,016,515	\$ 54,958
Restricted	9,475,252	
Investments		267,239
Total cash, cash equivalents, and investments	<u>\$ 82,491,767</u>	<u>\$ 322,197</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, 2015, the District does not have investments exposed to custodial credit risk.

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.

C. Capital assets

Capital Assets consist of the following at June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 12,747,885	\$	\$	\$ 12,747,885
Other capital assets	225,000			225,000
Construction in progress	6,477,187	1,369,720	(6,005,421)	1,841,486
Total capital assets, not being depreciated	19,450,072	1,369,720	(6,005,421)	14,814,371
Capital assets, being depreciated:				
Buildings and improvements	64,388,694	9,282,072		73,670,766
Fire apparatus and other vehicles	28,208,801	1,311,486	(986,834)	28,533,453
Furniture, fixtures, and equipment	8,016,743	706,523	(67,978)	8,655,288
Total capital assets, being depreciated	100,614,238	11,300,081	(1,054,812)	110,859,507
Less accumulated depreciation for:				
Buildings and improvements	(19,666,777)	(2,171,243)		(21,838,020)
Fire apparatus and other vehicles	(16,443,282)	(1,488,042)	918,084	(17,013,240)
Furniture, fixtures, and equipment	(4,868,952)	(803,992)	91,978	(5,580,966)
Total accumulated depreciation	(40,979,011)	(4,463,277)	1,010,062	(44,432,226)
Total capital assets being depreciated, net	59,635,227	6,836,804	(44,750)	66,427,281
Total capital assets, net of depreciation	\$ 79,085,299	\$ 8,206,524	\$ (6,050,171)	\$ 81,241,652

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, 2015 were as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 1,153,922
Property and Building Fund	1,153,922	
	\$ 1,153,922	\$ 1,153,922

The District made a transfer from the General Fund to the Property and Building Fund in the amount of \$1,153,922 to accumulate resources to fund acquisition and construction costs for new and existing facilities.

For the year ended June 30, 2015, \$340,865 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 \$43,350 for the year ended June 30, 2015. Future payments are due as follows:

Year Ending June 30,	Amount
2016	\$ 65,699
2017	65,699
2018	62,641
2019	18,902
	<u>\$ 212,942</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 of 4.0 percent; the \$14,000,000 issuance of 15-year bonds dated March 17, 2009, with stated interest rates ranging from 3.25 percent to 4.375 percent; the \$15,000,000 issuance of 20-year bonds dated June 16, 2009, with stated interest rates ranging from 4.0 percent to 4.25 percent, 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, and the \$5,000,000 of 9-year bonds dated March 25, 2015, with stated interest rates ranging from 2.25 percent to 4.0 percent. All these bond issues were for purposes of funding fire station construction and seismic improvements, command center projects, and to purchase land and emergency response apparatus.

Advance Refunding

On March 25, 2015, the District issued \$9,905,000 in general obligation bonds with interest rates ranging from 2.25% to 4.0%. The proceeds were used to advance refund \$10,000,000 of outstanding 2007 general obligation bonds which had interest rates ranging from 4.0 percent to 4.25 percent. The net proceeds of \$10,911,482 (including a \$1,121,871 premium and after payment of \$115,389 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment of the refunded bonds. As a result, the 2007 general obligation bonds with maturities after April 2017 are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$905,290. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This District advance refunded the \$10,000,000 of 2007 general obligation bonds with maturities from 2017 through 2027 to reduce the total debt service payments by \$1,286,032 including shortening the maturity of the bonds to 2024, and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$984,884 or 9.84% of the refunded principal.

Interest rates vary by respective maturities. The District has no variable rate debt.

Legal Debt Margin

The District is subject to a debt limit that is 1.25% of Real Market Value of taxable property. At June 30, 2015, that amount was \$811.1 million. As of June 30, 2015, the total general obligation bonded debt was \$57,020,000. The total outstanding debt applicable to the limit was \$58.5 million which is 7.2 percent of the total debt limit.

Changes in long-term liabilities

Changes in the District's general obligation bonds for the year ended June 30, 2015 are as follows:

		Principal					
Issue Date	Original Issue	Outstanding at June 30, 2014	Additions	Reductions	Outstanding at June 30, 2015	Due Within One Year	Interest Rates
<u>General Obligation Bonds:</u>							
April 11, 2007	\$ 20,000,000	\$ 13,000,000		\$ (11,000,000)	\$ 2,000,000	\$ 1,000,000	4.00%
March 17, 2009	14,000,000	9,600,000		(960,000)	8,640,000	960,000	3.25 - 4.375%
June 16, 2009	15,000,000	12,140,000		(610,000)	11,530,000	630,000	4.00 - 4.25%
June 2, 2011	23,500,000	20,860,000		(915,000)	19,945,000	935,000	2.00 - 5.00%
March 25, 2015	9,905,000		\$ 9,905,000		9,905,000	55,000	2.25 - 4.00%
March 25, 2015	5,000,000		5,000,000		5,000,000	440,000	2.25 - 4.00%
Total General Obligation Bonds		55,600,000	14,905,000	(13,485,000)	57,020,000	4,020,000	
<u>Unamortized Premium</u>		1,316,463	1,636,038	(128,030)	2,824,471	264,367	
Total		\$ 56,916,463	\$ 16,541,038	\$ (13,613,030)	\$ 59,844,471	\$ 4,284,367	

Outstanding issues are callable as follows:

- 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
- March 25, 2015 - at par plus accrued interest beginning June 1, 2025
- March 25, 2015 - at par plus accrued interest beginning June 1, 2025

Future bond maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 4,020,000	\$ 2,321,111	\$ 6,341,111
2017	4,180,000	2,093,985	6,273,985
2018	4,515,000	1,947,235	6,462,235
2019	4,580,000	1,797,835	6,377,835
2020	4,675,000	1,614,635	6,289,635
2021-2025	21,955,000	5,159,425	27,114,425
2026-2030	11,430,000	1,701,828	13,131,828
2031	1,665,000	70,763	1,735,763
	<u>\$ 57,020,000</u>	<u>\$ 16,706,817</u>	<u>\$ 73,726,817</u>

2. Compensated absences

Compensated absences activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Current Portion
Governmental activities:					
Compensated absences	<u>\$ 7,925,760</u>	<u>\$ 8,255,859</u>	<u>\$ (7,137,873)</u>	<u>\$ 9,043,746</u>	<u>\$ 2,165,853</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, 2015, 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.

IV. 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 and going forward 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 for fiscal 2011, 2012, and 2013 remain open. The District's maximum liability for premiums related to these three open claim years is approximately \$900,000 which represents the difference between the maximum possible premiums less the premiums 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, 2015, the District paid \$1,664,417 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 five percent of base wages. The District made a similar match of five percent for non-bargaining employees. The District's contribution during fiscal year 2015 was \$1,889,241 of which \$1,388,716 was made for the bargaining unit employees.

D. Employee retirement systems and pension plans**1. Employee Retirement Pension Plan**

Plan Description - The District is a participating employer in the Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon.

ORS 238 Defined Benefit Plan Benefits - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan portion of OPERS is closed to new members hired on or after August 29, 2003.

Benefits under the defined benefit pension plan program include a retirement allowance payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may

also be calculated under either a formula plus annuity computation (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

Death Benefits - Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met: (1) member was employed by a OPERS employer at the time of death; (2) member died within 120 days after termination of OPERS-covered employment; (3) member died as a result of injury sustained while employed in a OPERS-covered job; or (4) member was on an official leave of absence from a OPERS-covered job at the time of death.

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

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on the amount of the annual benefit and years in which the benefit was earned.

ORS 238A OPSRP Defined Benefit Plan Benefits - This portion of the defined benefit pension plan of OPERS provides benefits to members hired on or after August 29, 2003. Benefits under this portion of OPSRP provide a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age.

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

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

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

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

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

Benefit Changes after Retirement - Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the cost-of-living changes in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

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

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July 1, 2013. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. The District's rates for the year ended June 30, 2015 were 15.92 percent for OPERS and 7.75 percent for OPSRP – general service employees, and 10.48 percent for OPSRP – fire employees, of salary covered under the plan. These rates are reported inclusive of the retiree healthcare rates disclosed in a separate note disclosure. The contribution requirements for plan members and the District are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Employer contributions for the year ended June 30, 2015, were approximately \$6,446,000, exclusive of the 6% "pick-up". Covered employees are required to contribute 6% of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution.

