

Tualatin Valley Fire and Rescue

A Rural Fire Protection District



Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2018

TVF&R proudly serves the Oregon cities of Beaverton, Durham, King City, Newberg, North Plains, Rivergrove, Sherwood, Tigard, Tualatin, West Linn, and Wilsonville in addition to portions of Washington, Clackamas, Multnomah, and Yamhill counties.

Mission

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

Vision

Developed jointly with the Board of Directors, the statements below comprise our shared vision for optimal safety in our community. We invite community members and partner governmental agencies to help us advance a community with the following attributes:

- Protection from fire, medical, and other emergencies is achieved through targeted, proactive risk-reduction strategies. When emergencies do happen, skilled personnel provide fast and effective response services.
- Education delivered to residents and businesses motivates their active role in emergency prevention, preparedness, and resilience measures. Our personnel take steps to ensure this in their own lives as well.
- Cooperative resource sharing and collaborative partnerships ensure a highly effective and efficient emergency response system.



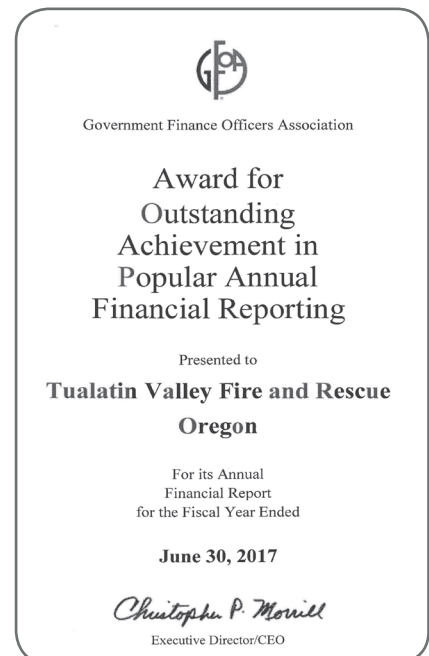
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Award

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 2017 PAFR, marking the fifth consecutive year for this achievement.

The information in this report is drawn from our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018, and Budget Document for the fiscal year 2018-19, which can both be found online 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 sixth Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2018. This report is part of a constant effort to provide transparency of the financial resources the public has entrusted to us. The District focuses on this core value of transparency in TVF&R's Strategic Plan.

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 and provides more detailed, audited financial information, note disclosures, and 10 years of statistical information. The PAFR draws information directly from the CAFR and the Budget Document 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.

Thank you for your interest in TVF&R's 2018 Popular Annual Financial Report. 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 principles: Safety and Performance, Customer Service, and Professionalism.

