



TUALATIN VALLEY FIRE & RESCUE

A RURAL FIRE PROTECTION DISTRICT

OREGON

Comprehensive Annual Financial Report
for the year ended
June 30, 2019

Proudly Serving the Cities of:
Beaverton – Durham – King City
Newberg – North Plains
Rivergrove – Sherwood
Tigard – Tualatin – West Linn
Wilsonville
and portions of:
Washington – Clackamas –
Yamhill – Multnomah Counties

Tualatin Valley Fire and Rescue

A Rural Fire Protection District, Oregon

Comprehensive Annual Financial Report

for the year ended June 30, 2019



11945 SW 70th Avenue
Tigard, Oregon 97223
Phone: (503) 649-8577

www.tvfr.com

Prepared by the Finance Department



Table of Contents

Introductory Section

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

Financial Section

Independent Auditor's Report-----	15
Management's Discussion and Analysis-----	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Balance Sheet – Governmental Funds/Statement of Net Position-----	31
Statement of Governmental Fund Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances/Statement of Activities-----	33
Fund Financial Statements:	
Statement of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances – Budget and Actual – General Fund-----	34
Statement of Net Position – Proprietary Fund-----	36
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund-----	37
Statement of Cash Flows – Proprietary Fund-----	38
Notes to the Basic Financial Statements-----	39
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability - PERS-----	79
Schedule of the District's Pension Plan Contributions - PERS-----	80
Schedules of the Single-Employer Defined Benefit Pension Plan-----	81
Schedules of the LOSAP Plan-----	82
Schedules of the District's Single-Employer OPEB Plan-----	83
Schedules of the Multiple-Employer Cost-Sharing OPEB Plan-----	84
Schedules of the PERS RHIA OPEB Plan-----	85
Notes to the Required Supplementary Information-----	86
Other Supplementary Information:	
Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance – Budget and Actual – Property and Building Fund-----	91
Combining Balance Sheet – Nonmajor Governmental Funds-----	93
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances - Nonmajor Governmental Funds-----	94
Schedules of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance - Budget and Actual:	
MERRC Fund-----	95
Grants Fund-----	96
Debt Service Fund-----	97
Insurance Fund-----	98
Combining Balance Sheet – General Fund-----	100
Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances - General Fund-----	101
Schedules of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance – Budget and Actual:	
Apparatus Fund-----	102

Table of Contents

Capital Improvements Fund	103
Pension Fund.....	104
Volunteer LOSAP Fund	105
Schedule of Property Tax Transactions and Outstanding Balances.....	106

Statistical Section

Financial Trends:

Net Position by Component	109
Changes in Net Position.....	110
Fund Balances, Governmental Funds	111
Changes in Fund Balances, Governmental Funds.....	112

Revenue Capacity:

Assessed and Market Value of Taxable Property	113
Property Tax Rates – Direct and Overlapping Governments.....	114
Principal Taxpayers – All Washington County Property.....	115
Property Tax Levies and Collections	116

Debt Capacity:

Ratio of Net General Bonded Debt to Assessed Value and General Bonded Debt per Capita.....	117
Computation of Overlapping Net Direct Debt	118
Legal Debt Margin Information	119

Demographic and Economic Information:

Demographic and Economic Statistics	120
Major Employment Industries	121

Operating Information:

Full-Time Equivalent Employees by Function	122
Operating Indicators by Function	123
Capital Assets Statistics by Function	124

Independent Auditor's Report Required by Oregon State Regulations

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Oregon State Regulations.....	127
---	-----



Introductory Section





October 25, 2019

**To Board President Balfour 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, 2019. 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