Plan Audited Financial Report - Both OPERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the OPERS web site at www.pers.state.or.us.

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

At June 30, 2015, the District reported an asset of \$13,390,794 for its proportionate share of the plan pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The District's proportionate share was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members of the cost sharing pool, actuarially determined. At June 30, 2015 and 2014, the District's proportion was 0.59075779 percent.

For the year ended June 30, 2015, the District recognized pension expense/(income) of (\$12,295,378) for the defined benefit portion of the pension plan as a result of the adoption of GASB Statement 68. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$
Change of assumptions		
Net difference between projected and actual earnings on pension plan investments		25,838,807
Changes in proportion and differences between District contributions and proportionate share of contributions		13,747
District contributions subsequent to the measurement date	6,170,579	
Total	<u>\$ 6,170,579</u>	<u>\$ 25,852,554</u>

Deferred outflows of resources related to pensions of \$6,170,579 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension (asset)/ liability in the year ending June 30, 2016. Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

Year ended June 30:	
2016	\$ (6,462,691)
2017	(6,462,691)
2018	(6,462,691)
2019	(6,462,691)
2020	(1,790)
Total	<u>\$ (25,852,554)</u>

Actuarial Valuations - The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal actuarial cost method.

For the ORS 238 Tier One/Tier Two component of the OPERS defined benefit plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over twenty years.

For the ORS 238A OPSRP Pension Program component of the OPERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an actuarially determined amount for funding a disability benefit component, and (3) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over sixteen years.

Actuarial Methods and Assumptions -

- Valuation Date 12/31/12, rolled forward to 6/30/14
- Actuarial cost method Entry Age Normal
- Amortization method Amortized as a level percentage of payroll; Tier One/Tier Two UAL (20 year) and OPSRP pension UAL (16 year); Amortization periods are closed
- Equivalent single
 - amortization period Twenty years
- Asset valuation method Market value of assets
- Actuarial assumptions
 - Inflation rate 2.75 percent
 - Investment rate of return 7.75 percent
 - Projected salary increases 3.75 percent
 - Mortality
 - Healthy retirees and beneficiaries: RP-2000 table
 - Active members: a percentage of healthy retiree rates
 - Disabled retirees: males 65%, females 90% of the RP-2000 static combined disabled table.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent for the defined benefit pension plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the defined benefit pension plan was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Plan Provisions Subsequent to Measurement Date - An Oregon Supreme Court decision (Moro decision), made after the measurement date is expected to have a significant effect on the District's proportionate share of the collective net pension asset. The effect of the Moro decision was to restrict cost of living adjustment (COLA) changes made by Senate Bills 822 and 861 such that they only apply to benefits earned after the legislation was enacted. As a result, the majority of benefits currently accrued will receive a full 2% COLA which will increase the total pension liability and net pension liability. The District's approximate proportionate share of each is as shown in the following table:

	Prior to Moro	After Moro	Increase/(decrease) in Net Pension (asset)/liability
Total Pension Liability	\$ 373,000,000	\$ 402,000,000	\$ 29,000,000
Fiduciary Net Position	386,400,000	386,400,000	
Net Pension (Asset)/Liability	<u>\$ (13,400,000)</u>	<u>\$ 15,600,000</u>	<u>\$ 29,000,000</u>

Sensitivity of the District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate - The following represents the District's proportionate share of the pension asset calculated using the discount rate of 7.75 percent, as well as what the District's share of the net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of net pension (asset)/liability	\$ 28,356,864	\$ (13,390,794)	\$ (48,699,520)

Long-Term Expected Rate of Return - The long term expected rate of return is based on a consistent set of underlying assumptions for each asset class and includes adjustment for the inflation assumption. These assumptions are not based on historical return, but instead are based on a forward-looking capital market economic model. To develop an analytical basis for the selection of the long-term expected rate of return

assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation		
	Low Range	High Range	Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public equity	32.5	42.5	37.5
Private Equity	16.0	24.0	20.0
Real Estate	9.5	15.6	12.5
Alternative Equity	0.0	10.0	10.0
Opportunity Portfolio	0.0	3.0	0.0
			<u>100.0 %</u>

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20 %	4.50 %
Short-Term Bonds	8.00	3.70
Intermediate-term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation - Mean		2.75

Payable to OPERS - At June 30, 2015, the District's payable to OPERS for defined benefit contributions was \$799,763. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August

29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. The District has elected to contribute the 6% "pick-up" or \$2,748,036 of the employees' contribution.

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. The plan is not administered through a trust or equivalent arrangement; therefore, the provisions of GASB Statements 67 and 68 do not apply.

Actuarial Methods and Assumptions - The total actuarial present value of accumulated plan benefits as of June 30, 2015, using the date of the latest actuarial valuation of June 30, 2014, was estimated at \$2,339,780. 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, 2015, are \$256,954. The Net Pension Obligation (NPO) as of June 30, 2015 is estimated at \$503,150. Pension benefits for retirees and beneficiaries are 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.

Three-Year Trend Information				
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Obligation
2015	\$ 256,954	126.0 %	\$	503,150
2014	247,992	136.0		568,896
2013	259,220	118.0		658,416

Annual Pension Cost and Net Pension Obligation, June 30, 2015:

	Pension Trust Fund
Annual Required Contribution	\$ 313,908
Interest on Net Pension Obligation	11,378
Adjustment to Annual Required Contribution	(68,332)
Annual Pension Cost	256,954
Contributions - actuarially projected	(322,700)
Increase (decrease) in Net Pension Obligation	(65,746)
Net Pension Obligation - beginning of year	568,896
Net Pension Obligation - end of year	\$ 503,150

Condensed Statement of Net Position, June 30, 2015:

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

Changes in Net Position for the year ended June 30, 2015:

	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 340,865
DEDUCTIONS	
Benefits	340,865
Change in net position	
Total net position, June 30, 2014	
Total net position, June 30, 2015	\$

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 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.

Neither the closed 1992 program nor the defined contribution plan are administered through a trust or equivalent arrangement; therefore, the provisions of GASB Statements 67 and 68 do not apply.

Actuarial Methods and Assumptions – Beginning with the fiscal year ended June 30, 2014, the District is accounting for plan liabilities in accordance with GASB Statement 67. 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, 2015, was \$136,278 and the Fiduciary Net Position was \$325,119, resulting in a Net Pension Asset of \$188,841. 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, 2015:

Three-Year Trend Information						
Year Ended June 30	Fiduciary Net Position	Total Pension Liability	Net Pension Liability (Asset)	Funded Ratio	Covered Payroll	
2015	\$ 322,197	\$ 136,278	\$ (185,919)	236 %	N/A	
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, 2015:

	Volunteer LOSAP Fund
Present value of fully projected benefits	\$ 136,278
Fiduciary net position	(322,197)
Net pension liability (asset)	<u>\$ (185,919)</u>

Changes in Plan Assets for the Year Ended June 30, 2015:

	Volunteer LOSAP Fund
Plan assets at beginning of year	\$ 318,662
Decrease due to:	
Benefit payments	(9,300)
Increase due to:	
Investment earnings	12,835
Plan assets at end of year	<u>\$ 322,197</u>

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 accounted 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 explicit 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.

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

	Health Benefit Retiree Program
Annual Required Contribution	\$ 101,358
Interest on OPEB	(2,413)
Adjustment for OPEB	4,104
Annual OPEB Cost	103,049
Expected Contributions	(119,936)
Increase (Decrease) in Net OPEB Obligation	(16,886)
Net OPEB Obligation (Asset) - beginning of year	(80,449)
Net OPEB Obligation (Asset) - end of year	\$ (97,335)

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 the past three years were as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2015	\$ 103,049	116.39 %	\$ (97,335)
2014	102,484	126.24	(80,449)
2013	102,043	120.50	(53,557)

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.