About the District

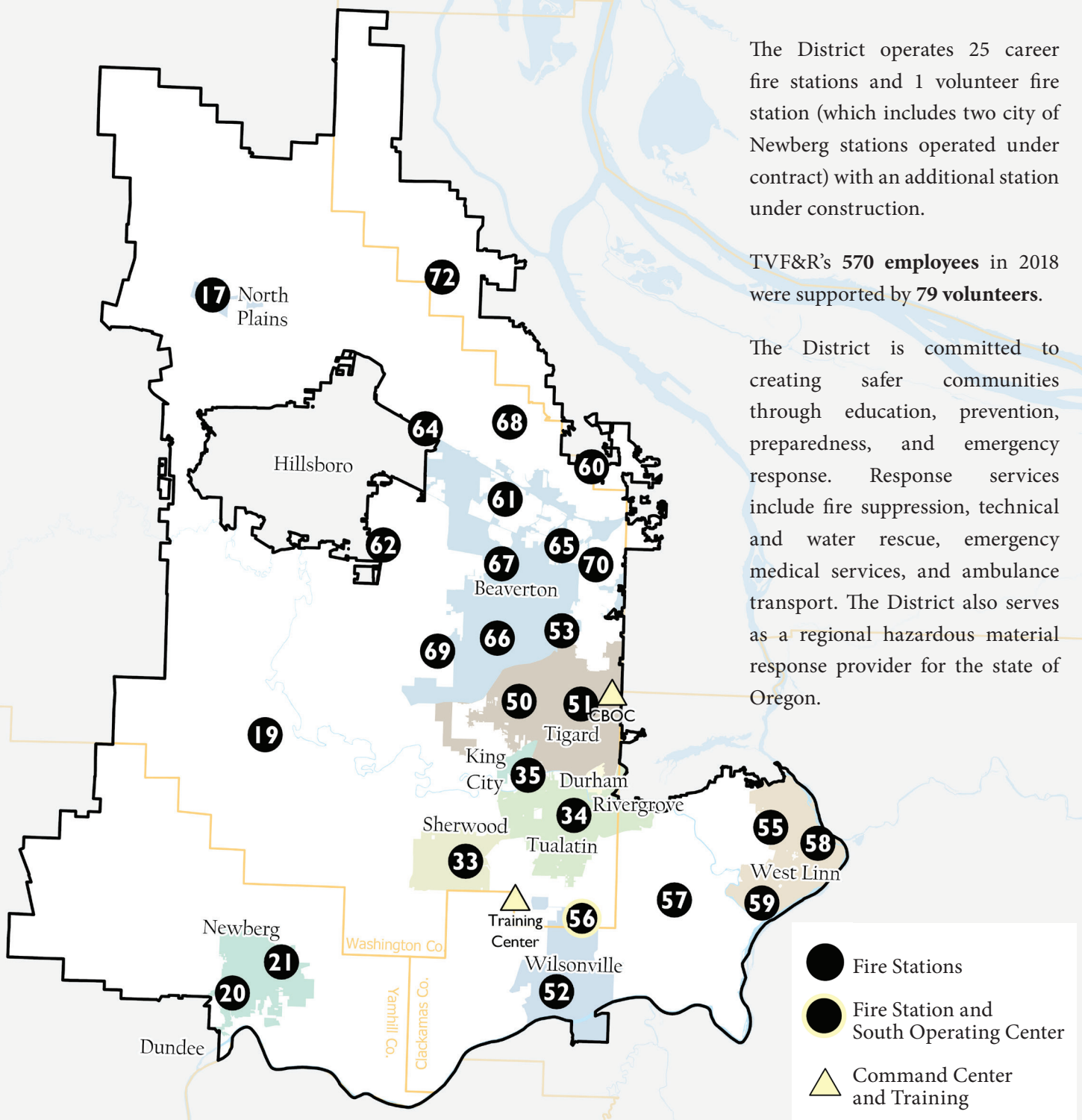
Tualatin Valley Fire and Rescue was established in 1989 through the merger of two regional fire districts. The District has subsequently grown through additional mergers and annexations, including the July 1, 2017, annexation of Washington County Rural Fire Protection District 2. Effective July 1, 2018, the City of Newberg and Newberg Rural Fire Protection District legally annexed into the District as well.

The entire District provides fire protection and emergency medical services to **519,853 residents** in approximately **390 square miles**, which includes **11 cities** and portions of **four counties** in Oregon. TVF&R is a special service district supported by the property owners within its boundaries and revenues from former contract areas.

The District operates 25 career fire stations and 1 volunteer fire station (which includes two city of Newberg stations operated under contract) with an additional station under construction.

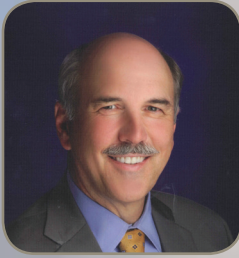
TVF&R's **570 employees** in 2018 were supported by **79 volunteers**.

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.



Leadership

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

Strategic Goals

During the fiscal year ended June 30, 2018, all TVF&R divisions and departments contributed toward the accomplishments of the two-year, 2016-18 Strategic Plan. Three main goals, supplemented by supporting strategies and organizational tactics, as outlined in the District's 2016-18 Strategic Plan were:

1. Build an organization with a shared mission, effective communication, and engaged, resilient personnel.
2. Create a fully accountable system of performance management at all levels of the organization, with particular focus on the core functions that improve fast and effective emergency response.
3. Carefully evaluate, act on, or dismiss identified opportunities.

Accomplishments during the fiscal year included implementation of a digital communication medium, workforce survey, maintenance of adequate staffing, 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 public safety education and outreach; continued focus on our hands-only CPR education program in local schools with students going on to train thousands of residents; and continued station implementation of community risk-reduction programs and services unique to their service areas.