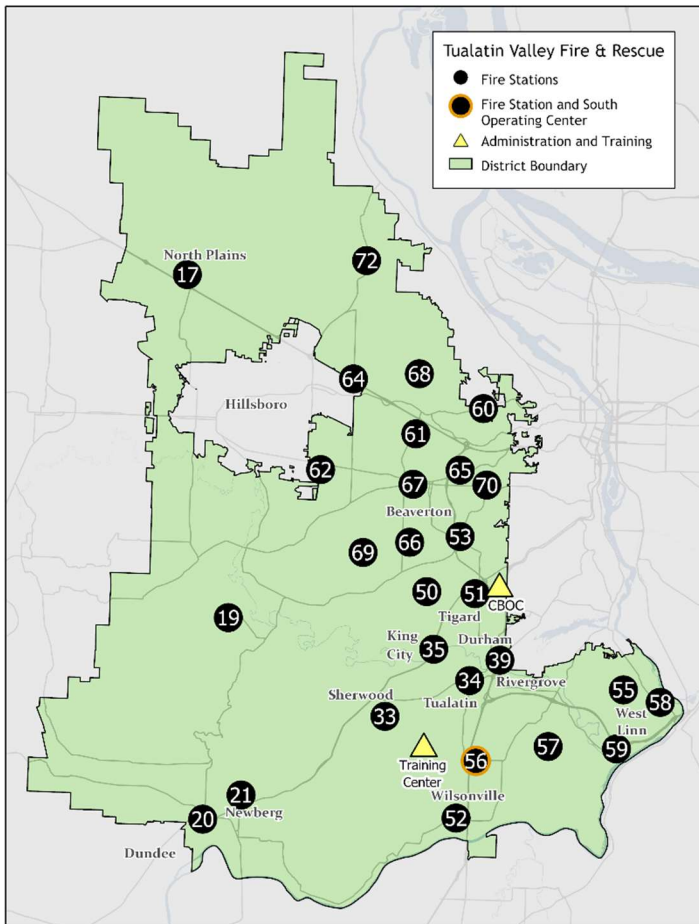
**Command & Business Operations Center
and Central Operating Center**
11945 SW 70th Avenue
Tigard, Oregon 97223-8566
503-649-8577

South Operating Center
8445 SW Elligsen 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.



Tualatin Valley Fire and Rescue, A Rural Fire Protection District, was formed in 1989 through the legal merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. Subsequently, the District has expanded its service area through annexation to include the City of West Linn, the City of Beaverton, Valley View Water District, the Rosemont Fire District, and Washington County Fire District No. 2 ("District 2") and the mergers of Multnomah County Fire Protection Districts No. 4 and 20. The City of Newberg and Newberg Rural Fire Protection District were legally annexed July 1, 2018 after completion of a two-year fire protection contract.

The District's total combined service area encompasses approximately 390 square miles after the annexation of the City of Newberg and Newberg Rural Fire Protection District service areas. The District provides services to northeast Washington County, northwest Clackamas County, the western edge of Multnomah County, and portions of Yamhill County. The District is a special

service district supported by the property owners within its boundaries, currently serving an estimated 2019 population of 530,446.

The District currently operates 27 career and volunteer fire stations with an additional station under construction. The District deploys a complement of fire engines, ladder trucks, aerial pumps, 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 - 569 in 2019 - were supplemented by approximately 100 volunteer firefighters.

The District has been and continues to be focused on providing the taxpayers the highest level of service in an efficient and effective operation. The District continues to implement operational improvements such as additional fire stations and emergency response units, in order to accomplish its strategic goals. Through its local

option levy, the District continues to purchase future fire station sites with the expected final three sites in process of identification or completion.

The area served, which includes the cities of Beaverton, Durham, King City, Newberg, North Plains, Rivergrove, Sherwood, Tigard, Tualatin, West Linn and Wilsonville lies within one of the fastest growing regions of the State of Oregon. It is an area encompassing densely populated suburbs, rural farmlands, retail and commercial establishments and growing industrial complexes. The service area also covers significant agricultural areas of Oregon including important winegrowing regions contributing to the state economy.

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, additional local option levy of \$.45 cents per thousand through June 30, 2020, and a general obligation bond levy amount with a rate of \$.1105 per thousand in 2018-19. Increases in assessed valuation result in increased tax revenue to the District. Assessed valuation increased from approximately \$56.2 billion in the 2017-18 fiscal year to over \$61.7 billion in the 2018-19 fiscal year.

The addition of the Newberg service area has increased the District's transport service revenue as the District was assigned the Yamhill County Ambulance Service Area #1 as part of serving the area. This growing revenue source, provided the funding for operating the service area.

Capital funding in 2018-19 was provided through the utilization of current and prior year transfers of local option levy amounts dedicated to the purchase of new fire station sites for the future before continued growth and development precluded the ability to purchase fire station sites, and provided for limited station construction. The District's local option levy provided capital funding transfers for emergency response apparatus and station construction, as well as additional firefighters for new response units. These transfers will assist in capital funding until such time that a voter request for additional bond funding is planned to take place which will be aligned with paying off prior outstanding debt service amounts. The levy continues to pay for increased firefighter and paramedic unit staffing levels.

