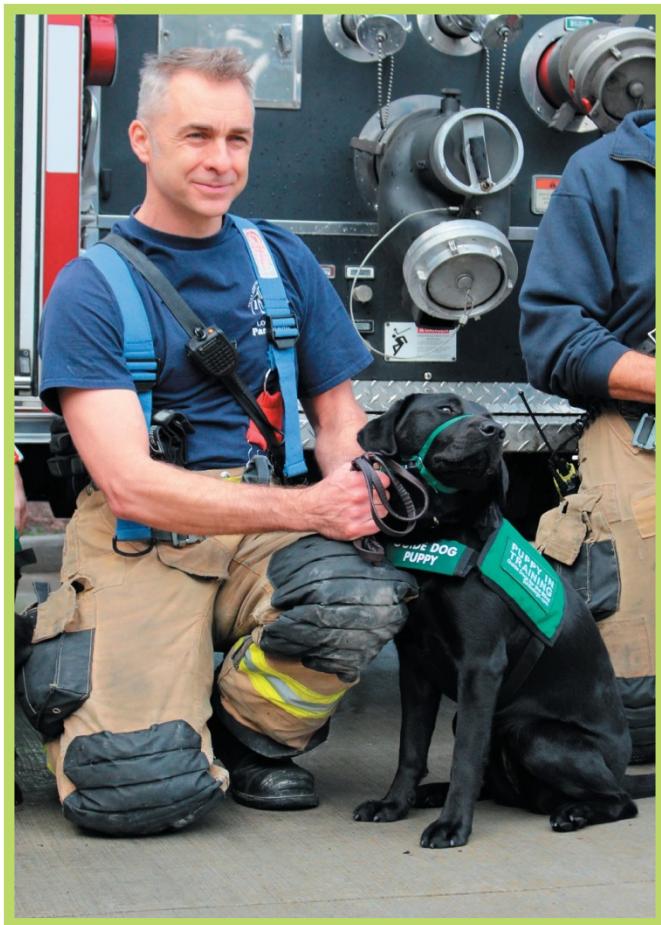


Tualatin Valley Fire and Rescue
A Rural Fire Protection District, Tigard, Oregon

Comprehensive Annual Financial Report

For the Year Ended June 30, 2016



Tualatin Valley Fire and Rescue
11945 S.W. 70th Avenue
Tigard, Oregon 97223
Phone: (503) 649-8577

www.tvfr.com

Cover photo courtesy of Claire Cooper

Prepared by the Finance Department



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Introductory Section







October 25, 2016

**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, 2016. 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 Independent 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.

North Operating Center
20665 SW Blanton Street
Aloha, Oregon
97078-1042
503-649-8577

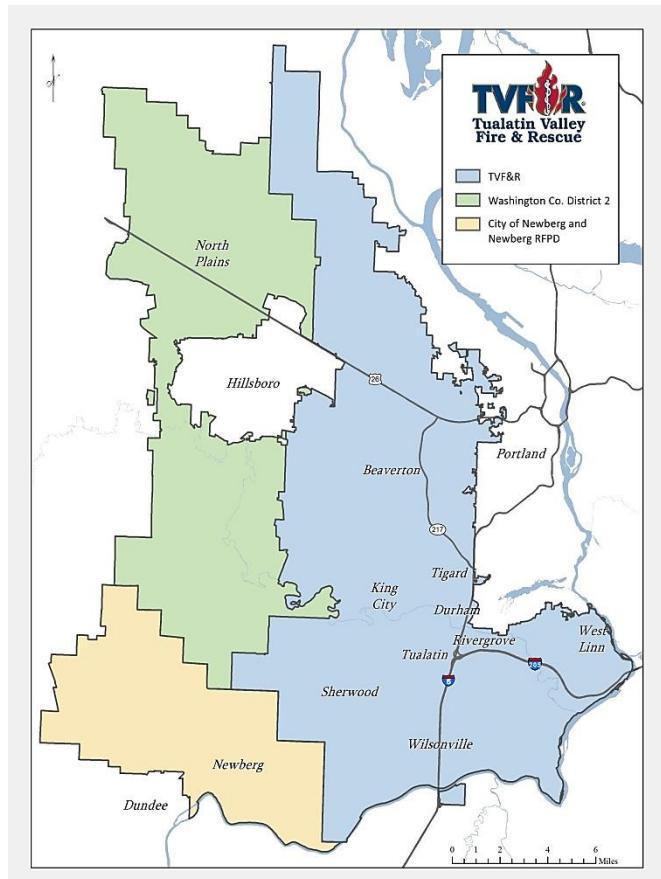
**Command & Business Operations Center
and Central Operating Center**
11945 SW 70th Avenue
Tigard, Oregon 97223-8566
503-649-8577

South Operating Center
8445 SW Elligen Road
Wilsonville, Oregon
97070-9641
503-649-8577

Training Center
12400 SW Tonquin Road
Sherwood, Oregon
97140-9734
503-259-1600

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.



combined City of Newberg and Newberg Rural Fire Protection District (61 square miles).

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 - 490 in 2016 - were supplemented by approximately 50 volunteer firefighters. The two new service areas will add two fire stations each.

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's legal boundaries cover 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 459,200 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 \$47.2 billion in the 2014-15 to almost \$49.6 billion in the 2015-16 fiscal year. In addition, the District depends upon an additional local option levy to supplement the permanent levy rate, currently \$.45 per \$1,000 of assessed value through June 30, 2020.

Capital funding continues to be primarily funded through the remaining amounts of general obligation bond sales from a 2006 voter approval to issue \$77.5 million of general obligation bonds 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. As the proceeds of the bonds are being utilized on final planned projects, the District is shifting capital project funding to property tax funding from the local option levy.

The area served in fiscal year 2015-16, 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 58%, or 207, 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. Two of the three counties served by the District are in the top six counties in Oregon in 2015 providing employment of 75,000 or more people. Washington County ranked in the top third (#38) of the nation's counties in average weekly wages, with average weekly wages of \$1,285 a week, and Multnomah County (\$1,099, 87th of 342) as compared to \$1,082 nationally. Clackamas County, a smaller county, has average weekly wages of \$988, second highest of smaller counties in Oregon.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 61 percent of market value District-wide as of the 2015-16 fiscal year. For 2015-16, the assessed value of the District grew 4.9 percent to almost \$49.6 billion dollars.

The District's assessed valuation continues to grow, reaching almost \$49.6 billion dollars in 2015-16 with market values exceeding \$80.8 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 2016-17 at 4.5%.

¹ http://www.bls.gov/regions/west/news-release/countyemploymentandwages_oregon.htm

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

The area serves as the home to companies such as Nike, Mentor Graphics, Columbia Sportswear, Reser's Fine Foods, Flir Systems Inc., Electro Scientific Industries, Inc., InFocus, Planar Systems, Touchmark Senior Living and Digimarc in addition to several fast growing companies such as Leupold & Stevens, and Vanguard EMS.¹ Several of the top 100 fastest growing private companies in Oregon are located within the District's service area, including Opus Agency in Beaverton, LMC Construction in Tualatin, and 3J Consulting Inc., in Beaverton.¹ Top metropolitan area employers include Intel, Providence Health Systems, Oregon Health & Science University, Kaiser Permanente Northwest, and Fred Meyer, New Seasons Market, Target Corporation, among others.¹ Nike's world headquarters is undergoing a three-year expansion with a targeted 2018 completion date to add 3.2 million square feet of office, mixed-use and parking to the 351-acre campus. Intel has continued to invest in multi-million dollar facility expansions to manufacture state of the art computer chips, largely in the neighboring City of Hillsboro with an agreement for Intel to invest another \$100 billion in Washington County over the next 30 years.²

Major Initiatives

For the Year and For the Future

In fiscal year 2016, the District focused on three planned 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 2016 have been continued toward the land acquisition of additional future station sites, 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 the remodel of the Skyline Fire Station 372. Additionally, as neighboring Washington County Fire District No. 2 and the combined City of Newberg and Newburg Rural Fire Protection District both requested to be served by TVFR beginning July 1, 2016, through fire protection administration contracts intended to lead toward annexation, significant analysis was performed by staff in order to determine the efficacy of expanding our service area and benefits to their taxpayers, and plan for implementation of the new contracts and transition of all employees to TVFR as of July 1, 2016.

¹ Portland Business Journal, Book of Lists, 2015-16

² <http://www.co.washington.or.us/CAO/2014-intel-sip-proposal.cfm>



Tractor Drawn Aerial "Tiller" purchased with general obligation bonds

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2016, all divisions and departments of the District contributed toward the accomplishments of the 2015-2016 strategic goals. These goals, as outlined in the District's 2015-16 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, 2016 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, 2015. This was the 29th 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,



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, 2015

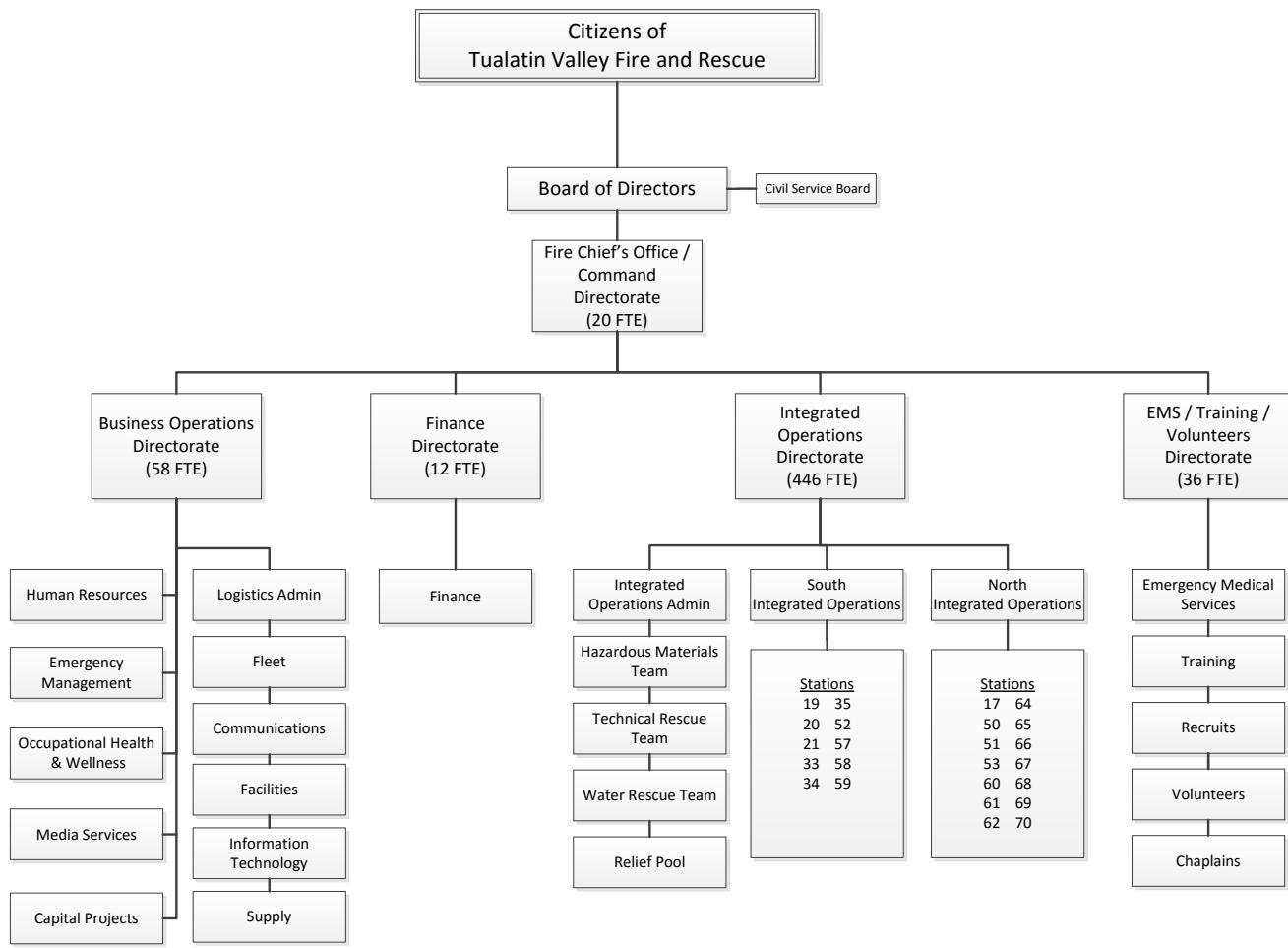
A handwritten signature of Jeffrey R. Emmer.

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, 2015.

This was the 29th 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.

Organization Chart



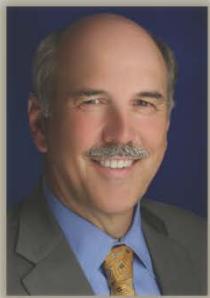
1

¹ Organizational Chart effective July 1, 2016

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

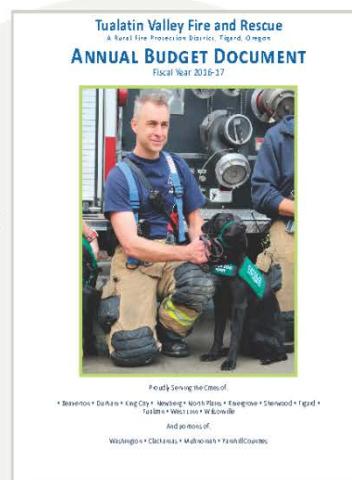
Michael T. Mudrow
Term Ends:
June 30, 2019

Michael D. Smith
Term Ends:
June 30, 2019

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.