2017-18 Quick Facts

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

- 454 Fire, Medical, and Rescue Services
- 21 Fire Prevention and Training
- 95 Administrative and Support
- 79 Volunteers

Moody's Bond Rating — Aaa

TVF&R is the **only** fire district in the nation with a Moody's Bond rating of Aaa — the highest available. This high rating demonstrates credit worthiness and allows the District to issue debt at lower interest rates and in turn pass that savings on to taxpayers.

** Departs from CAFR as this count includes assets operated under contract.*

TVF&R Operates

- 25 fire stations staffed by career firefighters and 1 volunteer station (an additional, new career station is scheduled to open in August 2018)*
- Command & Business Operating Center
- South Operating Center
- Training facility
- Full-service logistics facilities for fleet, facilities and supply
- 123 Apparatus (trucks, engines, medic units, etc.)*
- Occupational Health and Wellness Services

2017 Incident Responses (Calendar Year)

- Emergency Medical Services, Rescue Call.....33,390
- Good Intent.....6,676
- Service Call3,625
- Other Situation or False Call2,658
- Hazardous Condition1,500
- Fire, Explosion.....1,362

Finances at a Glance

- Assessed Value..... \$56,207,735,620
- Tax Rate \$2.08/\$1,000 assessed value
- Operating Budget..... \$122,472,386
- Bonded Debt..... \$46,639,594

Emergency Medical Services
Water Rescue
Fire Prevention **Technical Rescue**
Public Education **Preparedness**
Fire Suppression
Ambulance Transport
Hazardous Materials Response
Conflagrations



Maximizing Your Investment

Thanks to community support, TVF&R has been able to make investments that help ensure the District's ability to provide fast, safe, and effective emergency response with new station construction, four-person crews, alternative response vehicles, improved equipment, and community risk-reduction efforts.

Oregon law requires local governments and special service districts to seek voter approval of local option levies that expire in five years or less. Levy funding helps TVF&R face ongoing response challenges of increasing call volume, traffic congestion, and development.

As we enter the fourth year of a five-year local option levy approved by voters in May 2014, the District is excited to open new Station 55 staffed with 12 firefighters in West Linn in August 2018, move forward with construction of new Station 39 in Tualatin, and continue to support our highly trained and skilled firefighters and paramedics. The local option levy ensures each crew has enough personnel to take immediate action at complex incidents such as entering a burning building, providing advanced life support care to cardiac arrest patients, performing vehicle extrications after crashes, and rescuing individuals from other dangerous situations.

Levy funds enabled the District to secure land for additional stations for future needs of our public and contributed to important seismic upgrades at three existing stations to maintain crews' ability to respond following an earthquake or other major disaster. The levy also allowed TVF&R to retain firefighters and staff who support safe and reliable emergency operations and purchase additional emergency vehicles and equipment such as fire hose, breathing apparatus, and medical kits.

We do not take the community's support for granted and are grateful for the trust placed in our crews.

Milestone Celebration

Tualatin Valley Fire and Rescue was honored to join with our community partners and neighbors to celebrate the opening of the District's new Rosemont Station 55.

Our community's levy investment allowed TVF&R to construct this new station in a place where crews faced response challenges due to topography and transportation network limitations.

The placement of the station at the top of the hill serves as the ideal location to ensure the best coverage and fastest response times to emergency incidents while also strengthening the District's regional network of stations.

A four-member crew and levy-funded tiller truck that has separate steering wheels in the front and back for better maneuverability through tight streets and challenging neighborhoods began responding to incidents out of the station on August 20, 2018.



Hundreds of community members attended a Station 55 Open House on October 6, 2018. During the event, District leaders joined West Linn officials in a special "hose-uncoupling" ceremony rather than a traditional ribbon cutting to mark the station opening. Guests toured the new station, met firefighters, learned fire and life safety tips, checked out apparatus, and learned hands-only CPR.



Balance Sheet / Statement of Net Position

The Statement of Net Position presents information on assets and deferred outflows and liabilities and deferred inflows with the difference between the two representing net position. The deferred outflows and inflows are comprised of pension and other post-employment benefits that apply to future periods. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The District reflects a healthy financial condition with assets and deferred outflows of resources exceeding its liabilities and deferred inflows of resources by \$70.9 million at June 30, 2018.

