



POPULAR ANNUAL FINANCIAL REPORT

for the fiscal year ended June 30, 2017

TUALATIN VALLEY FIRE AND RESCUE

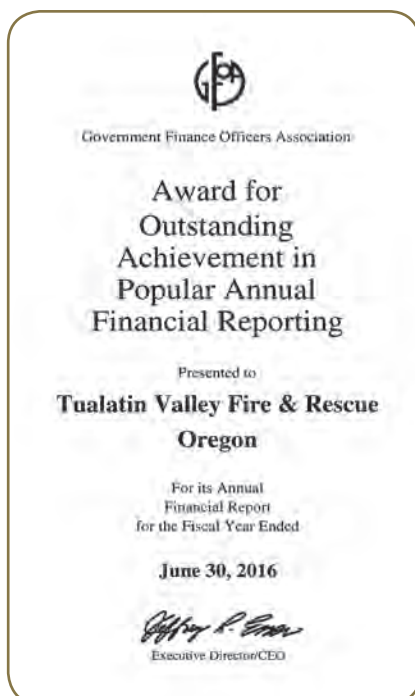
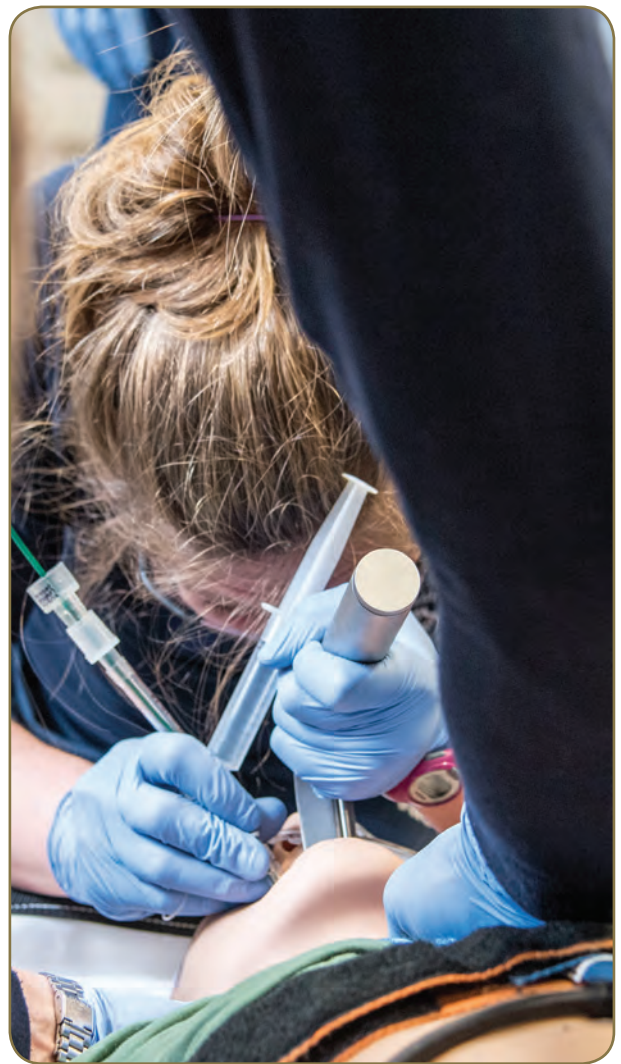
A Rural Fire Protection District

PROUDLY SERVING THE OREGON CITIES OF: Beaverton,
Durham, King City, Newberg, North Plains, Rivergrove,
Sherwood, Tigard, Tualatin, West Linn, Wilsonville, and portions
of Washington, Clackamas, Multnomah, and Yamhill counties.



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The Government Finance Officers Association (GFOA) established the Popular Annual Financial Reporting (PAFR) awards program to encourage governments to condense information from their comprehensive annual financial reports to produce high-quality popular annual financial reports designed to be accessible and easily understandable for the general public, and then to recognize governments that are successful in achieving that goal. The District received this award for the 2016 PAFR, the fourth consecutive year for this achievement.

For a more detailed look at Tualatin Valley Fire and Rescue, please review our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017, available at www.tvfr.com.

MESSAGE FROM THE FIRE CHIEF

Dear Residents and Friends of Tualatin Valley Fire and Rescue,

I am pleased to present Tualatin Valley Fire and Rescue's fifth Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2017. This report is part of the constant effort to provide transparency of the financial information for the District.