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 deploying 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. (ISO). This is a 10-point scale with Class 1 being the best. For all property owners in the District within five miles of a fire station, this Class 2 classification results in very low premium rates for fire insurance. The District is among the top 5 percent of the 41,177 fire departments evaluated by ISO.

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 and transport, 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. As a provider, the State of Oregon contributes to ongoing training of the District's Hazardous Material response personnel, and reimbursements for responses are authorized.

The District's 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. The District has 272 professional firefighters and paramedics certified as advanced life support (ALS) paramedics, 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 or paramedics) maintain high skill levels through several specialized programs.

Training facilities include 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. It provides personnel with constant training to keep their skills at the highest level. The District's 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 for 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. Three of four counties within the District's legal boundaries as of June 30, 2019 are in the top seven counties in Oregon in the fourth quarter of 2018 providing employment of 75,000 or more people. Both Washington County (#36) and Multnomah County (#68) ranked in the top third of the nation's 349 large counties in average weekly wages. Washington County's average weekly wages were \$1,312 a week, and Multnomah County's were \$1,208, as compared to \$1,144 nationally. Clackamas County has average weekly wages of \$1,073 (144th of 349). The Newberg area covers portions of Yamhill County, a small county measured by an employment level of less than 75,000, has average weekly wages of \$860.¹

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. Growth in the District's assessed valuation is largely expected to come from legally allowed increases in assessed valuation and continued new development and construction. Assessed value is at 59.98 percent of the market value as of the 2018-19 fiscal year. For 2018-19, the assessed value of the District grew 4.65 percent without the inclusion of Yamhill County and the annexation of Newberg. With the addition of Newberg total assessed value increased 9.82% over

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

prior year, now totaling over \$61.7 billion dollars. Top taxpayers of the District include Nike, Intel, Comcast, and several utilities. Top ten taxpayers in Washington County comprise only 4.53% of the District's entire tax base as the tax base is well diversified with the majority of the property being residential.

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, CUI Global, Columbia Sportswear, Reser's Fine Foods, Flir Systems Inc., Electro Scientific Industries, Inc., A-dec Inc., Touchmark Living Centers and Digimarc in addition to several fast growing companies such as ID Experts, Future State, Centrex Construction, and Seamus Golf.² Of the largest privately held companies in Oregon, Forest City Trading Group, Reser's Fine Foods, Inc., Consumer Cellular, ProKarma and Plaid Pantries, among others, are based in the District.² Three of the top producing wineries in the state in the District service area include Owen Roe, Ponzi Vineyards and Adelsheim Vineyard. Top metropolitan area employers include Intel, Providence Health Systems, Oregon Health & Science University, Nike, Inc., Fred Meyer, U.S. Bank, Comcast, New Seasons Market, and Wells Fargo, among others.² Nike's world headquarters has undergone an expansion 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.³

Major Initiatives and Long-Term Planning

The budget is a policy document and operational plan for the District. Multi-year financial and capital forecasts are updated from input across the District prior to the budget process. Revenue and expenditure forecasts, and capital needs are then programmed into the budget process. The annual budget is designed to reflect the goals of the Strategic Plan, and the audited financial statements provide a tool for measuring the progress of plans that are underway.

The District has an ending fund balance policy which sets a goal to maintain five months of fund balance at the end of each fiscal year in order to meet operating requirements before property taxes are received. The District is meeting that goal.

The District also has a contingency policy that requires the Board of Directors approve any request for use of contingency and follow state budget laws to appropriate. This was required once during the 2018-19 year.

In fiscal year 2019, the District focused on three planned significant capital areas; land acquisition, station construction, and the construction of a centralized logistics center 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 the projects are completed. 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. The District's efforts in 2019 have continued toward the land acquisition of additional future station sites,

² *Portland Business Journal, Book of Lists, 2018-19*

³ <http://www.co.washington.or.us/CAO/2014-intel-sip-proposal.cfm>

design, and construction of a new station placed strategically to help reduce response times of emergency personnel at station 39 in River Grove. It is expected to be completed and staffed during 2020. New Fire Station 55 in the Rosemont area was completed in 2019 with the station opening in the late summer with 12 firefighters staffing the station.