Financial Section



— — — — —
Independent Auditor's Report
— — — — —





Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

ACHIEVE MORE

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

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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, 2016, 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability, Schedule of the District's Pension Plan Contributions, Schedules of Single-Employer Defined Benefit Pension Plan, Schedules of LOSAP Plan, and Notes to the 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other statements and schedules, as listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Valley Fire and Rescue

OTHER MATTERS (Continued)

Other Information

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

OTHER REPORTING REQUIRED BY OREGON MINIMUM STANDARDS

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 21, 2016, 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 21, 2016





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, 2016. 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 and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2016 by \$66,861,182. Of this amount, \$33,700,603 represents the District's net investment in capital assets; \$1,432,449 is restricted for debt service, and the balance of \$31,728,130 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 decreased by \$18,551,487 for the year ended June 30, 2016. Unrestricted net position decreased by \$21,456,649; net position of net investment in capital assets increased by \$2,828,170, and restricted net position for debt service increased by \$76,992.
- As of June 30, 2016, the District's governmental funds reported combined ending fund balances of \$76,305,370, an increase of \$1,176,690 in comparison with the prior year, which includes a positive restatement of beginning fund balance of \$322,197. The General Fund's fund balance increased by \$3,202,033, which includes the restatement to aggregate former fiduciary funds into the General Fund. The Property and Building Fund increased by \$2,198,254 due to a transfer-in in excess of capital outlay. Lastly net decreases in ending fund balances of nonmajor funds of \$4,223,597 were a direct result of capital outlay expenditures for ongoing construction projects in a non-major capital projects fund.
- At June 30, 2016, unassigned fund balance in the General Fund was \$43,728,460. A portion of the General Fund unassigned fund balance is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$6,564,348. The remaining unassigned fund balance of \$37,164,112 represents 41.4% of total General Fund expenditures. This falls slightly below the 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 decreased by \$4,020,000 during the current fiscal year. This was due to principal payments on the District's six outstanding general obligation bond issues.

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 37 through 39 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 two categories: governmental funds and internal service 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 and the Property and Building Fund which are considered to be major funds. Data from three additional governmental funds are combined into a separate aggregated presentation. Individual fund data for the Property and Building 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, six 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 42 through 44 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 79 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 83 through 89 of this report.

Combining and individual fund statements and schedules are presented as other supplementary information and can be found on pages 93 through 108 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 109 of this report.

The District adopted Government Accounting Standard 72, *Fair Value Measurement and Application*, in the 2015-16 fiscal year, which provides a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. There was no material impact to the financial statements caused by the implementation of GASB Statement 72.

The District also adopted Government Accounting Standard Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* at June 30, 2016.

GASB Statement 73 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 the plans. GASB Statement 73 also provides guidance related to the calculation of pension expense. The District's total pension liabilities and pension expenses have been determined and are now reflected in the District's Statement of Net Position and Statement of Activities for fiscal year ended June 30, 2016. Fiscal year 2014-15 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 \$66,861,182 at June 30, 2016.

A significant portion of the District's net position (50 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, and prepaid items that are used to meet the District's ongoing obligations to its citizens. Remaining assets are comprised of capital assets used in operations.

The District's largest liability (82 percent) is for the long-term portion of general obligation bonded debt and pension liabilities. Current liabilities of the District consist largely of accounts payable, accrued salaries and benefits payable, and accrued compensated absences.

Government-wide Financial Analysis

Net Position:	Governmental Activities		Increase (Decrease) from Fiscal 2015
	2016	2015 (restated)	
Current and other assets	\$ 91,462,039	\$ 102,439,854	\$ (10,977,815)
Capital assets	84,800,909	81,241,652	3,559,257
Total assets	176,262,948	183,681,506	(7,418,558)
Total deferred outflows of resources	9,202,648	7,050,722	2,151,926
Current liabilities	20,044,068	19,264,990	779,078
Long-term debt and pension liabilities	91,030,966	60,202,015	30,828,951
Total liabilities	111,075,034	79,467,005	31,608,029
Total deferred inflows of resources	7,529,380	25,852,554	(18,323,174)
Net investment in capital assets	33,700,603	30,872,433	2,828,170
Restricted	1,432,449	1,355,457	76,992
Unrestricted	31,728,130	53,184,779	(21,456,649)
Total net position	\$ 66,861,182	\$ 85,412,669	\$ (18,551,487)

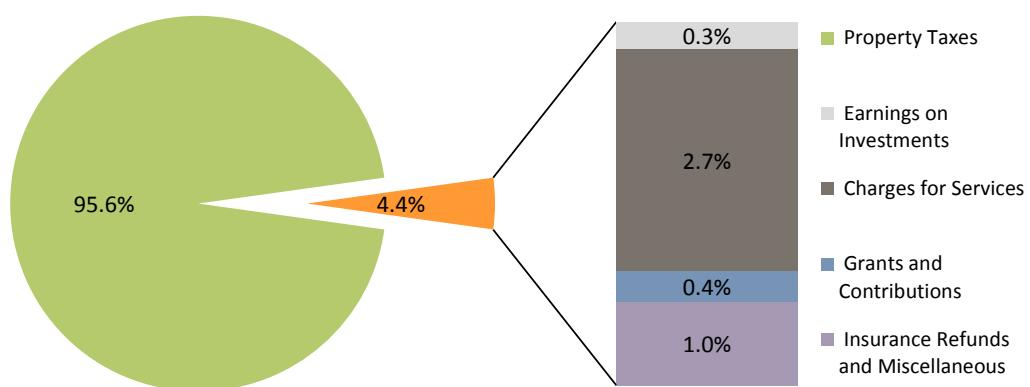
During the current fiscal year, the District's net position decreased by \$18,551,487 due largely to a recording in the change of a PERS net pension asset to a net pension liability and its related deferred inflows and outflows in the amount of \$27,050,945 as a result of an Oregon Supreme Court decision in *Moro v. State of Oregon* as well as lower than expected investment returns. This was offset by an increase in capital assets of \$3,559,257 and a decrease in long-term debt of \$4,303,851.

Governmental Activities. Governmental activities decreased the District's net position in the current year by \$18,551,487. Property tax revenue increased by 17.2 percent or \$14,683,347, reflecting a net increase in taxes levied and collected partially due to an increase in a local option levy. Grants and contributions decreased \$314,579, and charges for services for medical transport, fleet, occupational health, and response revenue from wild-fire conflagration services increased by \$639,899. There was an increase of \$409,251 from a gain on sale of capital assets due to a sale of a closed fire station site.

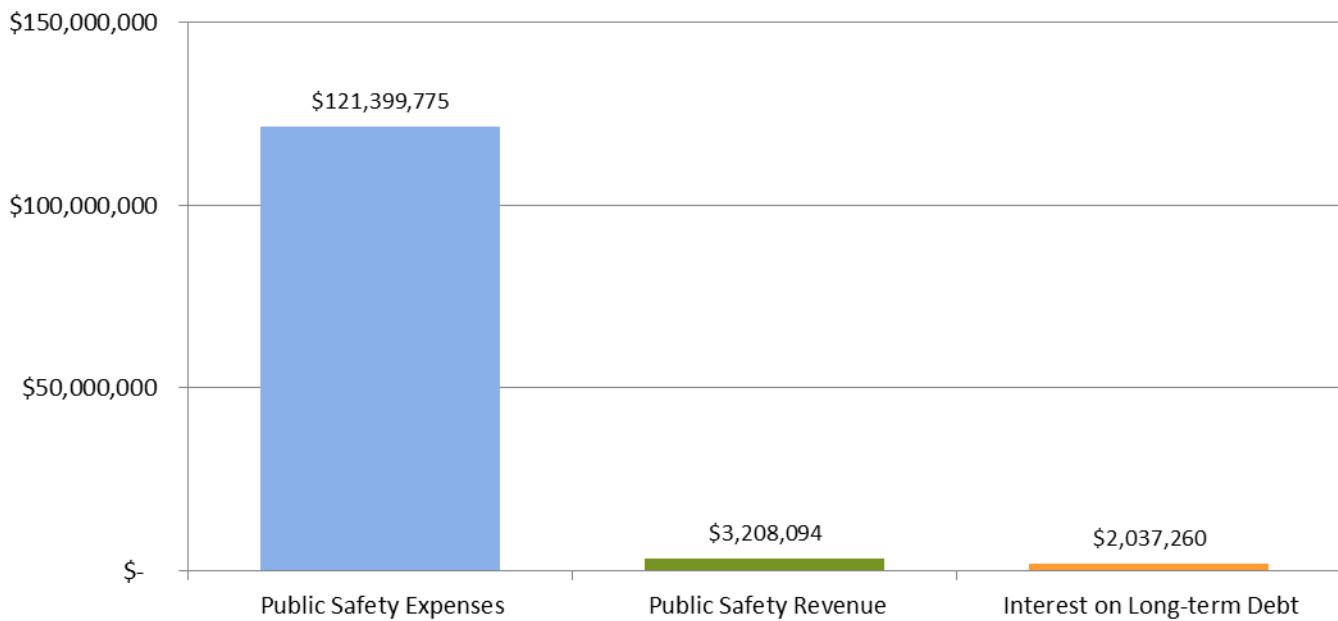
Expenses for public safety increased by 73.9 percent or \$51,601,347, reflecting personnel cost increases in wages and benefits and increased by significant increases in pension expenses recorded as part of GASB Statement 68, and the reversal of the *Moro* decision.

Governmental activities		Governmental Activities		Increase (Decrease) from Fiscal 2015
Changes in Net Position:		2016	2015	
Revenues				
Program revenues				
Charges for services	\$ 2,823,408	\$ 2,183,509	\$ 639,899	
Grants and contributions	384,686	699,265	(314,579)	
General revenues:				
Property taxes	100,265,764	85,582,417	14,683,347	
Earnings on investments	349,882	276,125	73,757	
Insurance refunds	443,628	551,766	(108,138)	
Gain on sale of capital assets	503,754	94,503	409,251	
Miscellaneous	114,426	353,105	(238,679)	
Total revenues	104,885,548	89,740,690	15,144,858	
Expenditures/expenses				
Public safety-fire protection	121,399,775	69,798,428	51,601,347	
Interest on long-term debt	2,037,260	1,916,016	121,244	
Total expenses	123,437,035	71,714,444	51,722,591	
Change in net position	(18,551,487)	18,026,246	(36,577,733)	
Beginning of the year	85,412,669	69,225,975	16,186,694	
Restatement of beginning of year		(1,839,552)	1,839,552	
Net position - July 1	85,412,669	67,386,423	18,026,246	
Net position - June 30	\$ 66,861,182	\$ 85,412,669	\$ (18,551,487)	

Revenue Sources - Governmental Activities Fiscal Year 2016



Expenses and Program Revenues
Governmental Activities
Fiscal Year 2016



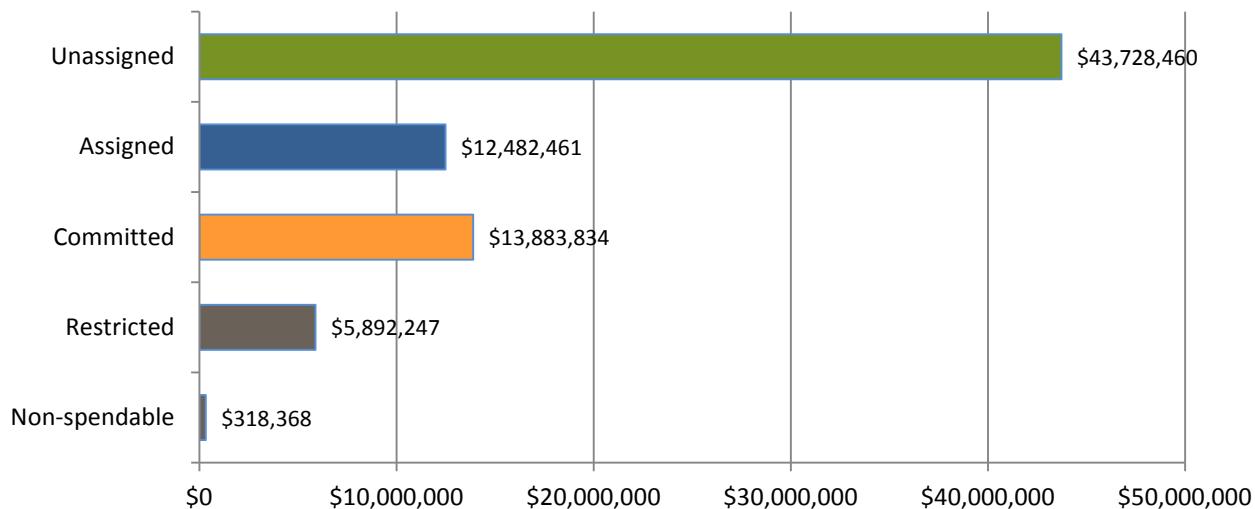
Financial Analysis of the Governmental Funds

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, 2016, the District's governmental funds reported combined ending fund balances of \$76,305,370, an increase of \$1,176,690 in comparison with the prior year, which includes a restatement of \$322,197. This increase is a result of spending down of restricted assets on capital expenditures for the construction and improvement of fire stations. A large portion of this total amount (57.30 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 (.42 percent), restricted by external parties (7.72 percent), committed by the Board (18.20 percent) or assigned to a specific purpose such as capital projects (16.36 percent).

Components of Ending Fund Balance
All Governmental Funds



General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2016, unassigned fund balance of the General Fund was \$43,728,460, with total fund balance, including \$13,883,834 committed to future capital purchases, and \$318,368 of non-spendable proceeds, of \$57,930,662. 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 48.7 percent of total General Fund expenditures and the total fund balance represents 64.5 percent of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$3,202,033, which includes a restatement of \$322,197, or approximately 5.9 percent during the current fiscal year, compared to the \$637,276 decrease in the prior year. Property tax revenue, which provides for the costs of operating the District, increased \$12,776,283 over the prior year. This was largely due to an increase in the local option levy effective in the 2015-16 fiscal year. Program fees increased by \$500,393 as the District embarked on a program to provide mobile radio coverage for responders to areas where coverage has been difficult. Charges for services increased \$152,891 over the prior year as a result of the District's management of two adjacent fire departments, and an emergency response to an unprotected area that resulted in additional revenue. Insurance dividends and refunds decreased \$140,353 over the prior year and grants decreased by \$244,800 as seismic grant projects slowed. Public Safety and capital outlay expenditures increased \$6,525,958 as the management of the two additional fire departments increased coverage areas, and transfers out increased by \$2,947,163.

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 \$2,198,254 to \$12,482,461 at June 30, 2016, and is assigned to capital projects. The primary cause for the increase is an excess of transfers in to the fund over the expenditures for capital outlay.