Every day, members of our community trust us to help them when they're vulnerable or in crisis. We do not take this trust for granted. Similarly, we recognize that our

taxpayers deserve to have their investments managed well and diligently accounted for.

The Comprehensive Annual Financial Report (CAFR) is prepared annually by District management, audited by an independent accounting firm, and submitted to the state of Oregon and other agencies. It provides more detailed financial information, note disclosures, and 10 years of statistical information. The PAFR draws information directly from the CAFR and focuses on presenting complex financial information in a simplified manner, including charts and graphs to demonstrate the financial picture. The PAFR, CAFR and Budget Document are available at www.tvfr.com.

I hope this report will provide you with a better understanding of the finances of TVF&R. We would be pleased to answer any questions or provide copies of these documents to our residents.

Respectfully,



Michael R. Duyck
Fire Chief

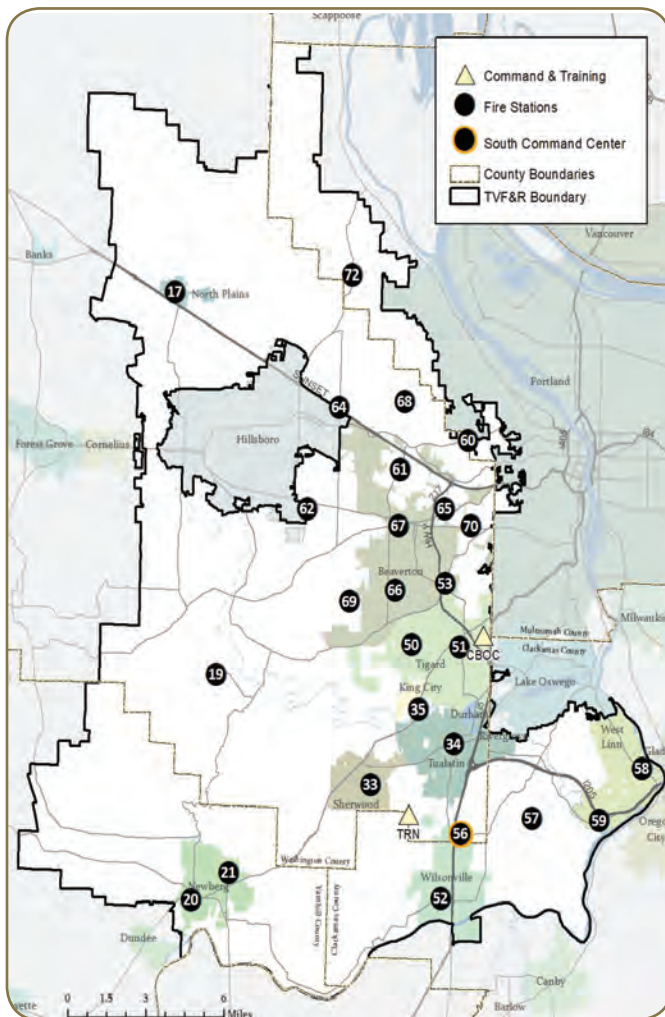


The "Chief's Bull's-Eye" serves as a reminder to all TVF&R personnel that excellence is achieved only when decisions are made consistent with these cornerstones:

- ▶ Safety and Performance
- ▶ Customer Service
- ▶ Professionalism



ABOUT THE DISTRICT



More information on the history and growth of TVF&R can be found on pages 8 and 9.

Tualatin Valley Fire and Rescue was established in 1989 through the merger of two regional fire districts. The District has subsequently grown through additional mergers and annexations, including the July 1, 2017, annexation of Washington County Rural Fire Protection District 2 (District 2). Effective July 1, 2018, the contract areas of the City of Newberg and Newberg Rural Fire Protection District will potentially legally join the District. The combined District provides fire protection and emergency medical services to 491,376 residents in approximately 390 square miles that includes 11 cities and portions of four counties in Oregon.

The District is committed to creating safer communities through education, prevention, preparedness, and emergency response. Response services include fire suppression, technical and water rescue, emergency medical services, and ambulance transport. The District also serves as a regional hazardous material response provider for the state of Oregon.