Additionally, the voters of the City of Newberg and Newburg Rural Fire Protection District (NRFPD) and the District approved the July 1, 2018 annexation of that area into the District's legal boundaries.

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2019, all divisions and departments of the District contributed toward the accomplishments of the first year of the new two-year 2018-2020 strategic plan. The three main goals, supplemented by supporting strategies and organizational tactics, as outlined in the District's 2018-20 Strategic Plan were:

1. Advance a healthy organization through a unified mission, effective communication, resilient people, and responsible resource management.
2. Advance a high-performing organization and workforce with particular focus on the core functions that improve fast and effective emergency response and community risk reduction.
3. Carefully evaluate and then execute, or dismiss, emerging opportunities.

Accomplishments during the fiscal year ended June 30, 2019 as a result of these goals included implementation of an electronic weekly briefing tool, completion of workplace security and HIPAA site assessments, revised EMS chart review guidelines and piloting an adult care home community risk reduction initiative. Work continued to support operational enhancements through additional firefighters, response units, and fire stations, ongoing citizen public safety education and messaging.

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, 2018. This was the 32nd 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 a certificate.

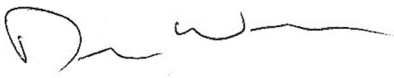
The GFOA also awarded the District with the Award for Outstanding Achievement in Popular Annual Financial Reporting for the sixth year in a row for its PAFR for the year ended June 30, 2018.

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, 2019. 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 32nd year the District received the award.

Acknowledgments

We express our sincere gratitude to the personnel of the Finance Division who prepared this report. We also would like to extend our appreciation to the Board of Directors, managers, employees, and citizens of the District and contract service areas whose continuing support is vital to the financial and community affairs of the District.