Budgetary Highlights

There was one budget transfer resolution to the General and Emergency Management Funds during the year. The budget transfer funded the appropriations required for personnel transitions, additional professional services approved by the Board for legislative direction, additional polling in advance of an election, significant emergency response apparatus repairs, and information technology setup for new service areas, as well as final expenditures prior to closing the Emergency Management Fund. Property tax collections increased due to an increase in a local option levy and collection rates that were stronger than expected. The District's decision to begin managing two fire departments in 2015-16 ahead of the related election cycles increased operational expenditures and the related charges for services.

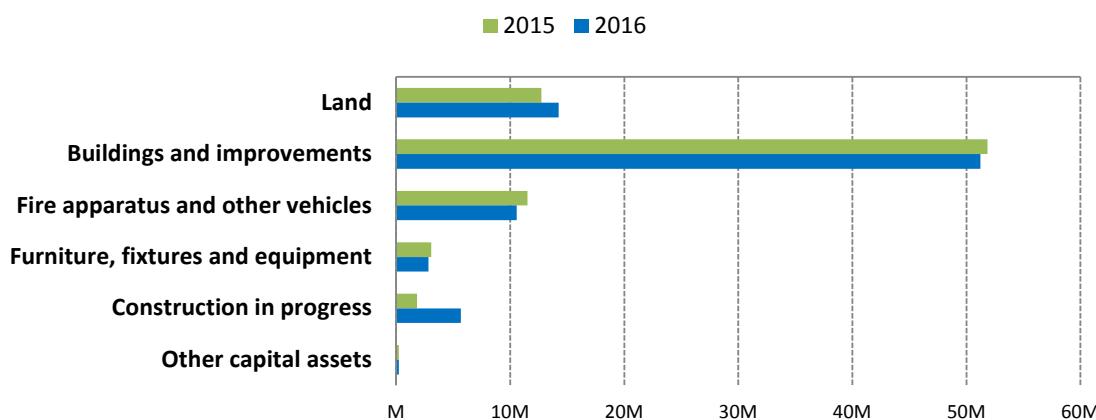
Capital Assets and Debt Administration

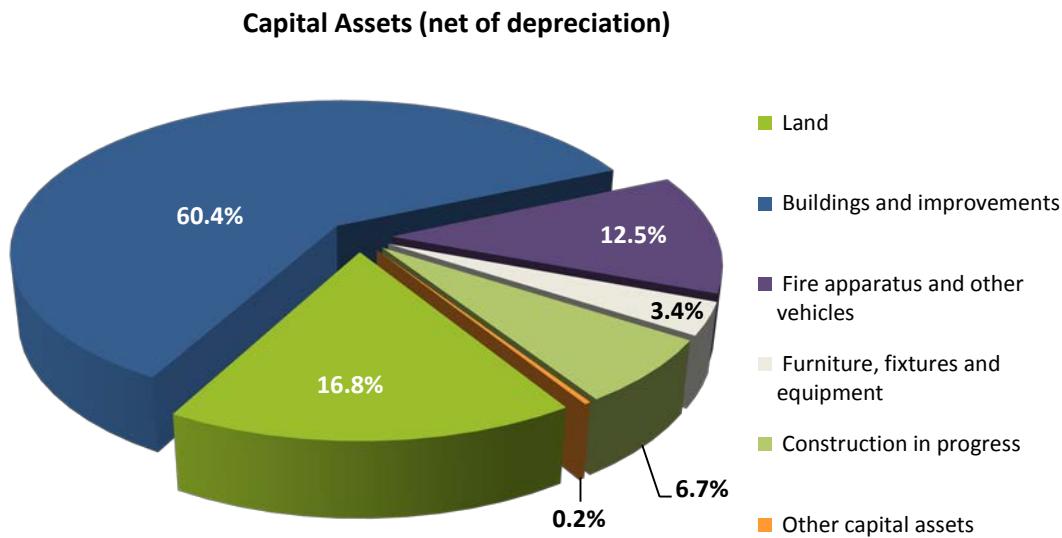
Capital assets. The District's investment in capital assets consists of land and improvements, buildings and improvements, fire apparatus and other vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2016, the District had invested \$84,800,909 in capital assets, net of depreciation, as shown in the following table and chart:

Capital Assets: (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2015
	2016	2015	
	\$	\$	
Land	\$ 14,262,133	\$ 12,747,885	\$ 1,514,248
Buildings and improvements	51,228,031	51,832,747	(604,716)
Fire apparatus and other vehicles	10,570,755	11,520,212	(949,457)
Furniture, fixtures and equipment	2,844,592	3,074,322	(229,730)
Construction in progress	5,664,398	1,841,486	3,822,912
Other capital assets	231,000	225,000	6,000
Total	\$ 84,800,909	\$ 81,241,652	\$ 3,559,257

A comparison of capital assets from the prior year to the current year is shown below:

Capital Assets (net of depreciation)





During the year, the District's investment in capital assets increased by \$3,559,257, reflecting assets of \$8,410,842 added during the year, offset by \$4,773,498 of depreciation and \$78,087 of disposals, net of related depreciation. The District's construction in progress includes the renovation and seismic upgrades of fire stations 64, 69, and 372, 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 60 of this report.

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt of \$55,560,104, consisting of general obligation bonds and unamortized premiums. The decrease in debt relates to the scheduled principal payments throughout the year. 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 \$956 million. Additional information on the District's long-term debt can be found on pages 61 and 62 of this report.

Economic Factors and Next Year's Budget

Population in the region is expected to continue to grow over the next few decades, which is one reason that the District has purchased land for future fire station sites and is actively seeking additional sites utilizing the increased local option levy.

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. Assessed value is forecast to continue to grow at 4.9% for 2016-17 based upon continued strength in the

residential and multi-family real estate market and increased commercial development. Construction and development within District boundaries is expected to continue through 2020 with numerous projects slated for the future including a multi-million dollar major expansion of the Nike World Headquarters complex. Intel has recently announced an agreement to invest \$100 billion in Washington County over the next 30 years.¹

The District's replacement local option levy continues at \$.45 for 2016-17 which 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.

If the consolidation with one of the adjacent fire departments, Washington County Rural Fire Protection District 2 (District 2), is successful at the November, 2016 ballot, the District's service area will expand from 210 square miles to 328 square miles and add approximately 13,700 to the existing population of approximately 460,000. A second consolidation is being considered with Newberg Fire Department and Newberg Rural Fire Protection District in the 2017-18 fiscal year.

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.

¹ *Portland Business Journal, Book of Lists 2015-16*





Basic Financial Statements





Tualatin Valley Fire and Rescue
**Balance Sheet - Governmental Funds/
Statement of Net Position**
June 30, 2016

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$ 64,661,452	\$ 12,639,297	\$ 1,416,380	\$ 78,717,129	\$ 654,426	\$ 79,371,555
Investments	277,578			277,578		277,578
Receivables (net of allowances):						
Property taxes receivable	4,264,685		302,618	4,567,303		4,567,303
Accounts receivable	434,621		146,895	581,516		581,516
Due from other funds	73,546			73,546	(73,546)	
Prepaid items					1,513,807	1,513,807
Supplies inventory	318,368			318,368		318,368
Other post employment benefit asset					123,858	123,858
Restricted assets:						
Cash and cash equivalents			4,708,054	4,708,054		4,708,054
Capital assets, not being depreciated:						
Land					14,262,133	14,262,133
Other capital assets					231,000	231,000
Construction in progress					5,664,398	5,664,398
Capital assets, net of accumulated depreciation:						
Buildings and improvements					51,228,031	51,228,031
Fire apparatus and other vehicles					10,570,755	10,570,755
Furniture, fixtures, and equipment					2,844,592	2,844,592
Total assets	70,030,250	12,639,297	6,573,947	89,243,494	87,019,454	176,262,948
Deferred Outflows of Resources						
Deferred refunding charge					779,555	779,555
Pension related deferred outflows					8,423,093	8,423,093
Total deferred outflows of resources					9,202,648	9,202,648
Total assets and deferred outflows	\$ 70,030,250	\$ 12,639,297	\$ 6,573,947	\$ 89,243,494	\$ 96,222,102	\$ 185,465,596
Liabilities						
Current liabilities:						
Accounts payable	\$ 1,112,319	\$ 156,836	\$ 321,605	\$ 1,590,760	\$ 1,000	\$ 1,591,760
Due to other funds			73,546	73,546	(73,546)	
Accrued salaries and benefits payable	6,658,402			6,658,402		6,658,402
Accrued interest payable					237,560	237,560
Non current liabilities:						
Long-term debt:						
Due within one year					11,556,346	11,556,346
Due in more than one year					54,954,710	54,954,710
Total pension liability (LOSAP)					180,853	180,853
Total pension liability (Pension Plan)					1,659,564	1,659,564
Net pension liability (PERS)					34,235,839	34,235,839
Total liabilities	7,770,721	156,836	395,151	8,322,708	102,752,326	111,075,034
Deferred Inflows of Resources						
Unavailable revenue - property taxes	4,027,374		286,549	4,313,923	(4,313,923)	
Unavailable revenue - transport services	89,797			89,797	(89,797)	
Unavailable revenue - HazMat and conflagrations	72,911			72,911	(72,911)	
Unavailable revenue - MERRC	138,785			138,785	(138,785)	
Pension related deferred inflows					7,529,380	7,529,380
Total deferred inflows of resources	4,328,867		286,549	4,615,416	2,913,964	7,529,380

(Continued)

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

Basic Financial Statements

Tualatin Valley Fire and Rescue
**Balance Sheet - Governmental Funds/
Statement of Net Position (continued)**
June 30, 2016

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Fund balances:						
Non-spendable	318,368			318,368	(318,368)	
Restricted for capital projects		4,459,798		4,459,798	(4,459,798)	
Restricted for debt service		1,432,449		1,432,449	(1,432,449)	
Committed to capital purchases	13,560,410			13,560,410	(13,560,410)	
Committed to Volunteer LOSAP	323,424			323,424	(323,424)	
Assigned to capital projects		12,482,461		12,482,461	(12,482,461)	
Unassigned	43,728,460			43,728,460	(43,728,460)	
Total fund balances	<u>57,930,662</u>	<u>12,482,461</u>	<u>5,892,247</u>	<u>76,305,370</u>	<u>\$ (76,305,370)</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 70,030,250</u>	<u>\$ 12,639,297</u>	<u>\$ 6,573,947</u>	<u>\$ 89,243,494</u>		
Net Position:						
Net investment in capital assets					33,700,603	
Restricted for:						
Debt service					1,432,449	
Unrestricted					31,728,130	
Total net position					<u>\$ 66,861,182</u>	

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

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, 2016

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Revenues						
Program Revenues:						
Charges for services	\$ 2,179,400	\$	\$	\$ 2,179,400	\$ 644,008	\$ 2,823,408
Program fees	500,393			500,393	(500,393)	
Grants and contributions	168,720		197,236	365,956	18,730	384,686
General Revenues:						
Taxes	93,204,211		6,405,403	99,609,614	656,150	100,265,764
Interest	242,642	60,198	43,272	346,112	3,770	349,882
Insurance dividends and refunds	380,216			380,216	63,412	443,628
Gain on capital assets					503,754	503,754
Miscellaneous	94,415	2,266	5,230	101,911	12,515	114,426
Total revenues	<u>96,769,997</u>	<u>62,464</u>	<u>6,651,141</u>	<u>103,483,602</u>	<u>1,401,946</u>	<u>104,885,548</u>
Expenditures/expenses						
Current:						
Public Safety	87,713,655			87,713,655	33,686,120	121,399,775
Debt service:						
Principal			4,020,000	4,020,000	(4,020,000)	
Interest			2,321,111	2,321,111	(283,851)	2,037,260
Capital outlay	<u>2,091,662</u>	<u>2,572,610</u>	<u>4,533,627</u>	<u>9,197,899</u>	<u>(9,197,899)</u>	
Total expenditures/expenses	<u>89,805,317</u>	<u>2,572,610</u>	<u>10,874,738</u>	<u>103,252,665</u>	<u>20,184,370</u>	<u>123,437,035</u>
Excess (deficiency) of revenues over (under) expenditures / expenses	<u>6,964,680</u>	<u>(2,510,146)</u>	<u>(4,223,597)</u>	<u>230,937</u>	<u>(18,782,424)</u>	<u>(18,551,487)</u>
Other Financing Sources (Uses)						
Proceeds on sale of surplus property	16,241	607,315		623,556	(623,556)	-
Transfers in		4,101,085		4,101,085	(4,101,085)	-
Transfers out	<u>(4,101,085)</u>			<u>(4,101,085)</u>	<u>4,101,085</u>	
Total other financing sources (uses)	<u>(4,084,844)</u>	<u>4,708,400</u>		<u>623,556</u>	<u>(623,556)</u>	
Net change in fund balances/net position	<u>2,879,836</u>	<u>2,198,254</u>	<u>(4,223,597)</u>	<u>854,493</u>	<u>(19,405,980)</u>	<u>(18,551,487)</u>
Fund balances/net position:						
Beginning of the year	54,728,629	10,284,207	10,115,844	75,128,680	12,123,541	87,252,221
Restatement of beginning of year	<u>322,197</u>			<u>322,197</u>	<u>(2,161,749)</u>	<u>(1,839,552)</u>
Beginning of year, as restated	<u>55,050,826</u>	<u>10,284,207</u>	<u>10,115,844</u>	<u>75,450,877</u>	<u>9,961,792</u>	<u>85,412,669</u>
End of the year	<u>\$ 57,930,662</u>	<u>\$ 12,482,461</u>	<u>\$ 5,892,247</u>	<u>\$ 76,305,370</u>	<u>\$ (9,444,188)</u>	<u>\$ 66,861,182</u>