In the year ended June 30, 2017, the District served the two additional service areas through fire protection contracts to District 2 and the combined City of Newberg and Newberg Rural Fire Protection District, providing enhanced protection for more residents and strengthening regional response efforts. On November 8, 2016, the residents of District 2 voted to approve the dissolution of Washington County Fire District 2 and annexation of the territory into TVF&R effective July 1, 2017. On November 7, 2017, the residents of the City of Newberg and Newberg Rural area each voted to join TVF&R on July 1, 2018.

ORGANIZATIONAL STRUCTURE

The District is led by an elected Board of Directors.



President
Clark I. Balfour
Term Ends:
June 30, 2021



Vice President
Gordon L. Hovies
Term Ends:
June 30, 2021



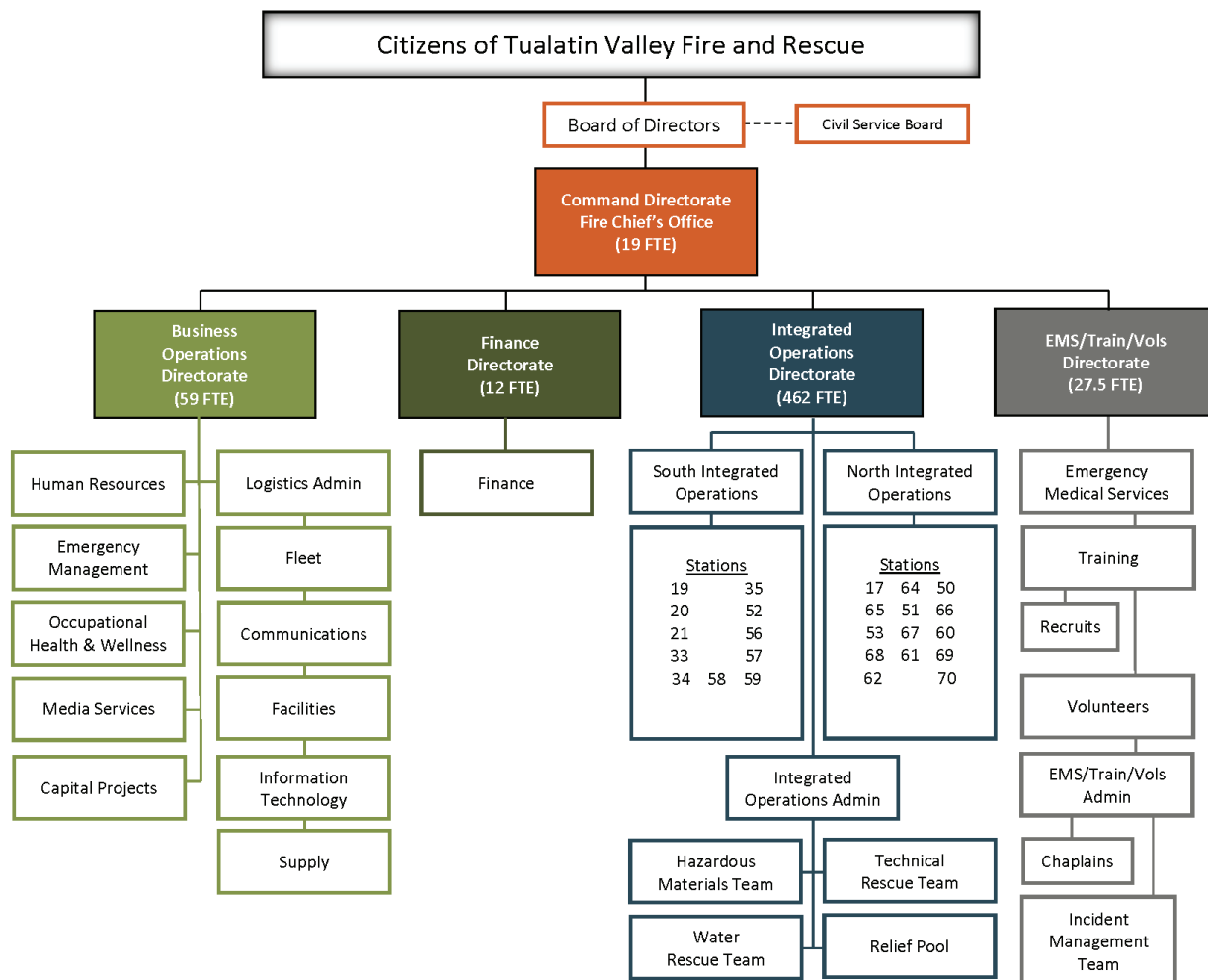
Secretary/Treasurer
Brian J. Clopton
Term Ends:
June 30, 2019