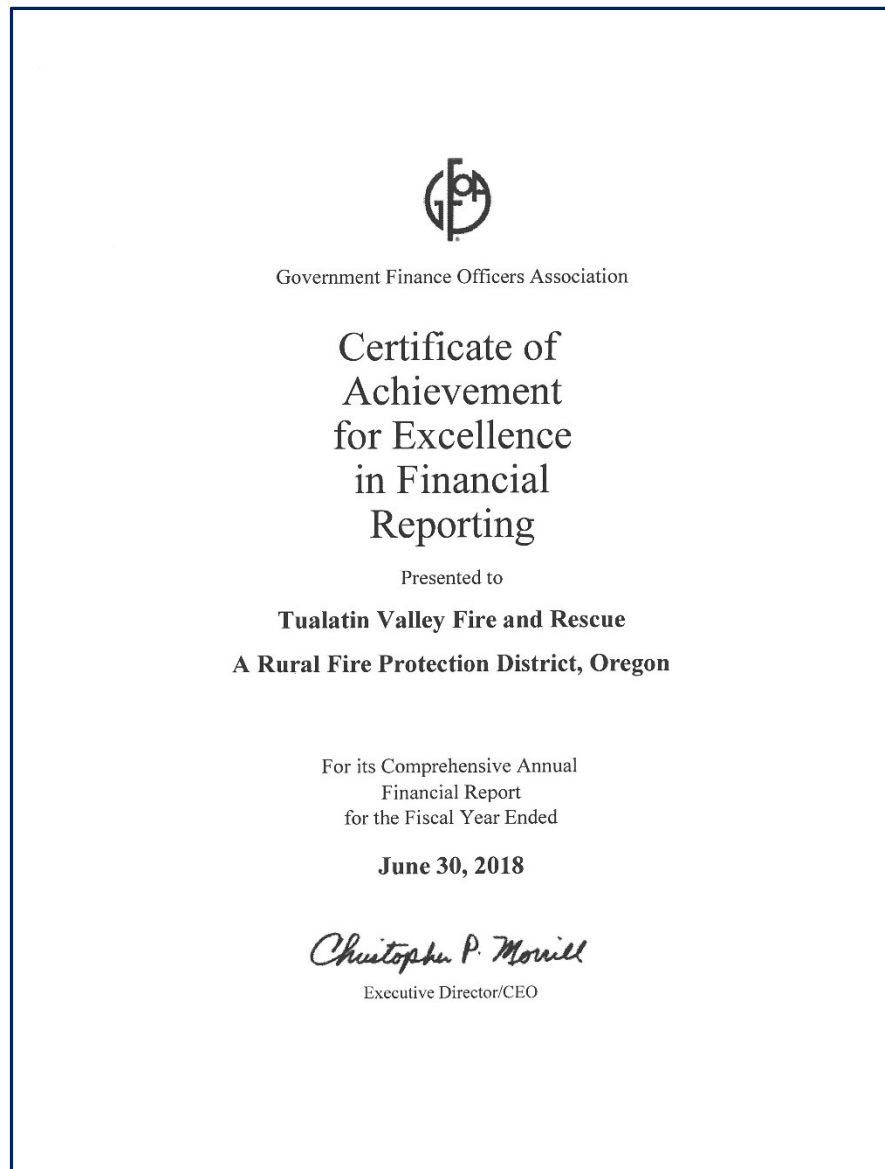
Respectfully submitted,



Tualatin Valley Fire and Rescue



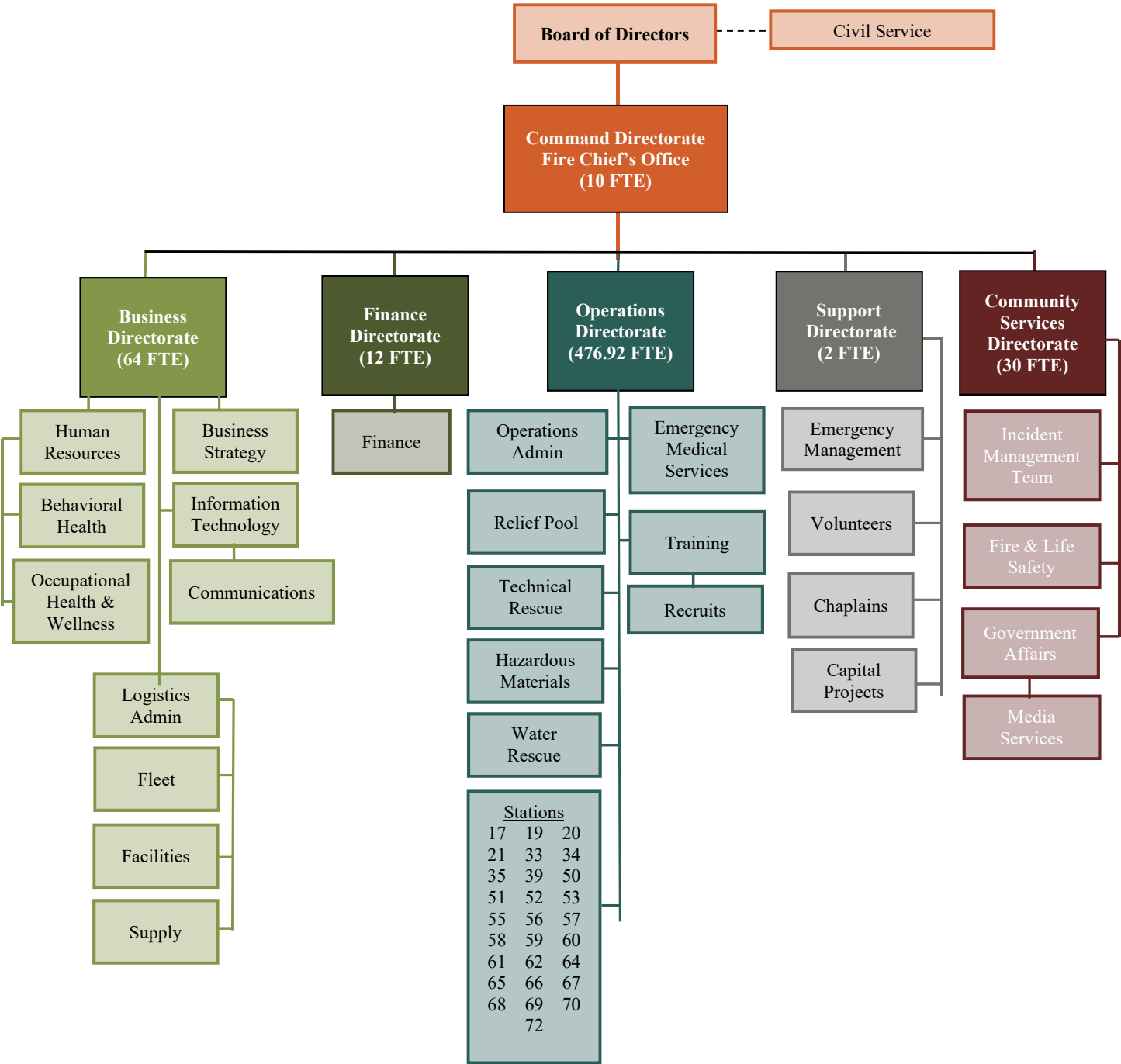
Award



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, 2018.