	Fiscal Year		
	2018	2017 (restated)*	2016
Assets			
Current and other assets	\$ 93,752,959	\$ 97,338,636	\$ 91,462,039
Capital assets	105,769,298	95,229,071	84,800,909
Deferred outflows of resources	35,125,250	50,172,913	9,202,648
<i>Total assets and deferred outflows</i>	<u>234,647,507</u>	<u>242,740,620</u>	<u>185,465,596</u>
Liabilities			
Current liabilities	26,157,568	23,968,150	20,044,068
Long-term debt and pension liabilities	136,400,472	150,653,846	91,030,966
Deferred inflows of resources	1,159,574	272,053	7,529,380
<i>Total liabilities and deferred inflows</i>	<u>163,717,614</u>	<u>174,894,049</u>	<u>118,604,414</u>
Net position	<u>\$ 70,929,893</u>	<u>\$ 67,846,571</u>	<u>\$ 66,861,182</u>

For greater detail, see the District's Comprehensive Annual Financial Report that is available online at www.tvfr.com.

Income Statement / Statement of Activities

The Statement of Activities reports all money received and spent by the District during the fiscal year. This statement presents high-level summary information about how the District's net position changed during the fiscal year. As of June 30, 2018, the District's net position increased by \$3.1 million.

	Fiscal Year		
	2018	2017	2016
Revenues			
Charges for services	\$ 10,750,717	\$ 12,175,225	\$ 2,823,408
Property taxes	111,451,601	103,767,491	100,265,764
Other revenues	3,487,770	5,751,305	1,796,376
<i>Total revenues</i>	<u>125,690,088</u>	<u>121,694,021</u>	<u>104,885,548</u>
Expenses			
Public safety/fire protection	121,283,168	116,142,631	121,399,775
Interest on long-term debt	1,323,598	1,904,040	2,037,260
<i>Total expenses</i>	<u>122,606,766</u>	<u>118,046,671</u>	<u>123,437,035</u>
Change in net position	3,083,322	3,647,350	(18,551,487)
Beginning of the year	67,846,571	66,861,182	85,412,669
Restatement of beginning of year*		(2,661,961)	
Net position — July 1	67,846,571	64,199,221	85,412,669
Net position — June 30	<u>\$ 70,929,893</u>	<u>\$ 67,846,571</u>	<u>\$ 66,861,182</u>

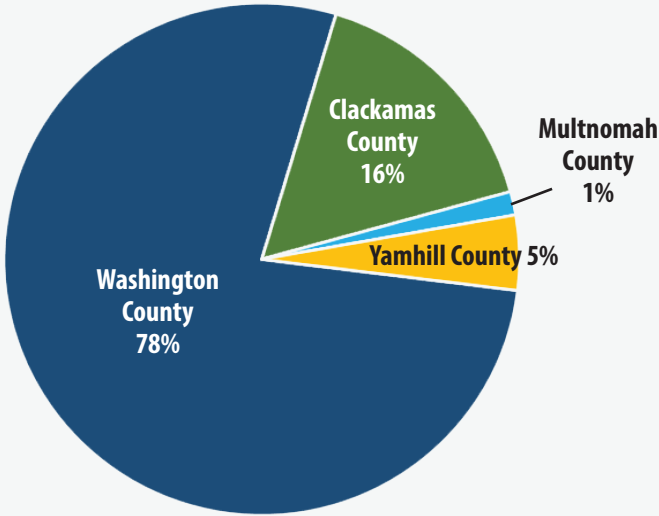
* The annexation and merger of District 2 on July 1, 2017, caused a restatement of beginning net position.



Property Taxes

Property taxes levied on assessed value of TVF&R's service area provides most funding for District operations. In 2017-18, the Washington County assessed value includes the former District 2 service area. In 2018-19, the assessed value increases again when the Newberg service areas in Yamhill County permanently join the District.