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



Board Member
Robert C. Wyffels
Term Ends:
June 30, 2021



FACTS & FIGURES

TVF&R's Service Area includes

- Cities of:*
 - Beaverton
 - Durham
 - King City
 - Newberg
 - North Plains
 - Rivergrove
 - Sherwood
 - Tigard
- Tualatin
- West Linn
- Wilsonville
- and portions of:*
 - Clackamas County
 - Multnomah County
 - Washington County
 - Yamhill County

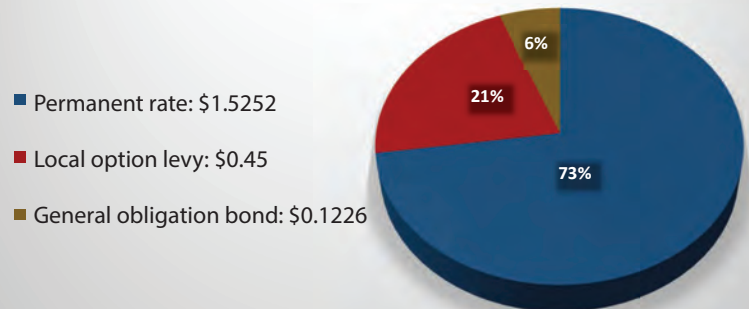
TVF&R Personnel

- 423 Fire, Medical, and Rescue Services
- 23 Fire Prevention and Training
- 111 Administrative and Support
- 107 Volunteers

More than **250** fire, medical, and rescue personnel are certified as advanced life support (ALS) **paramedics**.



2016-17 Tax Rate = **\$2.10** per \$1,000 Assessed Value



Aaa

Moody's Bond Rating

TVF&R is the **only** fire district in the nation with a Moody's Bond rating of Aaa — the highest available.

2016 Incident Responses

- Emergency Medical Services, Rescue Call ...29,693
- Good Intent5,866
- Service Call.....3,054
- Other Situation or False Call.....2,422
- Hazardous Condition.....1,274
- Fire, Explosion1,199

Of the above 43,508 incidents,

68%

were **medical** in nature.

TVF&R Operates

- 21 fire stations staffed by career firefighters and 1 volunteer station (plus four operated under contract)
- Command and Business Operating Center
- South Operating Center
- Training facility
- Full-service logistics facilities for fleet, facilities and supply
- 105 Apparatus (trucks, engines, medic units, etc.)
- Occupational Health and Wellness services

DISTRICT HISTORY



Tualatin Rural Fire Protection District, Tigard, Oregon, 1955

1989 — The Merger. When Tualatin Rural Chief Floyd Pittard invited Chief Jack Snook of Washington County Fire District No. 1 out for coffee, it set off a cascade of events that would eventually lead to the formation of Tualatin Valley Fire and Rescue. The District formed through the vision of its leaders and through the collective effort and perseverance of all its people, keeping one question in mind at all times: “What is in the best interest of the residents we serve?”



Early Tualatin volunteer engine company

Stafford-Wilsonville Fire Department residents vote to become part of Tualatin Rural Fire Protection District, which serves Tualatin, Sherwood, Tigard, King City, Durham, Rivergrove, and unincorporated areas in Washington and Clackamas counties.

1948

TUALATIN RURAL FIRE PROTECTION DISTRICT

Tualatin Rural Fire Protection District and Washington County Fire District 1 merge to form Tualatin Valley Fire & Rescue.

1989

WASHINGTON COUNTY FIRE DISTRICT 1

1972

Cedar Mill Fire Department, West Slope Fire Department and Beaverton Rural Fire Protection District merge to form Washington County Fire District 1.

City of Beaverton Fire Department annexes into Tualatin Valley Fire & Rescue.

1996

TUALATIN VALLEY FIRE & RESCUE

1995

Valley View Water District annexes into Tualatin Valley Fire & Rescue. Multnomah County Fire Districts 4 and 20 merge with TVF&R.