This was the 32nd 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.

Organizational Chart



Board of Directors



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



Vice President
Randy J. Lauer
Term Ends:
June 30, 2023



Secretary/Treasurer
Gordon L. Hovies
Term Ends:
June 30, 2021



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



Board Member
Justin J. Dillingham
Term Ends:
June 30, 2023

Budget Committee Members

Angie R. Fong
Term Ends:
June 30, 2021

Paul A. Leavy
Term Ends:
June 30, 2021

Michael T. Mudrow
Term Ends:
June 30, 2022

James W. Petrizzi
Term Ends:
June 30, 2020

Michael D. Smith
Term Ends:
June 30, 2022

Registered Agent

Deric C. Weiss
Fire Chief

Legal Counsel

Innova Legal
Advisors, Inc.



Financial Section





ACHIEVE MORE

**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon, (the District) as of and for the year ended June 30, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As discussed in Note III.H. to the financial statements, as of and for the year ended June 30, 2019, the District recorded two government combinations in accordance with Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. The annexation of Newberg Rural Fire Protection District into the District resulted in a restatement of previously reported amounts for the year ended June 30, 2018. The transfer of operations of the City of Newberg's fire protection and emergency services resulted in reporting a special item and adjustment as of July 1, 2018. Our opinions are not modified with respect to this matter.

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 and the schedules and notes in the Required Supplementary Information section, 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 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 relate 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.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 25, 2019, 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, Partner

Lake Oswego, Oregon
October 25, 2019



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, 2019. 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, 2019 by \$77,105,286. Of this amount, \$68,729,108 represents the District's net investment in capital assets; \$608,415 and \$651,214 is restricted for debt service and an OPEB asset, and the balance of \$7,116,549 will be used to meet the District's ongoing services and commitments to its citizens and obligations to its bondholders and creditors.
- The District's total net position increased by \$5,316,779 for the year ended June 30, 2019 inclusive of accounting for the special item regarding the transfer of operations. Unrestricted net position decreased by \$3,680,007: net investment in capital assets net position increased by \$8,112,009, and restricted net position increased by \$884,777.
- As of June 30, 2019, the District's governmental funds reported combined ending fund balances of \$84,345,126, an increase of \$11,879,712 in comparison with the restated prior year. The General Fund's fund balance increased by \$4,272,196 and the Property and Building Fund increased by \$7,088,703 mostly due to proceeds on the sale of the North Campus. Lastly, there were net increases in ending fund balances of nonmajor funds of \$518,813 mostly as a result of program fees exceeding expenditures.
- At June 30, 2019, unassigned fund balance in the General Fund was \$57,421,838. A portion of the General Fund unassigned fund balance is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$6,200,621. The remaining unassigned fund balance of \$51,221,217 represents 43.4% of total General Fund expenditures. This meets the District policy to maintain five months of budgetary basis General Fund expenditures as ending fund balance each year. 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 \$5,013,566 during the current fiscal year. This was due to principal payments of \$4,580,000 and amortization of premiums of \$433,566 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 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 31 through 33 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 the funds of the District can be divided into two categories: governmental funds and an internal service fund.

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 four 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, five separately budgeted funds.

The District adopts an annual appropriated budget for all funds as required by Oregon Budget Law. Budgetary comparison statements/schedules have been provided to demonstrate compliance elsewhere in this report.

Internal Service Fund. The District maintains one internal service fund, the Insurance Fund, which is a proprietary fund type. This fund accounts for the accumulation of resources used for payment of claims and losses, less deductible limits, for insurance coverage. Because this fund predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

The internal service fund basic financial statements can be found on pages 36 through 38 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 39 through 78 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and OPEB schedules detailing ten years of (assets)/liabilities and contributions. Required supplementary information can be found on pages 79 through 88 of this report.