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

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 For the Year Ended June 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes:				
Current year's levy	\$ 90,309,896	\$ 90,309,896	\$ 92,161,494	\$ 1,851,598
Prior years' levies	1,470,940	1,470,940	1,024,819	(446,121)
Taxes in lieu of property taxes	13,408	13,408	17,898	4,490
Interest on unsegregated property taxes	12,708	12,708	15,416	2,708
Interest on taxes	2,640	2,640	2,991	351
Interest on investments	94,978	94,978	140,939	45,961
Charges for services	909,529	909,529	1,796,012	886,483
Rental income	75,600	75,600	145,643	70,043
Program fees			7,000	7,000
Grants and contributions	450,000	450,000	168,720	(281,280)
Plan review fees	2,250	2,250	4,237	1,987
Insurance dividends and refunds	201,000	201,000	380,216	179,216
Miscellaneous	20,850	20,850	94,415	73,565
Total revenues	93,563,799	93,563,799	95,959,800	2,396,001
Expenditures				
Current:				
Public Safety				
Command Directorate:				
Personnel services	3,193,932	3,427,932	3,153,712	274,220
Materials and services	1,245,512	1,575,512	1,224,844	350,668
Total Command Directorate	4,439,444	5,003,444	4,378,556	624,888
Integrated Operations Directorate:				
Personnel services	69,951,755	69,951,755	65,768,067	4,183,688
Materials and services	4,880,645	4,730,645	3,809,537	921,108
Total Integrated Operations Directorate	74,832,400	74,682,400	69,577,604	5,104,796
Finance Directorate:				
Personnel services	1,339,194	1,339,194	1,315,508	23,686
Materials and services	545,089	545,089	467,351	77,738
Total Finance Directorate	1,884,283	1,884,283	1,782,859	101,424
Business Operations Directorate:				
Personnel services	6,841,247	6,841,247	6,314,335	526,912
Materials and services	5,482,761	5,652,761	5,095,813	556,948
Total Business Operations Directorate	12,324,008	12,494,008	11,410,148	1,083,860
Total Public Safety	93,480,135	94,064,135	87,149,167	6,914,968
Operating contingency	5,248,500	4,664,500		4,664,500
Total expenditures	98,728,635	98,728,635	87,149,167	11,579,468
Excess (deficiency) of revenues over (under) expenditures	(5,164,836)	(5,164,836)	8,810,633	13,975,469

(Continued)

The notes to the basic 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 (continued)
For the Year Ended June 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other Financing Sources (Uses)				
Proceeds on sale of surplus property	1,000	1,000	6,711	5,711
Transfers out	<u>(7,957,170)</u>	<u>(7,957,170)</u>	<u>(7,227,016)</u>	<u>730,154</u>
Total other financing sources (uses)	<u>(7,956,170)</u>	<u>(7,956,170)</u>	<u>(7,220,305)</u>	<u>735,865</u>
Net change in fund balance	<u>(13,121,006)</u>	<u>(13,121,006)</u>	<u>1,590,328</u>	<u>14,711,334</u>
Net position, June 30, 2015	<u>35,893,297</u>	<u>35,893,297</u>	<u>35,892,152</u>	<u>(1,145)</u>
Net position, June 30, 2016	<u><u>\$ 22,772,291</u></u>	<u><u>\$ 22,772,291</u></u>	<u><u>\$ 37,482,480</u></u>	<u><u>\$ 14,710,189</u></u>

**Reconciliation of Budgetary Fund Balance
to GAAP Fund Balance**

Fund Balance - budgetary basis	\$ 37,482,480
Advanced recognition of retirement obligation not a GAAP expense	6,564,348
Fund Balance - Apparatus Fund ⁽¹⁾	5,133,766
Fund Balance - Capital Improvements Fund ⁽¹⁾	8,426,644
Fund Balance - Volunteer LOSAP Fund ⁽¹⁾	<u>323,424</u>
Fund Balance - GAAP Basis	<u><u>\$ 57,930,662</u></u>

⁽¹⁾ Refer to page 103 for combining funds schedule.

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

Tualatin Valley Fire and Rescue

Statement of Net Position

Proprietary Fund

June 30, 2016

	Governmental Activities
	Internal Service Fund
Assets	
Current:	
Cash and cash equivalents	\$ 654,426
Total assets	<u>654,426</u>
Liabilities	
Current:	
Accounts payable	1,000
Total liabilities	<u>1,000</u>
Net Position	
Unrestricted total net position	<u>\$ 653,426</u>

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

Tualatin Valley Fire and Rescue
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

Governmental Activities	
Internal Service Fund	
Operating Revenue	
Insurance refunds	\$ 63,412
Operating Expense	
Insurance claims	<u>26,877</u>
Operating income	36,535
Nonoperating Revenue	
Interest income	<u>3,770</u>
Change in net position	40,305
Net position, June 30, 2015	613,121
Net position, June 30, 2016	<u>\$ 653,426</u>

The notes to the basic 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, 2016

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Received from insurance reimbursements	\$ 63,412
Paid for insurance claims	(25,877)
Net cash from operating activities	<u>37,535</u>
Cash Flows From Investing Activities	
Interest received on investments	<u>3,770</u>
Net increase in cash and cash equivalents	41,305
Cash and cash equivalents, June 30, 2015	<u>613,121</u>
Cash and cash equivalents, June 30, 2016	<u><u>\$ 654,426</u></u>
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 36,535
(Decrease) increase in accounts payable	<u>1,000</u>
Net cash from operating activities	<u><u>\$ 37,535</u></u>

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

Notes to the Basic Financial Statements



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 and the proprietary fund and the latter is 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 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, and certain funds budgeted as fiduciary funds are reported as part of the General Fund as they are not considered trust funds in an official capacity, nor do they have revenue sources apart from General Fund transfers and interest earnings.
- 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.

Additionally, the District reports the following fund types:

- Nonmajor governmental funds, including special revenue, debt service, and capital projects funds which 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.

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, 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 budget transfer resolution during the year ended June 30, 2016. 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 stated at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue. GASB Statement 72, *Fair Value Measurement and Application*, which was implemented by the District in the 2015-16 fiscal year, provides a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). There was no material impact to the financial statements caused by the implementation of GASB Statement 72.

3. Receivables

Property taxes, all of which are receivable from property owners within the District, are assessed on January 1 and become a lien against the property as of July 1 each year. Taxes are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 15 are considered delinquent. At June 30, 2016, 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 and are based on management's estimate of collectability.

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, construction in progress, and certain historical treasures meeting certain criteria 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 has four items that qualify for reporting in this category. Three deferred outflows relate to the District's pension plan and consist of employer contributions to OPERS after the measurement date, experience differences, and changes in proportion. The fourth deferred outflow 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 four sources: property taxes, transport services, HazMat and conflagrations, and the Mobile Emergency Radio Responder Coverage program. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other deferred inflow item relates to the District's pension plan and consists of a deferred pension investment and a pension contribution difference. This consists of differences between projected and actual investment earnings and changes in employer proportion and differences between employer contributions and the District's proportionate share of contributions. In the Statement of Net Position, a deferred inflow of resources related to the District's pension plan is recognized.

8. Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (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%). 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 in the Property and Building Fund sufficient to purchase one piece of fire station land and construct a fire station.

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

a. Vacation and Personal Leave

Accumulated accrued compensated absences for vacation and personal leave benefits are accrued when incurred in the Statement of Net Position and Statement of Activities. 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, 2016, 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.

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).

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

H. Retirement plans

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	\$ 76,305,370
Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Prepaid items	1,513,807
Capital assets, net	84,800,909
Unavailable revenue	4,615,416
Accrued compensated absences	(10,950,952)
Accrued interest payable on long-term debt	(237,560)
Long-term bonded debt	(55,560,104)
Deferred refunding charge on refunded bonds	779,555
Net OPEB asset	123,858
Total pension liability - Frozen Pension Plan	(1,659,564)
Total pension liability - LOSAP	(180,853)
Net pension Liability - PERS	(34,235,839)
PERS Pension related outflows	8,423,093
PERS Pension related inflows	(7,529,380)
Net position of internal service funds combined with governmental activities	<u>653,426</u>
Net position, Statement of Net Position	<u>\$ 66,861,182</u>

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	\$ 854,493
<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 (\$8,332,755) less depreciation for the year (\$4,773,498)	3,559,257
Property taxes not meeting the measurable and available criteria	656,150
Payments on long-term debt and related refunded debt	4,303,851
Net increase in accrued compensated absences	(1,907,207)
Certain revenues recognized as measurable and available in the current year	143,615
Net increase in other post employment benefits	26,523
Net increase in total pension obligations - Frozen Pension Plan	680,216
Net increase in total pension asset - LOSAP	(44,575)
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	186,830
Net increase in net pension liability - PERS	(27,050,945)
<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	40,305
Net change in net position	<u>\$ (18,551,487)</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, 2016 was \$36,639,315 and the total bank balance was \$36,979,966. 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, 2016, the District's cash, cash equivalents, and investments are comprised of the following:

Cash, cash equivalents and investments		
Cash on hand	\$	1,859
Cash with county assessors		276,655
Deposits with financial institutions		36,639,315
State of Oregon Local Government Investment Pool		47,161,780
Investments:		
Open-ended mutual funds		277,578
Total cash, cash equivalents, and investments	\$	<u>84,357,187</u>

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

Governmental Activities		
Cash and cash equivalents:		
Unrestricted	\$	79,371,555
Restricted		4,708,054
Investments		277,578
Total cash, cash equivalents, and investments	\$	<u>84,357,187</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.

Investments measured at fair value are presented as:

Investments Measured at Fair Value		
		Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments - Balanced index stock fund	\$	277,578
Total investments measured at fair value	\$	<u>277,578</u>

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, 2016, 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 funds maintain a separate investment policy that allows 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, HazMat and fire conflagrations, 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, 2016:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 12,747,885	\$ 1,543,448	\$ (29,200)	\$ 14,262,133
Other capital assets	225,000	6,000		231,000
Construction in progress	<u>1,841,486</u>	<u>4,966,856</u>	<u>(1,143,944)</u>	<u>5,664,398</u>
Total capital assets, not being depreciated	<u>14,814,371</u>	<u>6,516,304</u>	<u>(1,173,144)</u>	<u>20,157,531</u>
Capital assets, being depreciated:				
Buildings and improvements	73,670,766	1,797,984	(128,459)	75,340,291
Fire apparatus and other vehicles	28,533,453	547,615	(24,904)	29,056,164
Furniture, fixtures, and equipment	<u>8,655,288</u>	<u>722,083</u>	<u>(362,094)</u>	<u>9,015,277</u>
Total capital assets, being depreciated	<u>110,859,507</u>	<u>3,067,682</u>	<u>(515,457)</u>	<u>113,411,732</u>
Less accumulated depreciation for:				
Buildings and improvements	(21,838,020)	(2,392,720)	118,480	(24,112,260)
Fire apparatus and other vehicles	(17,013,240)	(1,497,072)	24,903	(18,485,409)
Furniture, fixtures, and equipment	<u>(5,580,966)</u>	<u>(883,706)</u>	<u>293,987</u>	<u>(6,170,685)</u>
Total accumulated depreciation	<u>(44,432,226)</u>	<u>(4,773,498)</u>	<u>437,370</u>	<u>(48,768,354)</u>
Total capital assets being depreciated, net	<u>66,427,281</u>	<u>(1,705,816)</u>	<u>(78,087)</u>	<u>64,643,378</u>
Total capital assets, net of depreciation	<u>\$ 81,241,652</u>	<u>\$ 4,810,488</u>	<u>\$ (1,251,231)</u>	<u>\$ 84,800,909</u>

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

D. Interfund receivables, payables, and transfers

Interfund payables and receivables for the year ended June 30, 2016 was as follows:

	Due to Other Funds	Due from Other Funds
General Fund	\$ 73,546	\$ 73,546
Nonmajor Funds	<u>\$ 73,546</u>	<u>\$ 73,546</u>

The interfund payable from the Grants Fund to the General Fund in the amount of \$73,546 is to fund reimbursable expenditures in the Grants Fund.

Interfund transfers for the year ended June 30, 2016 were as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 4,101,085
Property and Building Fund	4,101,085	
	<u>\$ 4,101,085</u>	<u>\$ 4,101,085</u>

The District made a transfer from the General Fund to the Property and Building Fund in the amount of \$4,101,085 to accumulate resources for acquisition and construction costs for new and existing facilities.

E. Operating leases

The District leases copiers under non-cancelable operating leases. The total cost for these leases amounted to approximately \$65,700 for the year ended June 30, 2016. Future payments are due as follows:

Year Ending June 30,	Amount
2017	\$ 62,940
2018	60,824
2019	19,620
	<u>\$ 143,384</u>

F. Long-term obligations

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 3.5 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 3.0 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 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.

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, 2016, that amount was \$1.0 billion. As of June 30, 2016, the total general obligation bonded debt was \$53,000,000. The total outstanding debt applicable to the limit was \$54.1 million which is 5.4 percent of the total debt limit.

Changes in long-term liabilities

Changes in the District's general obligation bonds and compensated absences for the year ended June 30, 2016 are as follows:

Issue Date	Original Issue	Outstanding at June 30, 2015	Additions	Reductions	Outstanding at June 30, 2016	Due Within One Year	Interest Rates
General Obligation Bonds:							
April 11, 2007	\$ 20,000,000	\$ 2,000,000		\$ (1,000,000)	\$ 1,000,000	\$ 1,000,000	4.00%
March 17, 2009	14,000,000	8,640,000		(960,000)	7,680,000	960,000	3.5 - 4.375%
June 16, 2009	15,000,000	11,530,000		(630,000)	10,900,000	655,000	4.00 - 4.25%
June 2, 2011	23,500,000	19,945,000		(935,000)	19,010,000	950,000	3.00 - 5.00%
March 25, 2015	9,905,000	9,905,000		(55,000)	9,850,000	235,000	2.25 - 4.00%
March 25, 2015	5,000,000	5,000,000		(440,000)	4,560,000	380,000	2.25 - 4.00%
Total General Obligation Bonds		57,020,000		(4,020,000)	53,000,000	4,180,000	
Unamortized Premium:							
		2,824,471		(264,367)	2,560,104	264,367	
Compensated Absences:							
Total		9,043,746	\$ 9,326,633	(7,419,427)	10,950,952	7,111,979	
		\$ 68,888,217	\$ 9,326,633	\$ (11,703,794)	\$ 66,511,056	\$ 11,556,346	

Outstanding bond 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
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	4,775,000	1,427,635	6,202,635
2022-2026	19,480,000	4,268,156	23,748,156
2027-2031	<u>10,795,000</u>	<u>1,236,225</u>	<u>12,031,225</u>
	<u>\$ 53,000,000</u>	<u>\$ 14,385,706</u>	<u>\$ 67,385,706</u>

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. The claim year for fiscal 2012 is the only one open as of June 30, 2016. The District's maximum liability for premiums related to this open claim year is approximately \$389,000 which represents the difference between the maximum possible premiums less the premiums paid. If the claims experience for this open claim year 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 (WCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2016, the District paid \$1,777,531 to WCCA for dispatch fees.