2001

Rosemont Fire District in Clackamas County annexes into Tualatin Valley Fire & Rescue's service area.



In **1989**, the District had a service area of **175** square miles and a population of approximately **150,800**.
Today, the District has a service area of **390** square miles and a population of **491,376**.

City of West Linn Fire Department annexes into Tualatin Valley Fire & Rescue. The District provided contract services to the city of West Linn from 1998 to 2004.

2004

Washington County Fire District 2 annexes into Tualatin Valley Fire & Rescue effective July 1.

2017

2016

TVF&R provides contract services to Washington County Fire District 2 and the City of Newberg and extends service to Newberg Rural Fire Protection District.

Voters in the City of Newberg and Newberg Rural Fire Protection District decide on November 7 to annex into TVF&R.



BALANCE SHEET

The government-wide *Statement of Net Position* presents information on the District's assets and deferred inflows and liabilities and deferred outflows with the difference between the two representing the net position of the District. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The net position of the District increased by \$3.6 million on June 30, 2017.

Assets

Current and other assets	\$ 93,720,530	\$ 91,462,039	\$ 2,258,491
Capital assets	94,208,741	84,800,909	9,407,832
Deferred outflows of resources	50,172,913	9,202,648	40,970,265
Total assets and deferred outflows	238,102,184	185,465,596	52,636,588

Liabilities

Current liabilities	23,968,150	20,044,068	3,924,082
Long-term debt and pension liabilities	143,353,449	91,030,966	52,322,483
Deferred inflows of resources	272,053	7,529,380	(7,257,327)
Total liabilities and deferred inflows	167,593,652	118,604,414	48,989,238

Net position

Fiscal Year			
	2017	2016	Variance
Net position	\$ 70,508,532	\$ 66,861,182	\$ 3,647,350

INCOME STATEMENT

The government-wide *Statement of Activities* reports money received and spent by the District during the fiscal year. The largest revenue source comes from property taxes. The \$9.3 million increase in charges for services is mostly due to the contracted services for the District 2 and Newberg contracts.

Revenues

Charges for services	\$ 12,175,225	\$ 2,823,408	\$ 9,351,817
Property taxes	103,767,491	100,265,764	3,501,727
Other revenues	5,751,305	1,796,376	3,954,929
Total revenues	121,694,021	104,885,548	16,808,473

Expenses

Public safety/fire protection	116,142,631	121,399,775	(5,257,144)
Interest on long-term debt	1,904,040	2,037,260	(133,220)
Total expenses	118,046,671	123,437,035	(5,390,364)
Change in net position	3,647,350	(18,551,487)	22,198,837
Net position — July 1	66,861,182	85,412,669	(18,551,487)
Net position — June 30	\$ 70,508,532	\$ 66,861,182	\$ 3,647,350

The summary financial data on these statements is derived from the CAFR and is consistent with generally accepted accounting principles.

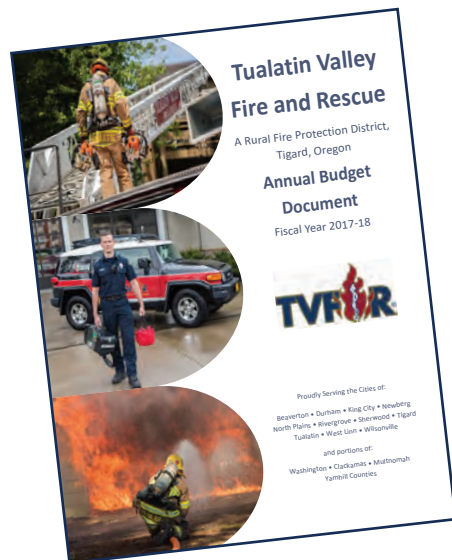
Net position increased
\$3,647,350 or **5.46%**
 over the prior year.