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 equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

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, 2015, 2014, and 2013 were approximately \$258,000, \$247,000, and \$218,000, respectively, and were included as part of the required PERS contributions.

3. Retiree Health Plan for Local 1660 Members

Plan Description – Tualatin Valley Fire and 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 \$1,341 per month for medical coverage and \$150 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) 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, 2015, 2014 and 2013 were \$840, \$2,165, and \$4,780 respectively, which equaled the required contributions as negotiated for each year.

F. Commitments and contingencies

As of June 30, 2015, the District is committed under various accepted bid agreements and contracts for approximately \$790,000 for goods, services and construction of facilities. This includes \$425,000 in construction commitments for Station 70.

The amount and method of payment of Plaintiffs' attorney fees and costs resulting from litigation of PERS legislation enacted to reduce cost of living adjustments is pending before the Oregon Supreme Court. As the Oregon Supreme court overturned significant portions of the legislation, payment of the prevailing parties' legal fees and costs is in settlement discussions now at issue. The parties have thoroughly briefed their positions and are now awaiting a decision from the Court. It is not currently anticipated that there is significant financial risk to the District.

G. Restatement of Beginning Net Position

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, the District is now required to record its relative share of pension related amounts in its statement of net position and statement of activities.

This statement includes the definitions of balances to be included in deferred inflows and deferred outflows of resources. Those definitions include the following:

Net Pension (Asset)/Liability - Previous standards defined pension liabilities in terms of the annual required contribution. GASB Statement 68 defines the net pension asset or liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service, net of the pension plan's fiduciary net position.

Deferred Inflows and Deferred Outflows of Resources Related to Pensions - GASB Statement 68 includes recognition of deferred inflows and deferred outflows of resources associated with the difference between projected and actual earnings on pension plan investments. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

The District's net pension (asset)/liability, deferred inflows and outflows related to pensions, and pension expense have been determined on the basis reported by Oregon Public Employees Retirement System (OPERS) and are now reflected in the District's statement of net position and statement of activities

for fiscal year ended June 30, 2015. This new guidance requires the restatement of the prior year net position.

Accordingly, in accordance with the requirements of GASB Statement 68, below are the restated balances of net position as of June 30, 2014:

Net position as of June 30, 2014, as previously reported	\$ 93,983,113
Restatement of prior period net position for the net effect of implementing GASB 68:	
Net pension liability as of June 30, 2013	(30,147,236)
Contributions during measurement period through June 30, 2014	<u>5,390,098</u>
Total restatement	<u>(24,757,138)</u>
Net position as of June 30, 2014, as restated	<u>\$ 69,225,975</u>

.....
Required Supplementary Information
.....



Schedule of Funding Progress						
Single-Employer Defined Benefit Pension Plan						
Actuarial Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	(UAAL) ⁽⁴⁾	Funded Ratio	Covered Payroll	
2014	\$	\$	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	

Schedule of Funding Progress						
Health Benefit Retiree Program						
Actuarial Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	(UAAL) ⁽⁴⁾	Percent Funded	Covered Payroll	UAAL ⁽³⁾
2013	\$	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

Schedule of Net Pension Asset						
Volunteer Length of Service Award Plan						
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	
2015	\$ 322,197	\$ 136,278	\$ (185,919)	236	%	
2014	318,662	138,811	(179,851)	230		
2013	659,128	534,531	(124,597)	123		

⁽¹⁾ Actuarial Value of Assets

⁽²⁾ Actuarial Accrued Liability

⁽³⁾ As a Percentage of Covered Payroll

⁽⁴⁾ Funded/Unfunded Actuarial Accrued Liability.

Tualatin Valley Fire and Rescue
Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability
Last Ten Fiscal Years

Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal Year Ended	District's Proportion of the Net Pension (Asset)/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability
2006 ¹					
2007 ¹					
2008 ¹					
2009 ¹					
2010 ¹					
2011 ¹					
2012 ¹					
2013 ¹					
2014 ²	0.59075779%	\$30,147,236	\$44,696,865	67.45 %	N/A
2015 ²	0.59075779	(13,390,794)	45,800,597	(29.24)	103.60 %

¹ Data not available. Ten-year trend information required by GASB Statement 68 will be presented prospectively.

² Actuarial information provided by the actuary for OPERS

Tualatin Valley Fire and Rescue
Schedule of the District's Pension Plan Contributions
Last Ten Fiscal Years
Oregon Public Employee Retirement Pension Plan (OPERS)

Fiscal Year Ended	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2006 ¹					
2007 ¹					
2008 ¹					
2009 ¹					
2010 ¹					
2011 ¹					
2012 ¹					
2013 ¹					
2014 ²	\$5,390,098	\$5,804,879	\$(414,781)	\$44,696,865	12.99 %
2015 ²	6,170,579	6,445,863	(275,284)	45,800,597	14.07

¹ Data not available. Ten-year trend information required by GASB Statement 68 will be presented prospectively.

² Actuarial information provided by the actuary for OPERS.



Changes in Plan Provisions Subsequent to Measurement Date

Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA on benefits. The Oregon Supreme Court on April 30, 2015, overturned certain elements of the law as they were deemed unconstitutional. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

Pursuant to GASB Statements 67 and 68, the total pension asset or liability must be calculated based on the benefit terms legally in effect as of the relevant fiscal year-end for the plan. Due to the change in benefit terms as described above subsequent to the measurement date of June 30, 2014, the effect of the decision will not be included in the net pension liability (asset) proportionate shares provided to employers as of June 2015. It is estimated that this change will increase the District's net pension liability by \$29.1 million.

Changes in Assumption

Below is a summary of key changes implemented with the December 31, 2012 valuation which was used in the pension amounts reported for fiscal year ended June 30, 2015. Additional detail and a comprehensive list of changes in methods and assumptions can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Changes in Actuarial Methods and Allocation Procedures**Actuarial Cost Method**

The Actuarial Cost Method was changed from the Projected Unit Credit (PUC) Cost Method to the Entry Age Normal (EAN) Cost Method. This change will allow PERS to use the same cost method for contribution rate calculations as required for financial reporting under GASB Statements 67 and 68.

Tier 1/Tier 2 UAL Amortization

In combination with the change in cost method, the Board chose to re-amortize the outstanding Tier 1/Tier 2 UAL as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payroll. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method

The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70% to 60% or increases from 130% to 140%. Previously the ranges had been 80% to 70% and 120% to 130%.

Allocation of Liability for Service Segments

For purposes of allocating Tier 1/Tier 2 members' actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used

by PERS when the member retires. The weights are determined based on the prevalence of each formula among the current Tier 1/Tier 2 population. For the December 31, 2010 and December 31, 2011 valuations, the Money Match was weighted 40 percent for General Service members and 10 percent for Police & Fire members. For the December 31, 2012 and December 31, 2013 valuations, this weighting has been adjusted to 30 percent for General Service members and 5 percent for Police & Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in Economic Assumptions

Investment Return and Interest Crediting

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.75%. Previously, the assumed investment return and interest crediting to regular account balances was 8.00% and the assumed interest crediting to variable account balances was 8.25%.

OPSRP Administrative Expenses

Assumed administrative expenses for the OPSRP System were reduced from \$6.6 million per year to \$5.5 million per year.

Healthcare Cost Inflation

The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Healthy Mortality

The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality

The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination

Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay

Assumed merit increases were lowered for some members. Unused Sick Leave and Vacation Pay rates were adjusted.

Retiree Healthcare Participation

The RHIA participation rate for healthy retirees was reduced from 48% to 45%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.



.....
Other Supplementary Information
.....



.....

Combining and Individual Fund Financial Statements

.....