The District also contracts with American Medical Response NW (AMR), a private provider of medical transportation services, for ambulance transport services and related medical billing. The General Manager of AMR is a current board member of the District.

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 2016 was \$2,019,980 of which \$1,502,927 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 2016 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 2016 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, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2016 were 16.03 percent for OPERS and 7.17 percent for OPSRP – general service employees, and 11.28 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, 2016, were approximately \$6,482,000, 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. The District has elected to contribute the 6% "pick-up" or \$2,961,184 of the employees' 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

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

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the *Moro* decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the *Moro* decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the

measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, effective January 1, 2016 which will be used for rates beginning July 1, 2017.

At June 30, 2016, the District reported a liability of \$34,235,839 for its proportionate share of the plan pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013 and updated for the effect of the *Moro* decision. 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, 2016 and 2015 the District's proportion was 0.59629138 percent, and 0.59075779 percent, respectively.

For the year ended June 30, 2016, the District recognized pension expense of \$33,640,420 for the defined benefit portion of the pension plan. At June 30, 2016, 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	\$ 1,846,170	\$
Net difference between projected and actual earnings on pension plan investments		7,176,608
Changes in District's proportionate share	95,007	
Differences between District contribution and proportionate share of system contributions		352,772
District contributions subsequent to the measurement date	6,481,916	
Total	\$ 8,423,093	\$ 7,529,380

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense/ (income) as follows:

Year ended June 30:		
2017	\$ 3,418,169	
2018	(3,063,747)	
2019	(3,063,747)	
2020	3,457,658	
2021	145,380	
Total	\$ 893,713	

Actuarial Valuations - The employer contribution rates effective July 1, 2015, through June 30, 2016, 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 12/31/13
- Measurement Date 6/30/15
- Experience Study 2014, published September 2015
- 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.
- Actuarial assumptions:
 - Inflation rate 2.75 percent
 - Long-term expected rate of return 7.75 percent
 - Discount rate 7.75 percent
 - Projected salary increases 3.75 percent
 - Cost of living adjustment Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with *Moro* decision; blend based on service.
 - 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension 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	\$ 82,626,923	\$ 34,235,839	\$ (6,545,132)

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	15.5	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 Market Equities	5.49	7.40
Private Equity	20.00	8.26
Hedge Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	1.25	6.07
Assumed Inflation - Mean		2.75

Depletion Date Projection – GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. GASB 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

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

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

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

Payable to OPERS - At June 30, 2016, the District's payable to OPERS for defined benefit contributions was \$868,020. 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.

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, however, GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was implemented at June 30, 2016.

Actuarial Methods and Assumptions - The total Pension Liability and components of Pension Expense as of June 30, 2016, were determined using the date of the latest actuarial valuation of June 30, 2016. All benefits are vested. Significant actuarial assumptions used in the valuation included:

- A 3.2% interest discount based on the June 2016 rate in the 20-Year General Obligation Municipal Bond Index published by the Federal Reserve.
- Cost of Living Adjustments
 - 2.0% to 3.5% for 1973 Plan Retirees
 - 1.5% to 2.0% for the 1976 Plan Retirees
- Mortality – RP2014 Blue Collar generation tables projected forward using Scale MP 2015.

Liabilities are valued by discounting expected future cash flows at the assumed discount rate of 3.2%. Plan expenses other than benefit payments are not valued. The Plan is currently “unfunded” in accordance with relevant GASB statements.

The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2016, the District recognized pension expense of \$332,534 for the defined benefit pension plan.

The change in Total Pension Liability for the year ended June 30, 2016 is as follows:

	Change in Total Pension Liability
Total Pension Liability, beginning of year, as restated	\$ 2,339,780
Benefit payments	(347,682)
Interest on Total Pension Liability	69,310
Change in assumptions	(46,913)
Experience (Gain)	(354,931)
Total Pension Liability, end of year	<u><u>\$ 1,659,564</u></u>

Sensitivity of the Total Pension Liability to Changes in the Discount Rate - The following represents the total pension liability calculated using the discount rate of 3.2 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (2.2%)	Current Discount Rate (3.2%)	1% Increase (4.2%)
Total Pension Liability on 6/30/16	\$ 1,731,957	\$ 1,659,564	\$ 1,593,417

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 plans are administered through a trust or equivalent arrangement; therefore, the provisions of GASB Statements 67 and 68 do not apply, however, GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* was implemented at June 30, 2016.

Actuarial Methods and Assumptions – Beginning with the fiscal year ended June 30, 2016, the District accounts for plan liabilities in accordance with GASB Statement 73. Significant actuarial assumptions used in the June 30, 2016 actuarial valuation, the latest available, included:

- Interest Discount rate of 3.2%
- Retirement rates – paid when a volunteer reaches age 62
- Form of benefit - 10 year certain and life annuity
- Mortality - RP2014 Blue Collar generation tables projected forward using Scale MP 2015.

As required by the standards, the Entry Age Normal level Cost Method is used to determine the Total Pension Liability and the Service Cost. The present value of benefits for current retirees plus the accumulated value of all prior Service Costs is the Total Pension Liability. Under this method the actuarial gains (losses), as they occur, reduce (increase) the total Pension Liability while leaving the Service Cost unchanged.

Plan assets are held by the District in a trustee capacity. Assets are invested in cash, cash equivalents and mutual funds and are valued at market value. Liabilities are valued by discounting expected future cash flows at the assumed investment rate earned by assets. Plan expenses other than benefit payments are netted against investment income. Financial gains and losses are amortized over a 5 year period when calculating Pension Expense. All other gains and losses are recognized immediately.

The plan does not issue stand-alone financial reports.

For the year ended June 30, 2016, the District recognized pension (expense)/revenue of \$53,875 for the LOSAP plan.

The change in Total Pension Liability for the year ended June 30, 2016 is as follows:

	Change in Total Pension Liability
Total Pension Liability, beginning of year, as restated	\$ 136,278
Benefit payments	(9,300)
Interest on Total Pension Liability	4,212
Change in assumptions	40,688
Experience (Gain)/Loss	8,975
Total Pension Liability, end of year	\$ 180,853

Sensitivity of the Total Pension Liability to Changes in the Discount Rate - The following represents the total pension liability calculated using the discount rate of 3.2 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Current Discount Rate		
	1% Decrease (2.2%)	(3.2%)	1% Increase (4.2%)
Total Pension Liability on 6/30/16	\$ 208,290	\$ 180,853	\$ 158,749

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 General 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, 2016, the date of the most recent actuarial valuation, there were 97 active employees and 30 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	\$ 78,541
Interest on OPEB	(2,920)
Adjustment for OPEB	<u>4,966</u>
Annual OPEB Cost	<u>80,587</u>
Expected Contributions	<u>(107,110)</u>
Increase (Decrease) in Net OPEB Obligation	<u>(26,523)</u>
Net OPEB Obligation (Asset) - beginning of year	<u>(97,335)</u>
Net OPEB Obligation (Asset) - end of year	<u><u>\$ (123,858)</u></u>
<hr/>	
Funded ratio (actuarial value of plan assets/AAL)	0.0%
Covered payroll (active plan members)	\$ 9,828,699
UAAL as a percentage of covered payroll	11.34%

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)	
2016	\$ 80,587	132.91 %	\$ (123,858)	
2015	103,049	116.39	(97,335)	
2014	102,484	126.24	(80,449)	

Funded Status and Funding Progress - As of June 30, 2016, the District's actuarial accrued liability (AAL) for benefits was \$1,114,085, and the actuarial value of plan assets was zero, resulting in an unfunded

actuarial accrued liability (UAAL) of \$1,114,085 on a covered payroll of \$9,828,699. 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. The actuarial assumptions included a discount rate of 3 percent and an assumption that 40 percent of retirees will elect medical coverage at retirement. They also assume medical and vision premiums would increase at 6 percent inflation for 2017, grading down to an annual increase of 5 percent per year, which is consistent with expectations for long-term health care cost inflation. Dental premiums are assumed to be 4 percent in 2017, grading down to an annual increase of 3 percent over three years. The Unfunded Actuarial Accrued Liability is amortized over an open 30-year period on a level dollar basis. An assumed general inflation rate of 2.5 percent is used for all future years. The demographic assumptions, such as mortality 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 .53 percent of annual covered Tier 1 and Tier 2 payroll and .45 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, 2016, 2015, and 2014 were approximately \$265,500, \$258,000, and \$247,000, 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 \$1,280 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, 2016, 2015 and 2014 were \$840, \$840, and \$2,165 respectively, which equaled the required contributions as negotiated for each year.

F. Commitments and contingencies

As of June 30, 2016, the District is committed under various accepted bid agreements and contracts for approximately \$7.7 million for goods, services and construction of facilities. This includes \$7.4 million in construction commitments and seismic work at various stations.

G. Subsequent events

Beginning on July 1, 2016 the District began providing fire protection services to the Washington County Rural Fire Protection District 2 (District 2) service area through a one-year service contract. There is intent by the District 2 Board to request its voters approve annexation into the District effective July 1, 2017.

Similarly, the City of Newberg and Newberg Rural Protection District opted to contract for fire protection and emergency medical services with the District under a two-year contract with the intent to ask Newberg voters to annex into the District at the end of year two of the contract. If the vote is successful, the annexation would be effective July 1, 2018.

On July 29, 2016, the District was notified that it was awarded a federal grant from the Department of Homeland Security. This grant, Staffing for Adequate Fire Emergency Response (SAFER), is in the amount of almost \$3.3 million over a 24-month period beginning in January, 2017.

On September 30, 2016, the PERS board approved employer rates for the 2017-19 biennium based on the 2015 Actuarial Valuation presented on July 29, 2016. District rates for Tier 1/Tier 2 employees will increase 6.01% of salary, OPSRP General Service rates will increase 3.31% of salary, and OPSRP Police & Fire rates will increase 3.97% of salary.

H. Restatement of Beginning Net Position and Fund Balance

In accordance with GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, the District is now required to record its pension related amounts in its statement of net position and statement of activities for the Single-Employer Defined Benefit Pension Plan and the LOSAP Plan.

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

Total Pension Liability - Previous standards defined pension liabilities in terms of the annual required contribution. GASB Statement 73 defines the total pension liability as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service.

The District's total pension liability and pension expense have been determined and are now reflected in the District's statement of net position and statement of activities for fiscal year ended June 30, 2016. This new guidance requires the restatement of the prior year net position.

Accordingly, in accordance with the requirements of GASB Statement 73, below are the restated fund balances due to aggregation into the General Fund of funds not meeting the criteria for separate reporting under GASB Statement 73, and restated net position for the Single-Employer Defined Benefit Pension and LOSAP Plans as of June 30, 2015:

	General Fund	Fiduciary Funds
Fund Balances, as of June 30, 2015, as previously reported	\$ 54,728,629	\$ 322,197
Restatement of fiduciary fund balance	<u>322,197</u>	<u>(322,197)</u>
Fund Balances, as of June 30, 2015, as restated	<u><u>\$ 55,050,826</u></u>	<u><u>\$ -</u></u>
Net position as of June 30, 2015, as previously reported	\$ 87,252,221	
Restatement of prior period net position for the net effect of implementing GASB 73 for the Pension Plan:	(1,836,630)	
Restatement of net position due to assets accumulated for providing pensions that are not administered through a trust for the LOSAP Plan:	322,197	
Restatement of prior period net position for the net effect of implementing GASB 73 for the LOSAP Plan:	<u>(325,119)</u>	
Total restatement	<u><u>(1,839,552)</u></u>	
Net position as of June 30, 2015, as restated	<u><u>\$ 85,412,669</u></u>	



Required Supplementary Information



Tualatin Valley Fire and Rescue
Schedule of Funding Progress
Health Benefit Retiree Program

Actuarial Date June 30,	AVA ⁽¹⁾	EAN AAL ⁽²⁾	(UAAL) ⁽³⁾	Funded Ratio	Covered Payroll	UAAL ⁽⁴⁾
2016	\$ 0	\$ 1,114,085	\$ (1,114,085)	0 %	\$ 9,828,699	11.34 %
2013	0	1,391,312	(1,391,312)	0	9,758,266	14.26
2011	0	1,806,831	(1,806,831)	0	8,460,763	21.36

⁽¹⁾ Actuarial Value of Plan Assets

⁽²⁾ Actuarial Accrued Liability

⁽³⁾ Funded/Unfunded Actuarial Accrued Liability

⁽⁴⁾ As a Percentage of Covered Payroll

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

Fiscal Year Ended ⁽¹⁾	District's Proportion of the Net Pension (Asset)/Liability ⁽²⁾	District's Proportionate Share of the Net Pension (Asset)/Liability ⁽²⁾	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 ⁽²⁾
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014	0.59075779 %	\$ 30,147,236	\$ 40,213,636	74.97 %	N/A %
2015	0.59075779	(13,390,794)	44,696,865	(29.96)	103.60
2016	0.59629138	34,235,839	45,800,597	74.75	91.88

⁽¹⁾ Data not available prior to 2014. 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
Oregon Public Employee Retirement Pension Plan (OPERS)
Last Ten Fiscal Years

Fiscal Year Ended ⁽¹⁾	Contractually Required Contributions ⁽²⁾	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014	\$ 5,390,098	\$ 5,804,879	\$ (414,781)	\$ 44,696,865	12.99 %
2015	6,170,579	6,445,863	(275,284)	45,800,597	14.07
2016	6,481,916	6,555,982	(74,066)	49,353,156	13.28

⁽¹⁾ Data not available prior to 2014. 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
Single-Employer Defined Benefit Pension Plan⁽¹⁾
Schedule of Total Pension Liability and
Schedule of Changes in Total Pension Liability
Last Ten Fiscal Years

Schedule of Total Pension Liability (TPL)

Fiscal Year Ended June 30,	Total Pension Liability	Covered Payroll ⁽²⁾	TPL as a percentage of covered payroll
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015	\$ 2,339,780	N/A	N/A
2016	1,659,564	N/A	N/A

Schedule of Changes in Total Pension Liability

Fiscal Year Ended June 30,	TPL Beginning Balance	Service Costs	Interest on the TPL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	TPL Ending Balance
2007							
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016	\$ 2,339,780	\$ -	\$ 69,310	\$ (347,682)	\$ (46,913)	\$ (354,931)	\$ 1,659,564

⁽¹⁾ These schedules are to be presented as 10-year schedules under the requirements of GASB Statement 73; however, until a full 10 year trend has been compiled information is presented only for the years for which the required supplementary information is available.