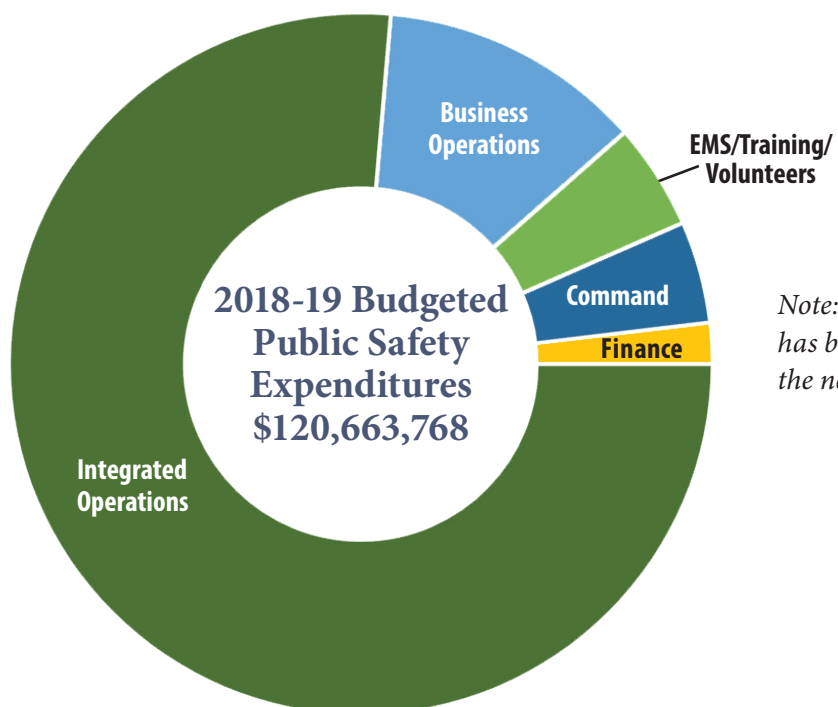
Assessed Value	2018-19	2017-18
Washington County	\$ 47,970,551,987	\$ 45,786,151,797
Clackamas County	9,932,577,557	9,543,456,134
Multnomah County	908,296,330	878,127,689
Yamhill County	2,915,245,490	-
Total AV	\$ 61,726,671,364	\$ 56,207,735,620
Permanent tax rate	\$ 1.5252	\$ 1.5252
Local option levy	0.4500	0.4500
Bonded debt	0.1087	0.1023
Total Tax Rate	\$ 2.0839	\$ 2.0775





Annual Operating Budget – General Fund

	Fiscal Year		
	2019	2018	2017
Budgeted Expenditures			
Personnel Services	\$ 106,556,106	\$ 100,575,788	\$ 95,752,608
Materials and Services	14,107,662	14,416,312	13,318,747
Transfers	5,115,891	7,480,286	6,500,000
<i>Total Operating Budget</i>	125,779,659	122,472,386	115,571,355
Contingency	4,936,693	5,322,705	4,909,249
Ending Fund Balance	30,804,273	23,930,455	23,232,263
Total Budgeted Expenditures	\$ 161,520,625	\$ 151,725,546	\$ 143,712,867



Note: Information for the 2018-19 fiscal year has been included to provide a look forward to the next period.

Financial Planning

The District prepares financial forecasts on an ongoing basis to provide staff and policymakers the most current projected results of operational and economic variables and to inform the budget process. The District constantly evaluates its projected property tax growth rates, property tax levy collection rates, interest rates, projected labor inflation rates, PERS rate increases, medical insurance cost projections, as well as the desired service delivery model and current local option levy rates. The below forecast from the 2018-19 Budget Document reflects the current staffing configuration with modest property tax growth. It represents conservative growth in District assessed value and no further firefighter staffing additions as well as growing PERS, healthcare, and dispatch costs.

Financial Forecast – General Fund (in Thousands)

	2018-19	2019-20	2020-21	2021-22	2022-23
Beginning Fund Balance	\$ 44,400	\$ 44,400	\$ 43,000	\$ 43,500	\$ 42,600
Property Tax Revenue	114,300	119,600	125,200	131,000	137,100
Investment and Interest	200	300	300	300	300
Charges for Services	3,900	3,900	4,000	4,100	4,200
Insurance Refunds	400	400	400	400	400
Miscellaneous	200	200	200	200	200
Total Revenues	163,400	168,800	173,100	179,500	184,800
Personnel Costs	101,500	109,900	113,700	120,600	127,100
Materials and Services	13,400	13,700	14,100	14,500	14,900
Transfers Out	4,100	2,200	1,800	1,800	800
Total Expenditures	119,000	125,800	129,600	136,900	142,800
Forecasted Ending Fund Balance	\$ 44,400	\$ 43,000	\$ 43,500	\$ 42,600	\$ 42,000
Months of Forecasted Fund Balance	4.5	4.1	4.0	3.7	3.5
Targeted Ending Fund Balance	\$ 49,583	\$ 52,417	\$ 54,000	\$ 57,042	\$ 59,500
Months of Targeted Fund Balance	5.0	5.0	5.0	5.0	5.0