Combining and Individual Fund Financial Statements

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, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Interest	\$ 45,408	\$ 45,408	\$ 52,891	\$ 7,483
Expenditures				
Capital outlay	707,630	1,257,630	596,730	660,900
Operating contingency	2,250,000	1,700,000		1,700,000
Total expenditures	2,957,630	2,957,630	596,730	2,360,900
Excess (deficiency) of revenues over (under) expenditures	(2,912,222)	(2,912,222)	(543,839)	2,368,383
Other Financing Sources				
Transfers in	1,153,922	1,153,922	1,153,922	
Proceeds on sale of surplus property			5,000	5,000
Total other financing sources	1,153,922	1,153,922	1,158,922	5,000
Net change in fund balance	(1,758,300)	(1,758,300)	615,083	2,373,383
Fund balance - June 30, 2014	9,081,664	9,081,664	9,669,124	587,460
Fund balance - June 30, 2015	\$ 7,323,364	\$ 7,323,364	\$ 10,284,207	\$ 2,960,843

Tualatin Valley Fire and Rescue
Capital Projects Fund
Schedule of Revenues, Expenditures, Other Funding Sources, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Interest	\$ 31,473	\$ 31,473	\$ 16,866	\$ (14,607)
Miscellaneous			229,932	229,932
Total revenues	31,473	31,473	246,798	215,325
Expenditures				
Materials and services		125,000	51,585	73,415
Capital outlay	8,820,700	14,320,700	5,216,198	9,104,502
Operating contingency	1,505,429	1,505,429		1,505,429
Total expenditures	10,326,129	15,951,129	5,267,783	10,683,346
Excess (deficiency) of revenues over (under) expenditures	(10,294,656)	(15,919,656)	(5,020,985)	10,898,671
Other Financing Sources				
Proceeds on sale of surplus property			35,050	35,050
Proceeds from debt issuance		5,625,000	5,000,000	(625,000)
Premium from debt issuance			514,167	514,167
Total other financing sources		5,625,000	5,549,217	(75,783)
Net change in fund balance	(10,294,656)	(10,294,656)	528,232	10,822,888
Fund balance - June 30, 2014	10,294,656	10,294,656	8,141,196	(2,153,460)
Fund balance - June 30, 2015	\$	\$	\$ 8,669,428	\$ 8,669,428





Nonmajor Governmental Funds

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

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.



Nonmajor Governmental Funds

Tualatin Valley Fire and Rescue
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Fund Type		Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	
	Grants Fund	Debt Service Fund	
Assets			
Cash and cash equivalents	\$ 78,029	\$ 1,333,589	\$ 1,411,618
Receivables (net of allowances):			
Property taxes receivable		263,552	263,552
Accounts receivable	181,285		181,285
Total assets	<u>\$ 259,314</u>	<u>\$ 1,597,141</u>	<u>\$ 1,856,455</u>
Liabilities			
Accounts payable	<u>\$ 168,355</u>	<u>\$</u>	<u>\$ 168,355</u>
Total liabilities	<u>168,355</u>		<u>168,355</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes		241,684	241,684
Total deferred inflows of resources		<u>241,684</u>	<u>241,684</u>
Fund balances			
Restricted	<u>90,959</u>	<u>1,355,457</u>	<u>1,446,416</u>
Total fund balances	<u>90,959</u>	<u>1,355,457</u>	<u>1,446,416</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 259,314</u>	<u>\$ 1,597,141</u>	<u>\$ 1,856,455</u>

Tualatin Valley Fire and Rescue
**Combining Schedule of Revenues, Expenditures,
Other Financing Sources (Uses), and Changes in Fund Balances**
Nonmajor Governmental Funds
For The Fiscal year Ended June 30, 2015

	Fund Type		Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	
	Grants Fund	Debt Service Fund	
Revenues			
Taxes	\$	\$ 5,280,481	\$ 5,280,481
Interest		17,897	17,897
Grants and donations	285,745		285,745
Total revenues	285,745	5,298,378	5,584,123
Expenditures			
Current:			
Public safety:			
Materials and services	13,500	115,390	128,890
Debt service:			
Principal		3,485,000	3,485,000
Interest		2,005,285	2,005,285
Capital outlay	181,286		181,286
Total expenditures	194,786	5,605,675	5,800,461
Excess (deficiency) of revenues over (under) expenditures	90,959	(307,297)	(216,338)
Other Financing Sources (Uses)			
Proceeds from debt issuance		9,905,000	9,905,000
Premium from debt issuance		1,121,871	1,121,871
Payment to escrow		(10,905,290)	(10,905,290)
Total other financing sources (uses)		121,581	121,581
Net change in fund balances	90,959	(185,716)	(94,757)
Fund balances - June 30, 2014		1,541,173	1,541,173
Fund balances - June 30, 2015	\$ 90,959	\$ 1,355,457	\$ 1,446,416

Nonmajor Governmental Funds

Tualatin Valley Fire and Rescue
Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Grants and contributions	\$ 95,229	\$ 395,229	\$ 285,745	\$ (109,484)
Expenditures				
Current:				
Public safety:				
Personnel services	26,229	26,229		26,229
Materials and services	39,000	39,000	13,500	25,500
Capital outlay	30,000	330,000	181,286	148,714
Total expenditures	95,229	395,229	194,786	200,443
Excess (deficiency) of revenues over (under) expenditures			90,959	90,959
Fund balance - June 30, 2014				
Fund balance - June 30, 2015	\$	\$	\$ 90,959	\$ 90,959

Tualatin Valley Fire and Rescue
Debt Service Fund
Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance
Budget and Actual

For The Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 5,226,810	\$ 5,279,898	\$ 53,088
Taxes in lieu	350	583	233
Interest	16,525	17,897	1,372
Total revenues	<u>5,243,685</u>	<u>5,298,378</u>	<u>54,693</u>
Expenditures			
Materials and services		115,390	(115,390)*
Debt service:			
Principal	3,485,000	3,485,000	
Interest	<u>2,211,285</u>	<u>2,005,285</u>	<u>206,000</u>
Total expenditures	<u>5,696,285</u>	<u>5,605,675</u>	<u>90,610</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(452,600)	(307,297)	145,303
Other Financing Sources (Uses)			
Proceeds from debt issuance		9,905,000	9,905,000
Premium from debt issuance		1,121,871	1,121,871
Payment to escrow		<u>(10,905,290)</u>	<u>(10,905,290)</u>
Total other financing sources (uses)		<u>121,581</u>	<u>121,581</u>
Net change in fund balance	(452,600)	(185,716)	266,884
Fund balance - June 30, 2014	<u>1,505,543</u>	<u>1,541,173</u>	<u>35,630</u>
Fund balance - June 30, 2015	<u>\$ 1,052,943</u>	<u>\$ 1,355,457</u>	<u>\$ 302,514</u>

* This budget variance meets an exception to ORS 294.338(1) as described in 294.338(4)(c)

Nonmajor Governmental Funds

Tualatin Valley Fire and Rescue
Insurance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 3,250	\$ 3,368	\$ 118
Insurance refunds		31,197	31,197
Total revenues	3,250	34,565	31,315
Expenditures			
Materials and services	634,175	61,622	572,553
Excess (deficiency) of revenue over (under) expenditures and net change in fund balance	(630,925)	(27,057)	603,868
Fund balance - June 30, 2014	630,925	640,178	9,253
Fund balance - June 30, 2015	\$	\$ 613,121	\$ 613,121

Tualatin Valley Fire and Rescue
Combining Statement of Net Position
Fiduciary Funds
June 30, 2015

	Pension Trust Fund	Volunteer LOSAP Fund	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$	\$ 54,958	\$ 54,958
Investments, mutual funds at fair value		267,239	267,239
Total assets		322,197	322,197
Net Position			
Held in trust for pension benefits	\$	\$ 322,197	\$ 322,197

Nonmajor Governmental Funds

Tualatin Valley Fire and Rescue Combining Statement of Changes in Net Position Fiduciary Funds June 30, 2015

	Pension Trust Fund	Volunteer LOSAP Fund	Total Pension Trust Funds
Additions			
Contributions:			
Employer	\$ 340,865	\$	\$ 340,865
Investment earnings		12,835	12,835
Total additions	340,865	12,835	353,700
Deductions			
Benefits	340,865	9,300	350,165
Changes in net position		3,535	3,535
Total net position, June 30, 2014		318,662	318,662
Total net position, June 30, 2015	\$	\$ 322,197	\$ 322,197

Tualatin Valley Fire and Rescue
Pension Trust Fund
Schedule of Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures			
Personnel services	\$ 347,637	\$ 340,865	\$ (6,772)
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(347,637)	(340,865)	6,772
Other Financing Sources			
Transfers in	347,637	340,865	(6,772)
Net change in fund balance			
Fund balance - June 30, 2014			
Fund balance - June 30, 2015	\$	\$	\$

Nonmajor Governmental Funds

Tualatin Valley Fire and Rescue
Volunteer LOSAP Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Investment earnings	\$ 12,559	\$ 12,835	\$ 276
Expenditures			
Personnel services	109,300	9,300	100,000
Net change in fund balance	(96,741)	3,535	100,276
Fund balance - June 30, 2014	310,225	318,662	8,437
Fund balance - June 30, 2015	<u>\$ 213,484</u>	<u>\$ 322,197</u>	<u>\$ 108,713</u>



General Fund

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.