⁽²⁾ The pension plan is a closed plan; therefore there is no related covered payroll.

Tualatin Valley Fire and Rescue
LOSAP Plan⁽¹⁾
Schedule of Total Pension Liability and
Schedule of Changes in Total Pension Liability
Last Ten Fiscal Years

Schedule of Total Pension Liability (TPL)

Fiscal Year Ended June 30,	Total Pension Liability	Covered Payroll ⁽²⁾	TPL as a percentage of covered payroll
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015	\$ 136,278	N/A	N/A
2016	180,853	N/A	N/A

Schedule of Changes in Total Pension Liability

Fiscal Year Ended June 30,	TPL Beginning Balance	Service Costs	Interest on the TPL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	TPL Ending Balance
2007							
2008							
2009							
2010							
2011							
2012							
2013							
2014							
2015							
2016	\$ 136,278	\$ -	\$ 4,212	\$ (9,300)	\$ 40,688	\$ 8,975	\$ 180,853

⁽¹⁾ These schedules are to be presented as 10-year schedules under the requirements of GASB Statement 73; however, until a full 10 year trend has been compiled information is presented only for the years for which the required supplementary information is available.

⁽²⁾ The pension plan is a closed plan; therefore there is no related covered payroll.

1. Oregon Public Employee Retirement Pension Plan (OPERS)

Changes in Plan Provisions

The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861 that were included in the 2013 actuarial valuation setting employer rates for July 1, 2015 through June 30, 2017. This reversal increased the benefits projected to be paid and consequently increased plan liabilities.

Changes in Assumption

Below is a summary of key changes implemented with the December 31, 2013 actuarial valuation which was used in the pension calculations and amounts reported for fiscal year ended June 30, 2016. Additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2012 actuarial valuation can be found at: [2013 PERS Actuarial Valuation](#).

Changes in Actuarial Methods and Allocation Procedures

There were no changes to actuarial methods and procedures in the 2013 actuarial valuation.

Changes in Economic Assumptions

There were no changes to economic assumptions in the 2013 actuarial valuation.

Changes in Demographic Assumptions

There were no changes to demographic assumptions in the 2013 actuarial valuation.

2. Single-Employer Defined Benefit Pension Plan

There are no assets accumulated in a trust that meets the criteria of GASB 73 to pay related benefits.

- Valuation date: June 30, 2016
- Actuarial determined contribution method: Pay-as-you-go
- Inflation (post retirement COLA): 2.0%
- Discount rate: 3.2%
- Investment rate of return (net of expenses): N/A plan is unfunded
- Mortality assumptions: RP-2014 Blue Collar generation tables projected forward using Scale MP 2015

3. Length of Service Award Plan (LOSAP)

There are no assets accumulated in a trust that meets the criteria of GASB 73 to pay related benefits.

- Valuation date: June 30, 2016
- Actuarial determined contribution method: Pay-as-you-go
- Actuarial cost method: Entry age normal
- Amortization method: Level percentage of pay, closed
- Amortization period: 0
- Inflation (post retirement COLA): 0.0%
- Discount rate: 3.2%
- Investment rate of return (net of expenses): N/A as plan is unfunded
- Mortality assumptions: RP-2014 Blue Collar generation tables projected forward using Scale MP 2015



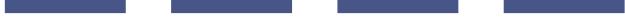


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Other Supplementary Information
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Tualatin Valley Fire and Rescue
Property and Building Fund
Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and
Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 45,000	\$ 60,198	\$ 15,198
Miscellaneous	2,266	2,266	2,266
	<u>45,000</u>	<u>62,464</u>	<u>17,464</u>
Expenditures			
Capital outlay	5,494,000	2,572,610	2,921,390
Operating contingency	1,964,600	1,964,600	1,964,600
Total expenditures	<u>7,458,600</u>	<u>2,572,610</u>	<u>4,885,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,413,600)</u>	<u>(2,510,146)</u>	<u>4,903,454</u>
Other Financing Sources			
Transfers in	4,101,085	4,101,085	4,101,085
Proceeds on sale of surplus property	607,315	607,315	607,315
Total other financing sources	<u>4,101,085</u>	<u>4,708,400</u>	<u>607,315</u>
Net change in fund balance	(3,312,515)	2,198,254	5,510,769
Fund balance - June 30, 2015	10,436,546	10,284,207	(152,339)
Fund balance - June 30, 2016	<u>\$ 7,124,031</u>	<u>\$ 12,482,461</u>	<u>\$ 5,358,430</u>



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.

Capital Projects Fund:

Capital Projects Fund - 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.



Tualatin Valley Fire and Rescue
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Fund Type			Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
	Grants Fund	Debt Service Fund	Capital Projects Fund	
Assets				
Cash and cash equivalents	\$	\$ 1,416,380	\$	\$ 1,416,380
Receivables (net of allowances):				
Property taxes receivable		302,618		302,618
Accounts receivable	142,895		4,000	146,895
Restricted assets:				
Cash and cash equivalents			4,708,054	4,708,054
Total assets	<u>\$ 142,895</u>	<u>\$ 1,718,998</u>	<u>\$ 4,712,054</u>	<u>\$ 6,573,947</u>
Liabilities				
Accounts payable	\$ 69,349	\$	\$ 252,256	\$ 321,605
Due to other funds	<u>73,546</u>			<u>73,546</u>
Total liabilities	<u>142,895</u>		<u>252,256</u>	<u>395,151</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes		286,549		286,549
Fund balances				
Restricted		1,432,449	4,459,798	5,892,247
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 142,895</u>	<u>\$ 1,718,998</u>	<u>\$ 4,712,054</u>	<u>\$ 6,573,947</u>

Tualatin Valley Fire and Rescue
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Fund Type			Total Nonmajor Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
	Grants Fund	Debt Service Fund	Capital Projects Fund	
Revenues				
Taxes	\$	\$ 6,405,403	\$	\$ 6,405,403
Interest		12,700	30,572	43,272
Grants and donations	197,236			197,236
Miscellaneous			5,230	5,230
Total revenues	<u>197,236</u>	<u>6,418,103</u>	<u>35,802</u>	<u>6,651,141</u>
Expenditures				
Current:				
Public safety:				
Debt service:				
Principal		4,020,000		4,020,000
Interest		2,321,111		2,321,111
Capital outlay	288,195		4,245,432	4,533,627
Total expenditures	<u>288,195</u>	<u>6,341,111</u>	<u>4,245,432</u>	<u>10,874,738</u>
Excess (deficiency) of revenues over (under) expenditures	(90,959)	76,992	(4,209,630)	(4,223,597)
Fund balances - June 30, 2015	90,959	1,355,457	8,669,428	10,115,844
Fund balances - June 30, 2016	<u>\$ 90,959</u>	<u>\$ 1,432,449</u>	<u>\$ 4,459,798</u>	<u>\$ 5,892,247</u>

**Tualatin Valley Fire and Rescue
Grants Fund**
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Grants and contributions	<u>\$ 2,503,227</u>	<u>\$ 197,236</u>	<u>\$ (2,305,991)</u>
Expenditures			
Current:			
Public safety:			
Personnel services	26,227	26,227	
Materials and services	19,000	19,000	
Capital outlay	<u>2,458,000</u>	<u>288,195</u>	<u>2,169,805</u>
Total expenditures	<u>2,503,227</u>	<u>288,195</u>	<u>2,215,032</u>
Excess (deficiency) of revenues over (under) expenditures		(90,959)	(90,959)
Fund balance - June 30, 2015		90,959	90,959
Fund balance - June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$</u>

Tualatin Valley Fire and Rescue
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Taxes	\$ 6,267,038	\$ 6,404,310	\$ 137,272
Taxes in lieu	350	1,093	743
Interest	<u>14,525</u>	<u>12,700</u>	<u>(1,825)</u>
Total revenues	<u><u>6,281,913</u></u>	<u><u>6,418,103</u></u>	<u><u>136,190</u></u>
Expenditures			
Debt service:			
Principal	4,020,000	4,020,000	0
Interest	<u>2,321,112</u>	<u>2,321,111</u>	<u>1</u>
Total expenditures	<u><u>6,341,112</u></u>	<u><u>6,341,111</u></u>	<u><u>1</u></u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(59,199)	76,992	136,191
Fund balance - June 30, 2015	1,106,192	1,355,457	249,265
Fund balance - June 30, 2016	<u><u>\$ 1,046,993</u></u>	<u><u>\$ 1,432,449</u></u>	<u><u>\$ 385,456</u></u>

Tualatin Valley Fire and Rescue
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 15,000	\$ 30,572	\$ 15,572
Miscellaneous	5,230	5,230	5,230
Total revenues	<u>15,000</u>	<u>35,802</u>	<u>20,802</u>
Expenditures			
Capital outlay	12,561,200	4,245,432	8,315,768
Operating contingency	389,100	389,100	389,100
Total expenditures	<u>12,950,300</u>	<u>4,245,432</u>	<u>8,704,868</u>
Excess (deficiency) of revenues over (under) expenditures	(12,935,300)	(4,209,630)	8,725,670
Fund balance - June 30, 2015	<u>12,935,300</u>	<u>8,669,428</u>	<u>(4,265,872)</u>
Fund balance - June 30, 2016	<u>\$ 4,459,798</u>	<u>\$ 4,459,798</u>	<u>\$ 4,459,798</u>

**Tualatin Valley Fire and Rescue
Insurance Fund**
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 3,250	\$ 3,770	\$ 520
Insurance refunds		63,412	63,412
Total revenues	<u>3,250</u>	<u>67,182</u>	<u>63,932</u>
Expenditures			
Materials and services	648,428	26,877	621,551
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(645,178)	40,305	685,483
Fund balance - June 30, 2015	<u>645,178</u>	<u>613,121</u>	<u>(32,057)</u>
Fund balance - June 30, 2016	<u><u>\$</u> 653,426</u>	<u><u>\$</u> 653,426</u>	<u><u>\$</u> 653,426</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.

Pension Fund: Accounts for resources for the District's single-employer defined benefit pension plan for employees who retired prior to July 16, 1981. The principal revenue source is employer contributions.

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.



Other Supplementary Information

Tualatin Valley Fire and Rescue
Combining Balance Sheet
General Fund
June 30, 2016

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Pension Fund	Volunteer LOSAP Fund	Total General Fund
Assets							
Cash and cash equivalents	\$ 50,868,981	\$ 5,136,615	\$ 8,610,010	\$	\$	\$ 45,846	\$ 64,661,452
Investments						\$ 277,578	\$ 277,578
Receivables (net of allowances):							
Property taxes receivable	4,264,685						4,264,685
Accounts receivable	295,836		138,785				434,621
Due from other funds	73,546						73,546
Supplies inventory	318,368						318,368
Total assets	<u>\$ 55,821,416</u>	<u>\$ 5,136,615</u>	<u>\$ 8,748,795</u>	<u>\$</u>	<u>\$</u>	<u>\$ 323,424</u>	<u>\$ 70,030,250</u>
Liabilities							
Accounts payable	\$ 926,104	\$ 2,849	\$ 183,366	\$	\$	\$	\$ 1,112,319
Accrued salaries and benefits payable	6,658,402						6,658,402
Total liabilities	<u>\$ 7,584,506</u>	<u>\$ 2,849</u>	<u>\$ 183,366</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 7,770,721</u>
Deferred Inflows of Resources							
Unavailable revenue - property taxes	4,027,374						4,027,374
Unavailable revenue - transport services	89,797						89,797
Unavailable revenue - HazMat revenue	72,911						72,911
Unavailable revenue - GEMT revenue		138,785					138,785
Total deferred inflows of resources	<u>4,190,082</u>	<u>138,785</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,328,867</u>
Fund Balances							
Nonspendable	318,368						318,368
Committed		5,133,766	8,426,644			323,424	13,883,834
Unassigned	43,728,460						43,728,460
Total fund balances	<u>\$ 44,046,828</u>	<u>5,133,766</u>	<u>8,426,644</u>	<u>\$</u>	<u>\$</u>	<u>\$ 323,424</u>	<u>\$ 57,930,662</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,821,416</u>	<u>\$ 5,136,615</u>	<u>\$ 8,748,795</u>	<u>\$</u>	<u>\$</u>	<u>\$ 323,424</u>	<u>\$ 70,030,250</u>

Tualatin Valley Fire and Rescue
General Fund
Combining Schedule of Revenues, Expenditures,
Other Financing Sources (Uses), and Changes in Fund Balances
For the Year Ended June 30, 2016