ANNUAL BUDGET — ALL FUNDS

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



	Fiscal Year		
	2018	2017	Variance
Budgeted Resources (or revenues)			
Beginning fund balance	\$ 70,318,149	\$ 66,279,572	\$ 4,038,577
Property taxes	108,790,945	102,746,135	6,044,810
Other revenue	10,658,231	14,769,311	(4,111,080)
Other financing sources	7,480,286	6,500,000	980,286
Total budgeted resources	<u>\$ 197,247,611</u>	<u>\$ 190,295,018</u>	<u>\$ 6,952,593</u>

	Fiscal Year		
	2018	2017	Variance
Budgeted Requirements (or expenditures)			
Personnel services	\$ 102,201,265	\$ 97,148,646	\$ 5,052,619
Materials and services	14,427,312	14,034,590	392,722
Capital outlay	26,259,907	19,921,415	6,338,492
Debt service payments	6,462,236	6,273,986	188,250
Transfers	7,480,286	6,500,000	980,286
Contingency	9,175,307	9,090,531	84,776
Ending fund balance	31,241,298	37,325,850	(6,084,552)
Total budgeted requirements	<u>\$ 197,247,611</u>	<u>\$ 190,295,018</u>	<u>\$ 6,952,593</u>

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

GENERAL FUND

The General Fund, presented on the budgetary basis of accounting, focuses on measuring revenues and expenditures against the legally adopted budget. This statement reports the operations of the District and does not include revenues and expenditures that are required to be accounted for in other funds. Three years of actual revenues and expenditures are shown. The General Fund presents only current revenues and expenditures. More detail can be found on pages 34 and 35 of the CAFR.

Revenues

Property taxes
Interest
Charges for services
Insurance refunds
Grants and contributions
Miscellaneous
Total revenues

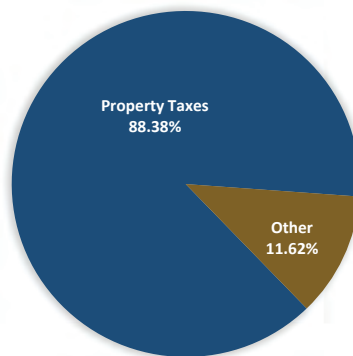
Fiscal Year		
2017	2016	2015
\$ 97,372,689	\$ 93,204,211	\$ 80,427,928
216,287	159,346	119,296
11,741,022	1,945,892	1,806,645
381,105	380,216	520,569
132,009	168,720	413,520
329,108	101,415	105,758
110,172,220	95,959,800	83,393,716

Expenditures and other uses

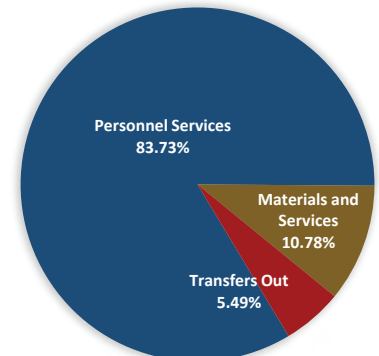
Public safety personnel services
Public safety materials and services
Other financing uses (transfers out)
Total expenditures
Net change in fund balance
Net position — July 1
Net position — June 30

89,793,873	76,551,622	72,082,009
11,559,469	10,597,545	8,955,539
5,888,748	7,220,305	3,183,754
107,242,090	94,369,472	84,221,302
2,930,130	1,590,328	(827,586)
37,482,480	35,892,152	36,719,738
\$ 40,412,610	\$ 37,482,480	\$ 35,892,152

Fiscal Year 2017 Revenues



Fiscal Year 2017 Expenditures



Property tax revenue provides **88.38%** of the funding for the District.



DEBT SERVICE

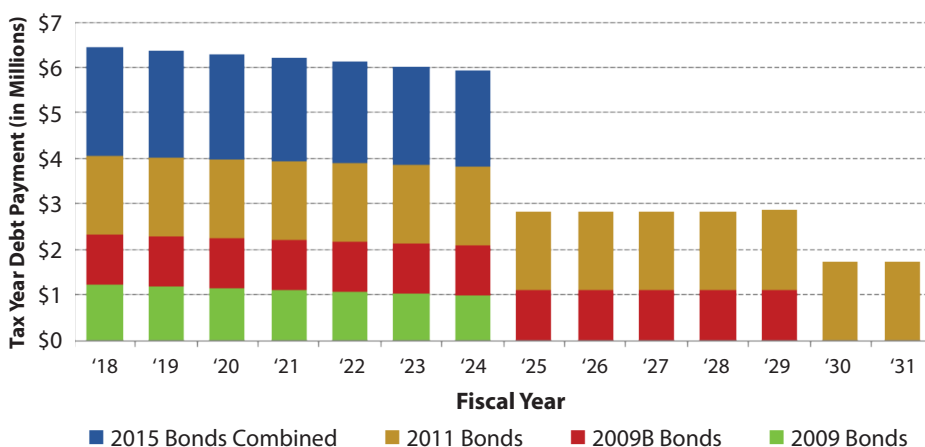
The District was authorized by its voters in November 2006 to issue \$77.5 million of general obligation bonds. The proceeds were fully spent as of May 2017 to fund fire station seismic improvements, construction and command center projects, and to purchase fire apparatus and land for future stations (more details on page 14).