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.





Tualatin Valley Fire and Rescue
Combining Balance Sheet
General Fund
June 30, 2015

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Stipend Fund	Total General Fund
Assets						
Cash and cash equivalents	\$ 48,110,753	\$ 3,832,927	\$ 8,725,578	\$ 19,464	\$	\$ 60,688,722
Receivables (net of allowances):						
Property taxes receivable	3,728,913					3,728,913
Accounts receivable	295,433					295,433
Supplies inventory	341,601					341,601
Total assets	<u>\$ 52,476,700</u>	<u>\$ 3,832,927</u>	<u>\$ 8,725,578</u>	<u>\$ 19,464</u>	<u>\$</u>	<u>\$ 65,054,669</u>
Liabilities						
Accounts payable	\$ 678,611	\$	\$ 232,125	\$	\$	\$ 910,736
Accrued salaries and benefits payable	5,841,337					5,841,337
Total liabilities	<u>6,519,948</u>	<u></u>	<u>232,125</u>	<u></u>	<u></u>	<u>6,752,073</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	3,416,089					3,416,089
Unavailable revenue - transport services	118,268					118,268
Unavailable revenue - HazMat revenue	39,610					39,610
Total deferred inflows of resources	<u>3,573,967</u>	<u></u>	<u></u>	<u></u>	<u></u>	<u>3,573,967</u>
Fund Balances						
Nonspendable	341,601					341,601
Committed		3,832,927	8,493,453	19,464		12,345,844
Unassigned	42,041,184					42,041,184
Total fund balances	<u>42,382,785</u>	<u>3,832,927</u>	<u>8,493,453</u>	<u>19,464</u>	<u></u>	<u>54,728,629</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 52,476,700</u>	<u>\$ 3,832,927</u>	<u>\$ 8,725,578</u>	<u>\$ 19,464</u>	<u>\$</u>	<u>\$ 65,054,669</u>

General Fund

Tualatin Valley Fire and Rescue
General Fund
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances
For The Fiscal year Ended June 30, 2015

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Stipend Fund	Eliminations	Total General Fund
Revenues							
Program revenues:							
Charges for services	\$ 1,806,645	\$	\$	\$ 219,864	\$	\$	\$ 2,026,509
Grants and contributions	413,520						413,520
General revenues:							
Taxes	80,427,928						80,427,928
Interest	119,296	19,747	45,901		159		185,103
Insurance dividends and refunds	520,569						520,569
Miscellaneous	105,758		146				105,904
Total revenues	<u>83,393,716</u>	<u>19,747</u>	<u>46,047</u>	<u>219,864</u>	<u>159</u>		<u>83,679,533</u>
Expenditures							
Current:							
Public safety:							
Personnel services	72,082,009			190,685	18,689	340,865	72,632,248
Materials and services	8,955,539			28,695			8,984,234
Capital outlay			1,662,877				1,662,877
Total expenditures	<u>81,037,548</u>		<u>1,662,877</u>	<u>219,380</u>	<u>18,689</u>	<u>340,865</u>	<u>83,279,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,356,168</u>	<u>19,747</u>	<u>(1,616,830)</u>	<u>484</u>	<u>(18,530)</u>	<u>(340,865)</u>	<u>400,174</u>
Other Financing Sources (Uses)							
Transfers in	24,151		1,725,000			(1,749,151)	
Transfers out	(3,219,787)				(24,151)	2,090,016	(1,153,922)
Proceeds on sale of surplus property	11,882	102,100	2,490				116,472
Total other financing sources (uses)	<u>(3,183,754)</u>	<u>102,100</u>	<u>1,727,490</u>		<u>(24,151)</u>	<u>340,865</u>	<u>(1,037,450)</u>
Net change in fund balances	(827,586)	121,847	110,660	484	(42,681)		(637,276)
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>55,365,905</u>
Fund balances - June 30, 2015	<u>\$ 42,382,785</u>	<u>\$ 3,832,927</u>	<u>\$ 8,493,453</u>	<u>\$ 19,464</u>	<u>\$</u>	<u>\$</u>	<u>\$ 54,728,629</u>

Tualatin Valley Fire and Rescue
Apparatus Fund
Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 16,575	\$ 19,747	\$ 3,172
Expenditures			
Operating contingency	500,000		500,000
Excess (deficiency) of revenues over (under) expenditures	(483,425)	19,747	503,172
Other Financing Sources			
Proceeds on sale of surplus property		102,100	102,100
Net change in fund balances	(483,425)	121,847	605,272
Fund balance - June 30, 2014	3,711,112	3,711,080	(32)
Fund balance - June 30, 2015	\$ 3,227,687	\$ 3,832,927	\$ 605,240

General Fund

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 Fiscal year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Interest	\$ 34,000	\$ 34,000	\$ 45,901	\$ 11,901
Miscellaneous revenue			146	146
Total revenue	<u>34,000</u>	<u>34,000</u>	<u>46,047</u>	<u>12,047</u>
Expenditures				
Capital outlay	2,056,407	\$ 2,266,407	1,662,877	603,530
Operating contingency	<u>1,513,870</u>	<u>1,303,870</u>		<u>1,303,870</u>
Total expenditures	<u>3,570,277</u>	<u>3,570,277</u>	<u>1,662,877</u>	<u>1,907,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,536,277)</u>	<u>(3,536,277)</u>	<u>(1,616,830)</u>	<u>1,919,447</u>
Other Financing Sources				
Transfers in	1,725,000	1,725,000	1,725,000	
Proceeds on sale of surplus property	<u>2,500</u>	<u>2,500</u>	<u>2,490</u>	<u>(10)</u>
Total other financing sources	<u>1,727,500</u>	<u>1,727,500</u>	<u>1,727,490</u>	<u>(10)</u>
Net change in fund balance	<u>(1,808,777)</u>	<u>(1,808,777)</u>	<u>110,660</u>	<u>1,919,437</u>
Fund balance - June 30, 2014	<u>8,190,337</u>	<u>8,190,337</u>	<u>8,382,793</u>	<u>192,456</u>
Fund balance - June 30, 2015	<u>\$ 6,381,560</u>	<u>\$ 6,381,560</u>	<u>\$ 8,493,453</u>	<u>\$ 2,111,893</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 Fiscal year Ended June 30, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Charges for services	\$ 219,864	\$ 219,864	\$
Expenditures			
Current:			
Public safety:			
Personnel services	208,806	190,685	18,121
Materials and services	30,500	28,695	1,805
Operating contingency	10,000		10,000
Total expenditures	249,306	219,380	29,926
Excess (deficiency) of revenues over (under) expenditures	(29,442)	484	29,926
Other Financing Sources			
Transfers in	30,000		(30,000)
Net change in fund balance	558	484	(74)
Fund balance - June 30, 2014		18,980	18,980
Fund balance - June 30, 2015	\$ 558	\$ 19,464	\$ 18,906

General Fund

Tualatin Valley Fire and Rescue
Retiree Medical Insurance Stipend Fund
Schedule of Revenues, Expenditures, Other Financing Uses, and Changes in Fund Balance - Budget and Actual
For The Fiscal year Ended June 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Interest	\$ 225	\$ 225	\$ 159	\$ (66)
Expenditures				
Current:				
Public safety:				
Personnel services	31,485	31,485	18,689	12,796
Excess (deficiency) of revenues over (under) expenditures	(31,260)	(31,260)	(18,530)	12,730
Other Financing Uses				
Transfers out		(25,000)	(24,151)	849
Net change in fund balance	(31,260)	(56,260)	(42,681)	13,579
Fund balance - June 30, 2014	41,125	56,260	42,681	(13,579)
Fund balance - June 30, 2015	\$ 9,865	\$	\$	\$