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Pension Fund	Volunteer LOSAP Fund	Eliminations	Total General Fund
Revenues								
Program revenues:								
Charges for services	\$ 1,945,892	\$	\$	\$ 233,508	\$	\$	\$	\$ 2,179,400
Program fees		7,000		493,393				500,393
Grants and contributions		168,720						168,720
General revenues:								
Taxes	93,204,211							93,204,211
Interest	159,346	22,478		50,291		10,527		242,642
Insurance dividends and refunds		380,216						380,216
Miscellaneous	94,415							94,415
Total revenues	<u>95,959,800</u>	<u>22,478</u>	<u>543,684</u>	<u>233,508</u>	<u></u>	<u>10,527</u>	<u></u>	<u>96,769,997</u>
Expenditures								
Current:								
Public safety:								
Personnel services	76,477,907			252,972	347,682	9,300		77,087,861
Materials and services	10,597,545			28,249				10,625,794
Capital outlay		471,639	1,620,023					2,091,662
Total expenditures	<u>87,075,452</u>	<u>471,639</u>	<u>1,620,023</u>	<u>281,221</u>	<u>347,682</u>	<u>9,300</u>	<u></u>	<u>89,805,317</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,884,348</u>	<u>(449,161)</u>	<u>(1,076,339)</u>	<u>(47,713)</u>	<u>(347,682)</u>	<u>1,227</u>	<u></u>	<u>6,964,680</u>
Other Financing Sources (Uses)								
Transfers in		1,750,000		28,249	347,682		(3,125,931)	
Transfers out	(7,227,016)		1,000,000				3,125,931	(4,101,085)
Proceeds on sale of surplus property	6,711		9,530					16,241
Total other financing sources (uses)	<u>(7,220,305)</u>	<u>1,750,000</u>	<u>1,009,530</u>	<u>28,249</u>	<u>347,682</u>	<u></u>	<u></u>	<u>(4,084,844)</u>
Net change in fund balances	<u>1,664,043</u>	<u>1,300,839</u>	<u>(66,809)</u>	<u>(19,464)</u>	<u></u>	<u>1,227</u>	<u></u>	<u>2,879,836</u>
Fund balances - June 30, 2015								
Restatement of beginning of year	42,382,785	3,832,927	8,493,453	19,464				54,728,629
Fund balances - June 30, 2015, as restated							322,197	322,197
Fund balances - June 30, 2016	<u>42,382,785</u>	<u>3,832,927</u>	<u>8,493,453</u>	<u>19,464</u>	<u></u>	<u>322,197</u>	<u></u>	<u>55,050,826</u>
	<u>\$ 44,046,828</u>	<u>\$ 5,133,766</u>	<u>\$ 8,426,644</u>	<u>\$</u>	<u>\$</u>	<u>\$ 323,424</u>	<u>\$</u>	<u>\$ 57,930,662</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 Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 17,500	\$ 22,478	\$ 4,978
Expenditures			
Capital outlay	1,470,600	471,639	998,961
Operating contingency	400,000		400,000
Total expenditures	<u>1,870,600</u>	<u>471,639</u>	<u>1,398,961</u>
Excess (deficiency) of revenues over (under) expenditures	(1,853,100)	(449,161)	1,403,939
Other Financing Sources			
Transfers in	<u>1,750,000</u>	<u>1,750,000</u>	<u> </u>
Net change in fund balance	(103,100)	1,300,839	1,403,939
Fund balance - June 30, 2015	<u>3,783,430</u>	<u>3,832,927</u>	<u>49,497</u>
Fund balance - June 30, 2016	<u>\$ 3,680,330</u>	<u>\$ 5,133,766</u>	<u>\$ 1,453,436</u>

Tualatin Valley Fire and Rescue
Capital Improvements Fund
Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 36,000	\$ 50,291	\$ 14,291
Program Fees	493,393	493,393	
Total revenue	<u>36,000</u>	<u>543,684</u>	<u>507,684</u>
Expenditures			
Capital outlay	2,203,873	1,620,023	583,850
Operating contingency	1,737,600	1,737,600	
Total expenditures	<u>3,941,473</u>	<u>1,620,023</u>	<u>2,321,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,905,473)</u>	<u>(1,076,339)</u>	<u>2,829,134</u>
Other Financing Sources			
Transfers in	1,725,000	1,000,000	(725,000)
Proceeds on sale of surplus property	3,500	9,530	6,030
Total other financing sources	<u>1,728,500</u>	<u>1,009,530</u>	<u>(718,970)</u>
Net change in fund balance	<u>(2,176,973)</u>	<u>(66,809)</u>	<u>2,110,164</u>
Fund balance - June 30, 2015	8,228,010	8,493,453	265,443
Fund balance - June 30, 2016	<u>\$ 6,051,037</u>	<u>\$ 8,426,644</u>	<u>\$ 2,375,607</u>

**Tualatin Valley Fire and Rescue
Emergency Management Fund**
**Schedule of Revenues, Expenditures, Other Financing Sources,
and Changes in Fund Balance - Budget and Actual**
For the Year Ended June 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Charges for services	\$ 233,508	\$ 233,508	\$ 233,508	\$
Expenditures				
Current:				
Public safety:				
Personnel services	211,536	254,446	252,972	1,474
Materials and services	30,000	28,249	28,249	
Operating contingency	41,159			
Total expenditures	<u>282,695</u>	<u>282,695</u>	<u>281,221</u>	<u>1,474</u>
Excess (deficiency) of revenues over (under) expenditures	(49,187)	(49,187)	(47,713)	1,474
Other Financing Sources				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>28,249</u>	<u>(1,751)</u>
Net change in fund balance	(19,187)	(19,187)	(19,464)	(277)
Fund balance - June 30, 2015	<u>19,187</u>	<u>19,187</u>	<u>19,464</u>	<u>277</u>
Fund balance - June 30, 2016	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**Tualatin Valley Fire and Rescue
Pension Fund**

Schedule of Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures			
Personnel services	\$ 351,085	\$ 347,682	\$ 3,403
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(351,085)	(347,682)	3,403
Other Financing Sources			
Transfers in	<u>(351,085)</u>	<u>(347,682)</u>	<u>3,403</u>
Net change in fund balance			
Total net position, June 30, 2015			
Total net position, June 30, 2016	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Tualatin Valley Fire and Rescue
Volunteer LOSAP Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Investment earnings	\$ 12,700	\$ 10,527	\$ (2,173)
Expenditures			
Personnel services	326,537	9,300	317,237
Excess (deficiency) of revenues over (under) expenditures and net change in fund balance	(313,837)	1,227	315,064
Fund balance - June 30, 2015	<u>313,837</u>	<u>322,197</u>	<u>8,360</u>
Fund balance - June 30, 2016	<u>\$ 323,424</u>	<u>\$ 323,424</u>	<u>\$ 323,424</u>

Tualatin Valley Fire and Rescue
Schedule of Property Tax Transactions and Outstanding Balances
for the fiscal year ended June 30, 2016

	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, 2016
2015-16	\$ 102,942,662		\$ (2,742,031)	\$ 25,111	\$ (111,659)	\$ (98,293,871)	\$ 1,820,212
2014-15	1,589,667		240	46,940	(30,765)	(758,801)	847,281
2013-14	831,502		31	37,139	(6,957)	(242,689)	619,026
2012-13	598,774		27	53,425	(6,150)	(236,901)	409,175
2011-12	372,435		5	24,662	(1,994)	(95,571)	299,537
2010-11	284,586		5	6,704	(624)	(19,867)	270,804
2009 and prior	315,501			10,994	(990)	(24,237)	301,268
Total prior	3,992,465		308	179,864	(47,480)	(1,378,066)	2,747,091
Total	\$ 3,992,465	\$ 102,942,662	\$ (2,741,723)	\$ 204,975	\$ (159,139)	\$ (99,671,937)	\$ 4,567,303
<hr/>							
Reconciliation to tax revenues on combined financial statements:							
Property tax collections above				\$ 93,262,077	\$ 6,409,860	\$ 99,671,937	
Property taxes susceptible to accrual at June 30, 2016				237,306	16,074	253,380	
Property taxes susceptible to accrual at June 30, 2015				(312,824)	(21,869)	(334,693)	
Taxes in lieu of property taxes				17,652	1,338	18,990	
Tax revenues				\$ 93,204,211	\$ 6,405,403	\$ 99,609,614	
<hr/>							
DISTRIBUTED AS FOLLOWS:							
General Fund	\$ 92,161,494	\$ 1,025,065	\$ 17,652	\$ 93,204,211	\$ 4,264,685		
Debt Service Fund	6,331,236	72,829	1,338	6,405,403	302,618		
Total	\$ 98,492,730	\$ 1,097,894	\$ 18,990	\$ 99,609,614	\$ 4,567,303		





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: These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	112
Revenue Capacity: These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	116
Debt Capacity: 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.	120
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	123
Operating Information: 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.	125

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

Statistical Section

Tualatin Valley Fire and Rescue

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 (restated)	2016
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 33,700,603
Restricted	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	1,432,449
Unrestricted	39,349,635	46,748,396	49,339,432	51,160,608	51,301,589	54,491,788	57,945,008	36,267,390	53,184,779	31,728,130
Total primary government net position	<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>\$ 85,412,669</u>	<u>\$ 66,861,182</u>

Tualatin Valley Fire and Rescue
Changes in Net Position
Last Ten Fiscal Years
(accretion basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental activities:										
Charges for services ⁽¹⁾	\$ 852,678	\$ 916,859	\$ 758,476	\$ 587,305	\$ 738,171	\$ 1,322,635	\$ 1,383,399	\$ 1,939,665	\$ 2,183,509	\$ 2,823,408
Operating grants and contributions	583,497	277,094	134,753	241,384	278,408	1,086,330	1,161,457	168,769	699,265	384,686
Capital grants and contributions		68,535	432,805	43,950		48,450				
Total primary government program revenues	<u>1,436,175</u>	<u>1,262,488</u>	<u>1,326,034</u>	<u>872,639</u>	<u>1,016,579</u>	<u>2,457,415</u>	<u>2,544,856</u>	<u>2,108,434</u>	<u>2,882,774</u>	<u>3,208,094</u>
General Revenues										
Property taxes	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	100,265,764
Investment earnings	2,504,630	2,755,890	1,006,351	406,556	299,393	343,772	336,512	276,632	276,125	349,882
Insurance dividends and refunds	273,161	646,230	236,921	420,993	655,797	188,074	527,435	882,340	551,766	443,628
Miscellaneous	81,298	52,372	116,317	270,443	113,625	224,532	400,202	91,807	353,105	114,426
Total primary government general revenue	<u>64,070,526</u>	<u>69,600,797</u>	<u>69,614,322</u>	<u>73,699,259</u>	<u>75,974,751</u>	<u>80,060,128</u>	<u>81,117,254</u>	<u>83,928,360</u>	<u>86,763,413</u>	<u>101,173,700</u>
Expenses										
Governmental activities:										
Public safety - fire protection	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	121,399,775
Interest on long-term debt	359,307	921,830	950,457	1,785,629	1,761,449	2,417,200	2,315,227	2,211,384	1,916,016	2,037,260
Loss on sale of capital assets		38,671								
Total primary government expenses	<u>59,231,691</u>	<u>62,835,198</u>	<u>68,321,476</u>	<u>71,435,439</u>	<u>73,722,858</u>	<u>78,855,586</u>	<u>80,457,997</u>	<u>83,179,260</u>	<u>71,714,444</u>	<u>123,437,035</u>
Total primary government net expense	<u>6,275,010</u>	<u>8,028,087</u>	<u>2,618,880</u>	<u>3,136,459</u>	<u>3,268,472</u>	<u>3,661,957</u>	<u>3,204,113</u>	<u>2,857,534</u>	<u>17,931,743</u>	<u>(19,055,241)</u>
Other Changes in Net Position										
Gain on sale of capital assets	20,567		8,834				551,304	583,350	94,503	503,754
Change in Net Position										
Total primary government	<u>\$ 6,295,577</u>	<u>\$ 8,028,087</u>	<u>\$ 2,627,714</u>	<u>\$ 3,136,459</u>	<u>\$ 3,268,472</u>	<u>\$ 3,661,957</u>	<u>\$ 3,755,417</u>	<u>\$ 3,440,884</u>	<u>\$ 18,026,246</u>	<u>\$ (18,551,487)</u>

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

Statistical Section

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 (restated)	2016
General Fund										
Reserved	\$ 236,315	\$ 272,292	\$ 302,466	\$ 36,809,276						
Unreserved	30,458,483	34,934,854								
Non-spendable				281,282	283,918	275,878	323,981	305,764	341,601	318,368
Committed				8,056,103	8,004,148	10,846,664	12,193,728	12,155,534	12,345,844	13,883,834
Unassigned				37,979,877	40,080,565	39,379,808	40,637,548	42,904,607	42,363,381	43,728,460
Total general fund	\$ 30,694,798	\$ 35,207,146	\$ 37,111,742	\$ 46,317,262	\$ 48,368,631	\$ 50,502,350	\$ 53,155,257	\$ 55,365,905	\$ 55,050,826	\$ 57,930,662
All Other Governmental Funds										
Reserved	\$ 17,868,637	\$ 11,340,917	\$ 22,908,804							
Unreserved, reported in										
Special revenue funds	4,451,489	6,706,623	7,343,692							
Capital projects fund	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	\$ 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	\$ 18,374,708

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

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

	Fiscal Year																			
	2007		2008		2009		2010		2011		2012		2013		2014		2015		2016	
	\$	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	\$	99,609,614
Revenues																				
Taxes																				
Interest		2,469,936		2,720,574		992,093		402,132		296,086		340,389		332,825		273,181		272,757		346,112
Charges for services and fees		848,145		895,648		728,156		583,312		763,085		1,308,643		1,406,782		1,938,937		2,026,509		2,679,793
Insurance dividends and refunds		239,646		641,668		230,529		415,446		655,797		179,479		526,133		881,244		520,569		380,216
Grants and contributions		230,399		190,593		81,762		225,052		156,951		1,072,899		864,502		167,099		699,265		365,956
Miscellaneous		73,987		47,083		89,484		104,552		93,638		222,553		385,023		75,499		335,836		101,911
Total revenues		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		103,483,602
Expenditures																				
Current:																				
Public safety		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		87,713,655
Capital outlay		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		9,197,899
Debt service:																				
Principal		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		4,020,000
Interest		170,200		931,892		841,575		1,798,179		1,738,673		2,520,412		2,419,635		2,315,835		2,005,285		2,321,111
Total expenditures		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		103,252,665
over (under) expenditures		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)		230,937
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		161,672		157,299		86,857		533,967		25,190		272,692		951,489		627,966		156,522		623,556
Payment to escrow																		(10,905,290)		
Transfers in		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		4,101,085
Transfers out		(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)		(4,101,085)
Total other financing sources (uses)		20,101,672		157,299		29,449,261		533,967		24,774,454		272,692		951,489		627,966		5,792,270		623,556
Net change in fund balances		\$ 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		\$ 854,493
Debt service as a percentage of noncapital expenditures		2.53%		5.29%		5.09%		5.62%		5.92%		7.74%		7.39%		7.08%		6.29%		6.74%

Statistical Section

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		
2016	\$ 46,770,392,287	\$ 77,733,939,780	\$ 1,443,660,193	\$ 1,579,174,513	\$ 49,002,673	\$ 64,618,830	\$ 1,291,141,760	\$ 1,463,290,805	\$ 49,554,196,913	\$ 80,841,023,928	61.30 %	\$ 2.11
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

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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 a difference between market value and assessed value.