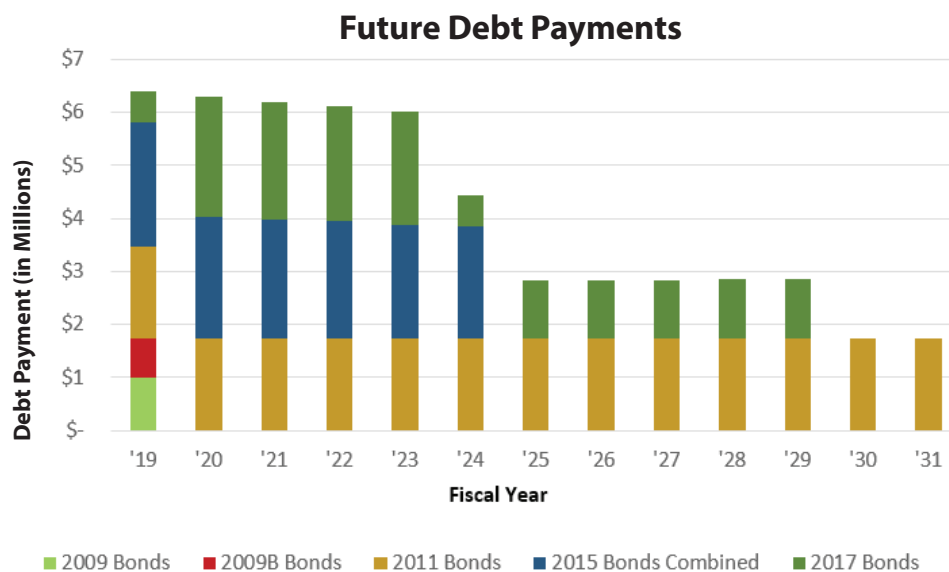
Note: The Board of Directors adopted a minimum ending fund balance policy specifying a balance in the general fund of five months of operating expenditures at year-end. This amount is intended to provide “dry-period financing” during the first five months of each fiscal year before the receipt of property taxes.





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. 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, 2018, that amount was \$1.1 billion. As of June 30, 2018, the total general obligation bonded debt was \$42.7 million.

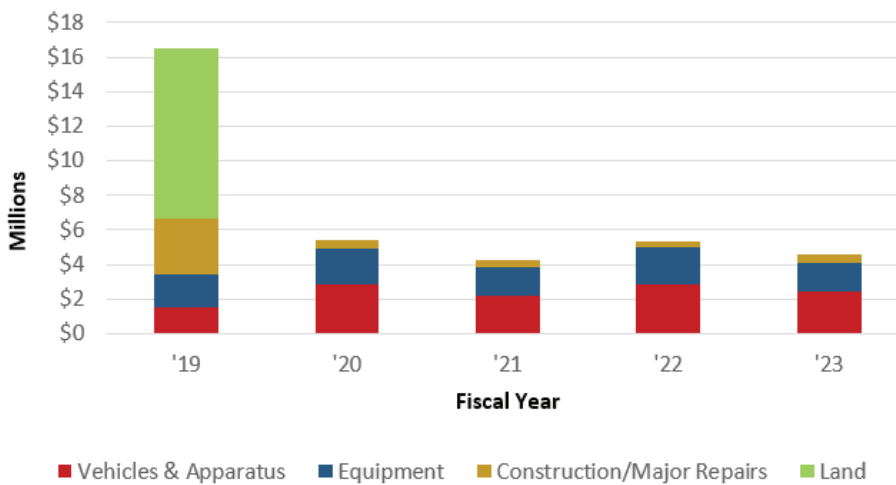


Capital Plan

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. Capital projects consist of the purchase of land for future development of fire stations, construction of new facilities, seismic remodel of older facilities, and the purchase of apparatus and other firefighting and medical 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.



Five-Year Capital Spending Forecast



A tiller truck equipped with a ladder has the maneuverability to ensure that its resources arrive where they are needed quickly. A ladder is a crucial piece of equipment for fire and rescue incidents.



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Tigard, OR 97223-9196

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www.tvfr.com



TualatinValleyFireandRescue



@TVFR



TualatinValleyFire

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.