Tualatin Valley Fire and Rescue
Schedule of Property Tax Transactions and Outstanding Balances
For the Year Ended June 30, 2015

	Taxes Uncollected June 30, 2015	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deduct) Collections	Taxes Uncollected June 30, 2015
2014-15	\$	\$ 87,970,033	\$ (2,313,873)	\$ 22,709	\$ (94,991)	\$ (83,994,211)	\$ 1,589,667
2013-14	1,768,455		(2,392)	51,816	(26,594)	(959,783)	831,502
2012-13	898,336		(873)	41,914	(40,162)	(300,441)	598,774
2011-12	655,330		(747)	62,606	(69,453)	(275,301)	372,435
2010-11	423,581		(642)	29,836	(69,758)	(98,431)	284,586
2009-10	298,982		7	9,280	(6,458)	(28,993)	272,818
2008 and prior	65,556		2	12,267	(3,603)	(31,539)	42,683
Total prior	4,110,240		(4,645)	207,719	(216,028)	(1,694,488)	2,402,798
Total	\$ 4,110,240	\$ 87,970,033	\$ (2,318,518)	\$ 230,428	\$ (311,019)	\$ (85,688,699)	\$ 3,992,465

	General Fund	Debt Service Fund	Total
Reconciliation to tax revenues on combined financial statements:			
Property tax collections above	\$ 80,408,226	\$ 5,280,473	\$ 85,688,699
Property taxes susceptible to accrual at June 30, 2015	312,824	21,869	334,693
Property taxes susceptible to accrual at June 30, 2014	(304,032)	(22,444)	(326,476)
Taxes in lieu of property taxes	10,910	583	11,493
Tax revenues	\$ 80,427,928	\$ 5,280,481	\$ 85,708,409

	Property Taxes		Taxes in Lieu of Property Taxes	Total	Taxes Uncollected June 30, 2015
	Current Levy	Prior Years			
DISTRIBUTED AS FOLLOWS:					
General Fund	\$ 79,054,101	\$ 1,362,917	\$ 10,910	\$ 80,427,928	\$ 3,728,913
Debt Service Fund	5,176,279	103,619	583	5,280,481	263,552
Total	\$ 84,230,380	\$ 1,466,536	\$ 11,493	\$ 85,708,409	\$ 3,992,465





Statistical Section

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
Financial Trends:	117
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity:	121
These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	
Debt Capacity:	125
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.	
Demographic and Economic Information:	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information:	130
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.	



Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.



Tualatin Valley Fire and Rescue
Net Position By Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 (restated)	2015
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 30,872,433
Restricted	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	1,355,457
Unrestricted	30,663,907	39,349,635	46,748,396	49,339,432	51,160,608	51,301,589	54,491,788	57,945,008	36,267,390	55,024,331
Total primary government net position	<u>\$ 59,768,544</u>	<u>\$ 66,064,121</u>	<u>\$ 74,092,208</u>	<u>\$ 76,719,922</u>	<u>\$ 79,856,383</u>	<u>\$ 83,124,855</u>	<u>\$ 86,786,812</u>	<u>\$ 90,542,229</u>	<u>\$ 69,225,975</u>	<u>\$ 87,252,221</u>

Statistical Section

Tualatin Valley Fire and Rescue Changes in Net Position Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012 ⁽¹⁾	2013	2014	2015
Program Revenues										
Governmental activities:										
Charges for services ⁽¹⁾	\$ 818,382	\$ 852,678	\$ 916,859	\$ 758,476	\$ 587,305	\$ 738,171	\$ 1,322,635	\$ 1,383,399	\$ 1,939,665	\$ 2,183,509
Operating grants and contributions	606,864	583,497	277,094	134,753	241,384	278,408	1,086,330	1,161,457	168,769	699,265
Capital grants and contributions	1,453,268		68,535	432,805	43,950		48,450			
Total primary government program revenues	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	2,882,774
General Revenues										
Property taxes	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	85,582,417
Investment earnings	1,645,622	2,504,630	2,755,890	1,006,351	406,556	299,393	343,772	336,512	276,632	276,125
Insurance dividends and refunds	450,318	273,161	646,230	236,921	420,993	655,797	188,074	527,435	882,340	551,766
Miscellaneous	192,871	81,298	52,372	116,317	270,443	113,625	224,532	400,202	91,807	353,105
Total primary government general revenue	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	86,763,413
Expenses										
Governmental activities:										
Public safety - fire protection	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	69,798,428
Interest on long-term debt	210,432	359,307	921,830	950,457	1,785,629	1,761,449	2,417,200	2,315,227	2,211,384	1,916,016
Loss on sale of capital assets			38,671							
Total primary government expenses	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	71,714,444
Total primary government net expense	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	17,931,743
Other Changes in Net Position										
Gain on sale of capital assets	42,130	20,567		8,834				551,304	583,350	94,503
Change in Net Position										
Total primary government	\$ 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	\$ 18,026,246

⁽¹⁾ 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									
	2006	2007	2008	2009	2010 ⁽¹⁾	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 225,511	\$ 236,315	\$ 272,292	\$ 302,466	\$	\$	\$	\$	\$	\$
Unreserved	25,737,059	30,458,483	34,934,854	36,809,276						
Non-spendable					281,282	283,918	275,878	323,981	305,764	341,601
Committed					8,056,103	8,004,148	10,846,664	12,193,728	12,155,534	12,345,844
Unassigned					37,979,877	40,080,565	39,379,808	40,637,548	42,904,607	42,041,184
Total general fund	\$ 25,962,570	\$ 30,694,798	\$ 35,207,146	\$ 37,111,742	\$ 46,317,262	\$ 48,368,631	\$ 50,502,350	\$ 53,155,257	\$ 55,365,905	\$ 54,728,629
All Other Governmental Funds										
Reserved	\$ 1,428,618	\$ 17,868,637	\$ 11,340,917	\$ 22,908,804	\$	\$	\$	\$	\$	\$
Unreserved, reported in										
Special revenue funds	2,523,009	4,451,489	6,706,623	7,343,692						
Capital projects fund	3,882,796	5,848,944	5,982,171	5,959,548						
Non-spendable						18,670	18,670			
Restricted					12,151,239	27,722,449	22,548,912	15,967,813	9,682,369	10,115,844
Assigned					6,932,305	6,202,039	6,996,573	8,260,339	9,669,124	10,284,207
Total all other governmental funds	\$ 7,834,423	\$ 28,169,070	\$ 24,029,711	\$ 36,212,044	\$ 19,083,544	\$ 33,943,158	\$ 29,564,155	\$ 24,228,152	\$ 19,351,493	\$ 20,400,051

⁽¹⁾ GASB 54 was implemented in fiscal year 2011. Fund balances were restated for fiscal year 2010 forward.

Statistical Section

Tualatin Valley Fire and Rescue
Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 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	\$ 85,708,409
Interest	1,614,208	2,469,936	2,720,574	992,093	402,132	296,086	340,389	332,825	273,181	272,757
Charges for services	831,114	848,145	895,648	728,156	583,312	763,085	1,308,643	1,406,782	1,938,937	2,026,509
Insurance dividends and refunds	383,678	239,646	641,668	230,529	415,446	655,797	179,479	526,133	881,244	520,569
Grants and contributions	606,864	230,399	190,593	81,762	225,052	156,951	1,072,899	864,502	167,099	699,265
Miscellaneous	181,377	73,987	47,083	89,484	104,552	93,638	222,553	385,023	75,499	335,836
Total revenues	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	89,563,345
Expenditures										
Current:										
Public safety	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	81,796,957
Capital outlay	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	7,657,091
Debt service:										
Principal	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	3,485,000
Interest	225,450	170,200	931,892	841,575	1,798,179	1,738,673	2,520,412	2,419,635	2,315,835	2,005,285
Total expenditures	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	94,944,333
Excess (deficiency) of revenues over (under) expenditures	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)	(5,380,988)
Other Financing Sources (Uses)										
Proceeds from debt issuance		20,000,000		29,000,000		23,500,000				14,905,000
Premium from debt issuance				362,404		1,249,264				1,636,038
Proceeds on sale of surplus property	173,229	161,672	157,299	86,857	533,967	25,190	272,692	951,489	627,966	156,522
Payment to escrow										(10,905,290)
Transfers in	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	1,153,922
Transfers out	(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)	(1,153,922)
Total other financing sources (uses)	173,229	20,101,672	157,299	29,449,261	533,967	24,774,454	272,692	951,489	627,966	5,792,270
Net change in fund balances	\$ 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)	\$ 411,282
Debt service as a percentage of noncapital expenditures	2.60%	2.53%	5.29%	5.09%	5.62%	5.92%	7.74%	7.39%	7.08%	6.29%

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		
2015	\$ 44,577,290,966	\$ 62,081,929,253	\$ 1,339,967,930	\$ 1,376,810,979	\$ 40,555,755	\$ 52,654,310	\$ 1,288,074,094	\$ 1,380,966,990	\$ 47,245,888,745	\$ 64,892,361,532	72.81 %	\$1.89
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

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.