Tualatin Valley Fire and Rescue

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

Last Ten Fiscal Years

For Fiscal Years Ended June 30

Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	Fiscal Year									
	2007		2008		2009		2010		2011	
	\$	11.21	\$	12.37	\$	12.11	\$	12.61	\$	12.51
	\$	20.11	\$	20.55	\$	20.96	\$	21.97	\$	19.10
Tualatin Valley Fire and Rescue	\$	1.82	\$	1.87	\$	1.84	\$	1.90	\$	1.88
Washington County		2.45		3.03		2.98		2.98		2.97
Clackamas County		2.87		2.40		2.85		2.86		2.98
City of Beaverton		4.21		4.18		4.12		4.20		4.20
City of Durham		1.83		1.81		1.82		1.83		1.81
City of King City		1.94		1.94		1.94		1.94		1.91
City of Sherwood		3.78		3.72		3.54		3.56		4.00
City of Tigard		2.73		2.74		2.68		2.72		2.72
City of Tualatin		2.13		2.26		2.15		2.18		2.53
City of West Linn		2.88		2.12		2.12		2.45		2.45
City of Wilsonville		2.32		2.25		2.20		2.17		2.69
Wilsonville Urban Renewal		0.69		0.79		0.86		2.42		2.23
Port of Portland		0.07		0.07		0.07		0.07		0.07
Tualatin Hills Parks & Recreation District		1.44		1.43		1.43		1.73		1.74
Enhanced Sheriff Patrol		1.11		1.09		1.31		1.28		1.27
Portland Community College		0.49		0.51		0.50		0.63		0.64
Clackamas Community College		2.40		0.55		0.55		0.74		0.72
Clackamas ESD		0.37		0.37		0.37		0.37		0.37
Multnomah ESD		0.46		0.46		0.46		0.46		0.46
N.W. Regional ESD		0.15		0.15		0.15		0.15		0.15
Hillsboro School District		6.52		2.00		7.10		7.46		7.58
Portland School District		5.28		6.53		6.53		6.53		7.27
Beaverton School District		6.29		6.74		6.56		6.88		6.78
West Linn / Wilsonville School District		9.31		7.57		9.05		9.18		9.34
Newberg School District		8.27		8.55		8.30		8.24		8.33
Tigard-Tualatin School District		6.90		6.86		7.71		7.68		7.37
Lake Oswego School District		7.04		6.85		7.15		7.16		6.90
Canby School District		4.58		4.58		6.63		6.91		6.88
Sherwood School District		7.07		8.92		8.80		8.92		8.88

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

Current Year and Nine Years Ago

All Washington County Property

	Year				Year			
	2016				2007			
	Rank ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation	Rank ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation		
Private enterprises:								
Intel Corporation	1	\$ 2,218,043,675	4.48 %	1	\$ 1,043,164,799	2.97 %		
Nike, Inc.	2	661,926,149	1.34	3	333,402,234	0.95		
Pacific Realty Associates	4	339,535,573	0.69	6	245,937,009	0.70		
Comcast Corporation	6	314,888,200	0.64					
Frontier Communications	7	190,166,000	0.38					
Verizon Communications	8	177,142,000	0.36	2	352,920,852	1.01		
Genentech, Inc.	9	165,225,810	0.33					
PPR Washington Square, LLC	10	142,625,935	0.29					
Maxim Integrated Products, Inc.				7	152,395,039	0.43		
Tektronix, Inc.				8	135,416,474	0.39		
ERP Operating, LP				9	108,787,770	0.31		
Novellus Systems, Inc.				10	105,490,595	0.30		
Public utilities:								
Portland General Electric	3	478,753,431	0.97	4	317,363,394	0.90		
Northwest Natural Gas Co	5	319,249,270	0.64	5	262,931,030	0.75		
All other taxpayers		44,546,640,870	89.88		32,058,435,473	91.29		
Total Assessed Value ⁽²⁾		\$ 49,554,196,913	100.00 %		\$ 35,116,244,669	100.00 %		

Source: "2015-16 Top Taxpayers in Washington County, Washington County Department of Assessment and Taxation Ranked by M50 Assessed Value"

⁽¹⁾ Principal taxpayers are in Washington County only.⁽²⁾ Total assessed value is reflective of TVF&R's portion of the totals collectible for Washington, Clackamas and Multnomah counties.

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
2016	\$ 102,942,662	\$ 98,293,871	95.48%	\$ 1,378,066	\$ 99,671,937	96.82 %
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

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 ⁽²⁾	Debt Service Monies Available ⁽²⁾	Net General Bonded Debt ⁽²⁾	Ratio of Net General Bonded Debt to Assessed Value	General Bonded Debt Per Capita ⁽³⁾	Percentage of Personal Income ⁽³⁾
2016	\$ 49,554,197	\$ 55,560,104	\$ 1,432,449	\$ 54,127,655	0.11 %	120.98	0.26 %
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

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, 2016

Jurisdiction	Net Direct Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
City of Beaverton	\$ 722,076	99.99 %	\$ 722,038
City of Durham	520,000	99.98	519,921
City of Hillsboro	34,975,000	0.12	42,075
City of Sherwood	28,091,621	99.99	28,087,772
City of Tigard	24,708,242	99.99	24,706,957
City of Tualatin	6,892,166	99.99	6,891,408
City of West Linn	17,740,000	100.00	17,740,000
Clackamas Community College	62,061,012	24.54	15,228,904
Clackamas County	101,775,136	18.76	19,088,639
Clackamas County ESD	22,960,637	18.29	4,200,281
Clackamas County SD 3J (West Linn/Wilsonville)	241,545,453	99.99	241,544,728
Clackamas County SD 7J (Lake Oswego)	96,022,877	5.87	5,640,576
Clackamas County SD 86 (Canby)	66,658,030	13.40	8,935,176
Columbia County SD 1J (Scappoose)	29,095,000	0.22	64,736
Metro Service District	199,855,000	27.86	55,670,210
Multnomah County	160,509,766	0.96	1,544,425
Multnomah County SD 1J (Portland)	710,094,161	1.53	10,894,975
Portland Community College	335,095,000	30.46	102,057,538
Rivergrove Water District 14J	627,528	18.70	117,373
Tualatin Hills Park & Recreation District	86,871,694	98.79	85,819,765
Valley View Water District	1,621,692	100.00	1,621,692
Washington County	53,679,570	71.99	38,641,400
Washington Cty Enhanced Patrol Dist.	90,020	98.47	88,643
Washington County SD 1J (Hillsboro 7 Bd)	4,583,144	12.93	592,445
Washington County SD 1J (Hillsboro)	269,460,000	13.16	35,469,020
Washington County SD 23J (Tigard-Tualatin)	86,394,152	99.90	86,306,981
Washington County SD 48J (Beaverton)	808,153,784	95.21	769,453,724
Washington County SD 88J (Sherwood)	99,865,170	99.29	99,156,926
Willamette ESD	10,750,000	0.43	46,311
Yamhill County SD 29J (Newberg)	56,392,118	4.50	<u>2,534,882</u>
Subtotal overlapping debt			1,663,429,521
District direct debt			<u>55,560,104</u>
Total direct and overlapping debt			<u>\$ 1,718,989,625</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

Statistical Section

Tualatin Valley Fire and Rescue
Legal Debt Margin Information
June 30, 2016

Real market value of District property \$ 80,841,023,928
Debt limit under ORS 478.410(2) - (1.25% of the real market value) 1,010,512,799

Amount of debt applicable to debt limit:

Gross bonded debt outstanding \$ 55,560,104
Assets in Debt Service Fund available for debt service (1,432,449)
Total amount of debt applicable to debt limit 54,127,655

Legal debt margin \$ 956,385,144

Total net debt applicable to the limit as a percentage of debt limit 5.36%

	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 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	\$ 1,010,512,799
Total net debt applicable to limit	<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>	<u>54,127,655</u>
Legal debt margin	\$ <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>	\$ <u>956,385,144</u>
Total net debt applicable to the limit as a percentage of debt limit	2.96%	2.35%	5.59%	5.63%	9.07%	8.96%	8.58%	7.57%	7.21%	5.36%

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⁾
2016	459,234	\$ 45,968	\$ 21,110,195	56,519	4.10 %
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

⁽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

	2016		2007	
	Fiscal Average	% of Total	Fiscal Average	% of Total
Natural Resources & Mining	3,120	1%	3,591	1%
Construction	13,550	5%	15,428	6%
Manufacturing				
Wood Products	1,023		1,612	
Fabricated Metal Products	3,354		3,219	
Food	1,882		1,603	
Plastics and Rubber Products	2,009		2,382	
Computer Products	28,249		27,655	
Machinery	4,269		3,609	
Other	7,129		7,992	
Total Manufacturing	47,915	17%	48,072	19%
Trade, Transportation, and Utilities				
Wholesale	13,076		17,790	
Retail	31,109		29,632	
Transportation, Warehousing, and Utilities	4,316		4,017	
Total Trade, Transportation, and Utilities	48,501	17%	51,439	21%
Information				
Publishing	3,112		3,731	
Telecommunications	2,124		2,098	
Other (broadcasting, ISP's, etc.)	2,169		1,743	
Total Information	7,405	3%	7,572	3%
Financial Activities				
Finance and Insurance	10,586		10,817	
Real Estate	3,443		3,844	
Total Financial Activities	14,029	5%	14,661	6%
Professional & Business Services	53,213	19%	34,710	14%
Education	5,095	2%	4,573	2%
Health & Social Assistance	28,014	10%	20,423	8%
Leisure & Hospitality	24,500	9%	19,863	8%
Other Services	9,501	3%	7,953	3%
Private Non-Classified	59	0%	97	0%
Total All Government	22,381	9%	20,764	9%
Total Employment	<u><u>277,283</u></u>	<u><u>100%</u></u>	<u><u>249,146</u></u>	<u><u>100%</u></u>

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fire and Rescue Service	301	305	307	319	325	330	340	344	346	351
Fire Prevention and Training	41	40	43	37	25	22	23	24	24	24
Administrative and Support	64	67	67	76	93	89	92	90	103	115
Total	406	412	417	432	443	441	455	458	473	490

Source: Tualatin Valley Fire and Rescue Human Resources records

Statistical Section

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

Function	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 est.
Public Safety:										
Code Enforcement										
Inspections (not including night)	3,981	3,610	3,358	3,788	3,023	2,470	3,906 ⁽¹⁾	4,483	3,814	4,400
Re-Inspections	3,437	2,502	2,763	2,661	1,739	1,483	2,371	2,882	2,586	2,700
Night inspections	188	136	189	165	111	122	211	174	286	280
Violations Found	5,669	4,423	4,537	4,232	2,852	2,571	4,021	4,918	4,178	4,500
Incident Response										
Dispatched as:										
1 - Fire, Explosion	4,605	4,527	4,079	3,564	3,293	3,282	3,597	3,460	3,776	3,859
3 - EMS/Rescue Call	25,262	25,381	24,092	24,671	25,539	27,119	28,737	29,829	32,062	34,548
4 - Hazardous Condition	478	502	532	543	526	630	662	783	767	870
5 - Service Call	1,542	1,517	1,241	918	937	1,081	1,209	1,260	1,334	1,413
6 - Good Intent	215	166	224	266	154	271	342	304	386	450
9 - Other Situation	-	-	341	422	435	443	539	497	551	639
Total Responses	<u>32,102</u>	<u>32,093</u>	<u>30,509</u>	<u>30,384</u>	<u>30,884</u>	<u>32,826</u>	<u>35,086</u>	<u>36,133</u>	<u>38,876</u>	<u>41,779</u>
Situations found:										
1 - Fire, Explosion	949	1,042	898	784	880	987	1,028	999	1,294	1,193
2 - Overpressure	81	80	59	47	63	87	86	59	28	42
3 - EMS/Rescue Call	15,824	18,910	18,425	19,288	19,516	21,160	22,244	23,460	26,231	28,597
4 - Hazardous Condition	757	779	745	747	757	805	915	1,113	1,065	1,251
5 - Service Call	2,054	1,853	2,046	1,851	2,021	1,984	2,567	2,496	2,502	2,883
6 - Good Intent	9,953	6,623	5,768	5,457	5,855	5,918	6,156	6,013	5,681	5,493
7 - False Call	2,451	2,777	2,519	2,178	1,749	1,846	2,050	1,942	2,058	2,307
8 - Natural Condition	4	7	13	2	5	4	7	23	10	4
9 - Other Situation	29	22	36	30	38	35	33	28	7	9
Total Responses	<u>32,102</u>	<u>32,093</u>	<u>30,509</u>	<u>30,384</u>	<u>30,884</u>	<u>32,826</u>	<u>35,086</u>	<u>36,133</u>	<u>38,876</u>	<u>41,779</u>

⁽¹⁾ Additional inspection personnel were added to the District, which resulted in a greater number and type of inspections being performed.

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

Function	Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety:										
Number of Stations	22	22	23 ⁽¹⁾	23	23	21 ⁽²⁾	21	21	21	22 ⁽⁴⁾
Equipment: ⁽¹⁾										
Aerial/Truck/Platform	4	4	5	5	5	3	4	4	4	4
Antique Fire Equipment	3	3	3	3	3	2	3	3	5	6
Brush Rig	8	8	9	9	9	8	9	12	9	9
Cars				4	4	4	4	4	7 ⁽³⁾	7
Elevated Waterway	4	4	4	3	3	3	3	3	3	3
HazMat	3	3	3	3	3	5	5	5	5	5
Medic Unit			3	4	4	3	4	10	10	10
Mobile Command Unit	1	1	1	1	1	1	1	1	1	1
Pumper/Engine	31	37	35	30	30	30	30	30	28	28
Rehab Unit				2	2	4	3	2	2	2
Technical Rescue	6	6	4	6	6	7	7	7	7	7
Tiller										1
Water Tender	7	7	7	7	7	6	9	9	7	7

⁽¹⁾ Station 50 placed into service.

⁽²⁾ Volunteer Stations 358 and 359 no longer staffed or used.

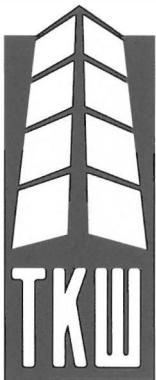
⁽³⁾ Three additional CARS were placed into service.

⁽⁴⁾ Station 70 placed into service.



Independent Auditor's Report Required By Oregon State Regulations





Talbot, Korvolta
& Warwick, LLP

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon (the District) as of and for the year ended June 30, 2016, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2016.

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)**

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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, Kovola & Warwick, LLP

Lake Oswego, Oregon
October 21, 2016