By Oregon law, the District is subject to a debt limit that is 1.25 percent of real market value of taxable property. On June 30, 2017, that amount was \$973 million. As of June 30, 2017, the total general obligation bonded debt was \$48,820,000. The total outstanding debt applicable to the limit was \$49.8 million, which is 5.1 percent of the total debt limit.

On September 19, 2017, the District refunded \$13.7 million of its 2009 and 2009B general obligation bonds. This refunding resulted in an approximate \$1 million in savings to District taxpayers.



Future Debt Payments



CAPITAL PROJECTS

In 2006, the voters approved Ballot Measure 34-133 to issue **\$77.5 million bonds** — What did it pay for? (Bond premiums, interest earnings, etc. allowed for an additional \$3,608,131 for a total of \$81,108,131 in projects)



Apparatus and Response

Vehicles — \$13,182,466

- 9 Engines
- 2 Ladder Trucks
- 2 Tiller Trucks
- 10 Medic Units
- 2 Water Tenders
- 1 Heavy Rescue
- 2 Rehab Units
- 3 Light Brush Rigs
- 4 Response Cars
- 1 Water Rescue Boat
- 10 Code 3 Response and Other Vehicles

Land, Buildings, and Improvements:

New Land and Stations — \$37,508,292

- Station 50, Walnut
- Station 53, Progress
- Station 56, Elligsen Road/South Operating Center
- Station 58, Bolton
- Station 59, Willamette
- Station 65, West Slope
- Station 68, Bethany
- Station 70, Raleigh Hills
- Station 71, Kaiser Road (land only)



Station Safety/Seismic/Remodels — \$13,901,728

- Station 34, Tualatin
- Station 35, King City
- Station 51, Tigard
- Station 52, Wilsonville
- Station 62, Aloha
- Station 64, Somerset
- Station 66, Brockman
- Station 69, Cooper Mountain

Other — \$16,515,645

- Relocation of Command & Business Operating Center
- Training Center improvements
- Station 31, West Bull Mountain, initial planning



On November 7, 2006,
Measure 34-133 passed with
68.98% of the vote.

CAPITAL PLAN

The District plans for and sets aside reserves for future capital expenditures. Because the costs of many assets are significant, the District prepares a long-term capital plan. This process helps the District anticipate when outside funding might be required.

As the proceeds of the bonds were utilized on remaining planned projects in fiscal year 2017, the District shifted capital project spending to the local option levy and transfers from the General Fund.

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



CAPITAL SPENDING FORECAST NEXT FIVE FISCAL YEARS



Apparatus	Capital Construction	Equipment	Equipment
Response Vehicles	Station 39 - Rivergrove	IT & Communications Equipment	Media Equipment
Elevated waterways	Station 55 - Rosemont	Servers	AV replacement
Fire engines	Station 62 - Aloha North	Network infrastructure & storage	Cameras
Fire trucks	Station 72 - Skyline	Mobile computing	Smart classroom equipment
HazMat units	Station 64 - Somerset (Seismic)	Radios	
Medic units	Station 69 - Cooper Mountain (Seismic)	Operations Equipment	
Response cars	Supply/Fleet/Facilities Relocation	Turnouts and helmets	
Water tenders	Land	Extrication equipment	
Non-response Vehicles	Station 31 - West Bull Mountain	EMS equipment	
Staff code 3 vehicles	Station 39 - Rivergrove	HazMat equipment	
Staff vehicles	Station 54 - Charbonneau	Respiratory equipment	
	Station 63 - Aloha South	Technical rescue equipment	
		Training materials	





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

Phone: (503) 649-8577

www.tvfr.com

Copies of the Popular Annual Financial Report, Comprehensive Annual Financial Report, and Budget Document are available online at www.tvfr.com.

Hard copies can be requested by calling (503) 649-8577.

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