Statistical Section

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	\$ 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	\$ 13.10 to \$ 20.99
Tualatin Valley Fire and Rescue	\$ 1.82	\$ 1.82	\$ 1.87	\$ 1.84	\$ 1.90	\$ 1.88	\$ 1.93	\$ 1.91	\$ 1.91	\$ 1.89
Washington County	2.84	2.45	3.03	2.98	2.98	2.98	2.97	2.97	2.97	2.84
Hillsboro School District	6.58	6.52	2.00	7.10	7.46	7.58	7.47	7.50	7.40	7.42
Portland School District	4.77	5.28	6.53	6.53	6.53	6.53	7.27	7.27	8.36	8.35
Beaverton School District	7.98	6.29	6.74	6.56	6.88	6.78	6.86	6.77	8.05	8.04
West Linn / Wilsonville School District	7.90	9.31	7.57	9.05	9.18	9.34	9.36	9.38	9.32	9.25
Newberg School District	8.17	8.27	8.55	8.30	8.24	8.33	7.46	7.44	7.42	7.51
Tigard-Tualatin School District	6.98	6.90	6.86	7.71	7.68	7.37	7.85	7.41	7.41	7.46
City of Beaverton	4.01	4.21	4.18	4.12	4.20	4.20	4.83	4.24	4.37	4.38
City of Tigard	2.72	2.73	2.74	2.68	2.72	2.72	3.80	2.94	2.93	2.92
City of Durham	1.86	1.83	1.81	1.82	1.83	1.81	1.82	1.84	1.85	1.83
City of King City	1.94	1.94	1.94	1.94	1.94	2.08	2.08	2.08	2.08	2.08
Portland Community College	0.50	0.49	0.51	0.50	0.63	0.64	0.60	0.67	0.73	0.72
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	1.45	1.44	1.43	1.43	1.73	1.74	1.74	1.73	1.74	1.72
Enhanced Sheriff Patrol	1.12	1.11	1.09	1.31	1.28	1.27	1.25	1.23	1.32	1.32
Clackamas ESD	0.37	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	2.40	2.87	2.40	2.85	2.86	2.98	3.22	2.86	2.96	2.95
Clackamas Community College	0.54	2.40	0.55	0.55	0.74	0.72	0.70	0.70	0.71	0.70
Lake Oswego School District	7.32	7.04	6.85	7.15	7.16	6.90	6.85	6.85	6.84	6.81
Canby School District	7.11	4.58	4.58	6.63	6.91	6.88	4.58	6.74	6.90	6.87
Sherwood School District	6.94	7.07	8.92	8.80	8.92	8.88	9.84	8.82	8.82	8.82
City of Sherwood	3.89	3.78	3.72	3.54	3.56	4.00	3.96	3.48	3.43	3.46
City of Tualatin	2.14	2.13	2.26	2.15	2.18	2.53	2.56	2.56	2.55	2.53
City of Wilsonville	2.37	2.32	2.25	2.20	2.17	2.69	2.69	2.12	2.14	2.13
Wilsonville Urban Renewal	0.73	0.69	0.79	0.86	2.42	2.23	2.98	3.41	3.23	3.37
City of West Linn	3.03	2.88	2.12	2.12	2.45	2.45	2.42	2.56	2.56	2.55

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
Principal Taxpayers - All Washington County
 Current Year and Nine Years Ago

	Year: 2015			Year: 2006		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Valuation
Private enterprises:						
Intel Corporation	1	\$ 1,268,747,218	2.69%	1	\$ 1,028,384,362	3.08%
Nike, Inc.	2	588,016,502	1.24	3	335,317,372	1.00
Comcast Corporation	4	305,716,500	0.65			
Pacific Realty Associates	5	323,845,870	0.69	6	230,766,266	0.69
Frontier Communications	7	242,410,000	0.51			
Genentech, Inc.	8	156,283,590	0.33			
Verizon Communications	9	147,694,000	0.31	2	345,771,255	1.04
PPR Washington Square, LLC	10	138,610,228	0.29			
Maxim Integrated Products, Inc.				7	138,010,589	0.41
PS Business Parks, LP				8	135,673,130	0.41
Tektronix, Inc.				9	128,112,549	0.38
Novellus Systems, Inc.				10	125,557,640	0.38
Public utilities:						
Portland General Electric	3	438,565,853	0.93	4	316,442,605	0.95
Northwest Natural Gas Co	6	313,709,270	0.66	5	254,597,400	0.76
All other taxpayers		43,322,289,714	91.70		30,339,618,251	90.90
Total Assessed Value		<u>\$ 47,245,888,745</u>	<u>100.00%</u>		<u>\$ 33,378,251,419</u>	<u>100.00%</u>

Source: "2014-15 Top Taxpayers in Washington County, Washington County Department of Assessment and Taxation Ranked by M50 Assessed Value"

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	
2015	\$	87,970,033	\$	83,994,211	95.48%	\$	1,694,488	\$	85,688,699	97.41%
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

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) ⁽¹⁾	Gross Bonded Debt	Debt Service Monies Available ⁽²⁾	Net General Bonded Debt ⁽²⁾	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt Per Capita ⁽³⁾	Percentage of Personal Income ⁽³⁾
2015	\$ 47,245,889	\$ 59,844,471	\$ 1,355,457	\$ 58,489,014	0.12 %	131.64	0.29%
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	0.28
2008	36,996,883	20,417,235	1,321,652	19,095,583	0.05	48.27	0.13
2007	35,116,245	22,779,528	1,273,796	21,505,732	0.06	54.41	0.15
2006	33,378,251	4,115,736	1,165,747	2,949,989	0.01	9.93	0.03

Sources:

⁽¹⁾ Washington, Clackamas, and Multnomah County Assessment and Taxation Departments

⁽²⁾ District financial statements, current and prior years

⁽³⁾ 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, 2015

Jurisdiction	Net Direct Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
City of Beaverton	\$ 786,938	99.99%	\$ 786,896
City of Durham	705,000	99.99	704,896
City of Hillsboro	33,885,000	0.14	46,050
City of Sherwood	2,645,000	99.99	2,644,656
City of Tigard	24,775,000	100.00	24,773,860
City of Tualatin	7,691,763	99.99	7,690,986
City of West Linn	16,605,000	100.00	16,605,000
Clackamas Community College	66,116,012	24.63	16,284,771
Clackamas County	98,780,000	18.77	18,540,710
Clackamas County SD 3J (West Linn/Wilsonville)	252,766,741	100.00	252,766,488
Clackamas County SD 7J (Lake Oswego)	101,024,917	5.78	5,838,836
Clackamas County SD 86 (Canby)	72,197,179	13.48	9,733,335
Columbia County SD 1J (Scappoose)	30,190,000	0.20	61,105
Metro Service District	193,205,000	28.63	55,308,795
Multnomah County	171,825,000	0.97	1,669,108
Multnomah County SD 1J (Portland)	757,114,062	1.58	11,925,304
Portland Community College	160,095,000	31.38	50,241,493
Tualatin Hills Park & Recreation District	90,832,785	98.78	89,720,719
Washington County	19,890,000	72.70	14,459,592
Washington County SD 1J (Hillsboro)	297,100,000	13.02	38,691,630
Washington County SD 23J (Tigard-Tualatin)	97,837,628	99.90	97,737,051
Washington County SD 48J (Beaverton)	844,318,784	95.26	804,257,547
Washington County SD 88J (Sherwood)	105,472,683	99.31	104,743,761
Willamette ESD	1,180,000	0.43	5,029
Yamhill County SD 29J (Newberg)	63,841,789	4.43	2,769,776
Subtotal overlapping debt			1,628,007,394
District direct debt			59,844,471
Total direct and overlapping debt			<u>\$ 1,687,851,865</u>

Note: ⁽¹⁾ 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, 2015

Real market value of District property	\$ 64,892,361,532
Debt limit under ORS 478.410(2) - (1.25% of the real market value)	811,154,519
Amount of debt applicable to debt limit:	
Gross bonded debt outstanding	\$ 59,844,471
Assets in Debt Service Fund available for debt service	<u>(1,355,457)</u>
Total amount of debt applicable to debt limit	<u>58,489,014</u>
Legal debt margin	<u>\$ 752,665,505</u>
Total net debt applicable to the limit as a percentage of debt limit	7.21%

	2006	2007	2,008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 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	\$ 811,154,519
Total net debt applicable to limit	<u>2,949,989</u>	<u>21,505,732</u>	<u>19,095,583</u>	<u>46,815,984</u>	<u>44,017,439</u>	<u>66,188,831</u>	<u>62,347,484</u>	<u>58,842,339</u>	<u>55,375,290</u>	<u>58,489,014</u>
Legal debt margin	<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>	<u>\$ 752,665,505</u>
Total net debt applicable to the limit as a percentage of debt limit	0.49%	2.96%	2.35%	5.59%	5.63%	9.07%	8.96%	8.58%	7.57%	7.21%

Source: District financial statements and Oregon Revised Statutes

Tualatin Valley Fire and Rescue
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Per Capita Income ⁽²⁾	Total Personal Income (in thousands) ⁽²⁾	School Enrollment ⁽³⁾	Unemployment ⁽⁴⁾
2015	454,598	\$ 44,757	\$ 20,346,443	56,036	4.60%
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

⁽¹⁾ US Census/Portland State University

⁽²⁾ Worksource Oregon Employment Department (Washington County Only)

⁽³⁾ Oregon Dept of Education (Washington County Only)

⁽⁴⁾ Bureau of Labor Statistics, estimated (Washington County Only)

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

	2015		2006	
	Fiscal Average	% of Total	Fiscal Average	% of Total
Natural Resources & Mining	2,350	1%	3,527	1%
Construction	9,825	5%	14,880	6%
Manufacturing				
Wood Products	766		1,692	
Fabricated metal products	2,320		2,932	
Food	1,337		1,655	
Plastics and rubber products	1,316		2,141	
Computer Products	20,361		27,594	
Machinery	3,090		3,534	
Other	5,130		7,764	
Total Manufacturing	34,320	17%	47,311	20%
Trade, Transportation, and Utilities				
Wholesale	9,627		17,330	
Retail	23,179		28,576	
Transportation, Warehousing, and Utilities	3,248		4,113	
Total Trade, Transportation, and Utilities	36,054	18%	50,019	21%
Information				
Publishing	2,369		3,569	
Telecommunications	1,598		1,968	
Other (broadcasting, ISP's, etc.)	1,596		1,616	
Total Information	5,563	3%	7,153	3%
Financial Activities				
Finance and Insurance	8,017		10,705	
Real Estate	2,458		3,839	
Total Financial Activities	10,475	5%	14,544	6%
Professional & Business Services	38,368	19%	33,694	14%
Education	3,720	2%	4,577	2%
Health & Social Assistance	20,356	10%	19,126	8%
Leisure & Hospitality	17,220	9%	18,948	8%
Other Services	6,555	3%	7,634	3%
Private Non-Classified	19	0%	82	0%
Total All Government	16,376	8%	19,756	8%
Total Employment	201,201	100%	241,251	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	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire and Rescue Service	298	301	305	307	319	325	330	340	344	346
Fire Prevention and Training	40	41	40	43	37	25	22	23	24	24
Administrative and Support	65	64	67	67	76	93	89	92	90	103
Total	403	406	412	417	432	443	441	455	458	473

Source: Tualatin Valley Fire & Rescue Human Resources records

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

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 est.
Public Safety:										
Fire Prevention Inspections	4,818	8,605	6,802	6,704	7,729	4,731	3,957 ⁽¹⁾	6,684 ⁽²⁾	6,890	6,500
Incident Response										
Dispatched as:										
1 - Fire, Explosion	5,121	4,605	4,527	4,079	3,564	3,293	3,282	3,597	3,460	3,984
3 - EMS/Rescue Call	24,650	25,262	25,381	24,092	24,671	25,539	27,119	28,737	29,829	32,226
4 - Hazardous Condition	613	478	502	532	543	526	630	662	783	813
5 - Service Call	1,820	1,542	1,517	1,241	918	937	1,081	1,209	1,260	1,414
6 - Good Intent	204	215	166	224	266	154	271	342	304	392
9 - Other Situation				341	422	435	443	539	497	607
Total Responses	32,408	32,102	32,093	30,509	30,384	30,884	32,826	35,086	36,133	39,436
Situations found:										
1 - Fire, Explosion	1,355	949	1,042	898	784	880	987	1,028	999	1,510
2 - Overpressure	71	81	80	59	47	63	87	86	59	33
3 - EMS/Rescue Call	15,165	15,824	18,910	18,425	19,288	19,516	21,160	22,244	23,460	26,577
4 - Hazardous Condition	872	757	779	745	747	757	805	915	1,113	1,110
5 - Service Call	2,184	2,054	1,853	2,046	1,851	2,021	1,984	2,567	2,496	2,559
6 - Good Intent	10,092	9,953	6,623	5,768	5,457	5,855	5,918	6,156	6,013	5,587
7 - False Call	2,603	2,451	2,777	2,519	2,178	1,749	1,846	2,050	1,942	2,029
8 - Natural Condition	37	4	7	13	2	5	4	7	23	15
9 - Other Situation	29	29	22	36	30	38	35	33	28	16
Total Responses	32,408	32,102	32,093	30,509	30,384	30,884	32,826	35,086	36,133	39,436

⁽¹⁾ 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.

⁽²⁾ Additional inspection personnel were added to the District, which resulted in a greater number and type of inspections being performed.

Statistical Section

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

Function	Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Number of Stations	22	22	22	23 ⁽²⁾	23	23	21 ⁽³⁾	21	21	21
Equipment: ⁽¹⁾										
Aerial/Truck/Platform	4	4	4	5	5	5	3	4	4	4
Antique Fire Equipment	3	3	3	3	3	3	2	3	3	5
Brush Rig	8	8	8	9	9	9	8	9	12	9
Cars					4	4	4	4	4	7 ⁽⁴⁾
Elevated Waterway	3	4	4	4	3	3	3	3	3	3
HazMat	3	3	3	3	3	3	5	5	5	5
Medic Unit				3	4	4	3	4	10	10
Mobile Command Unit	1	1	1	1	1	1	1	1	1	1
Pumper/Engine	33	31	37	35	30	30	30	30	30	28
Rehab Unit				2	2	4	3	2	2	2
Rescue	8	5	5							
Squad/Rescue	4	5	7							
Technical Rescue	6	6	6	4	6	6	7	7	7	7
Water Tender	8	7	7	7	7	7	6	9	9	7

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

⁽²⁾ Station 50 placed into service

⁽³⁾ Volunteer Stations 358 and 359 no longer staffed or used.

⁽⁴⁾ Three additional CARS purchased during 2015 and will be put into service during 2016.

.....
Independent Auditor's Report Required By Oregon State Regulations
.....





**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

ACHIEVE MORE

4800 Meadows Road, Suite 200
Lake Oswego, Oregon 97035-4293

P 503.274.2849
F 503.274.2853

www.tkw.com

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, 2015, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 26, 2015.

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 26, 2015



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

Phone: (503) 649-8577

www.tvfr.com

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