Combining and individual fund schedules are presented as other supplementary information and can be found on pages 91 through 105 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 106 of this report.

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 and deferred outflows exceed liabilities and deferred inflows by \$77,105,286 at June 30, 2019.

A significant portion of the District's net position (89.1 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 fire and emergency medical services to citizens; consequently, these assets are not available for future spending.

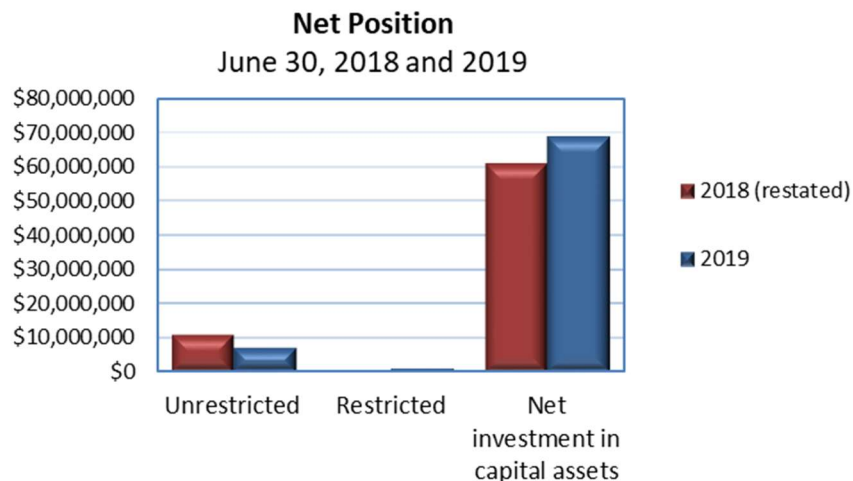
Assets consist mainly of cash and cash equivalents, property taxes and other receivables, and prepaid items that are used to meet the District's ongoing obligations to its citizens. Remaining assets are comprised of capital assets used in operations.

The District's largest liabilities (84.6 percent) are for the long-term portion of general obligation bonded debt, pension and OPEB liabilities. Current liabilities of the District consist largely of accounts payable, accrued salaries and benefits payable, accrued compensated absences and current portion of general obligation debt.

Government-wide Financial Analysis

Net Position:	Governmental Activities		Increase (Decrease) from Fiscal 2018
	2019	2018 restated	
Current and other assets	\$ 104,548,449	\$ 94,387,349	\$ 10,161,100
Capital assets	109,269,622	105,993,522	3,276,100
<i>Total assets</i>	<i>213,818,071</i>	<i>200,380,871</i>	<i>13,437,200</i>
Total deferred outflows of resources	48,718,017	35,125,250	13,592,767
Current liabilities	27,682,386	26,157,568	1,524,818
Long-term debt, pension, and OPEB liabilities	152,018,855	136,400,472	15,618,383
<i>Total liabilities</i>	<i>179,701,241</i>	<i>162,558,040</i>	<i>17,143,201</i>
Total deferred inflows of resources	5,729,561	1,159,574	4,569,987
Net investment in capital assets	68,729,108	60,617,099	8,112,009
Restricted	1,259,629	374,852	884,777
Unrestricted	7,116,549	10,796,556	(3,680,007)
<i>Total net position</i>	<i>\$ 77,105,286</i>	<i>\$ 71,788,507</i>	<i>\$ 5,316,779</i>

As was the case in the prior fiscal year, the District is in 2018-19 able to report positive balances in all reported categories of net position. The changes in net position are shown in the following graph:



Governmental Activities. During the current fiscal year, the District's net position increased by \$3,609,246. The main contributors to the increase in net position were the effects of a decrease of \$5.2 million in charges for services as certain fire protection contracts ended with a merger of Newberg Rural Fire Protection District (NRFPD) and a transfer of operations from the City of Newberg Fire Department, a decrease of \$.5 million in operating grants as a federal hiring grant ended, a decrease of \$.1 million in capital grants and contributions after two seismic grants ended, and an increase in property taxes of \$10.9 million as two merged districts generated new taxes for the District, an increase in gains on sale of assets of \$7.8 million for the sale of the North Campus, and an increase in interest and other miscellaneous revenue of \$.8 million.

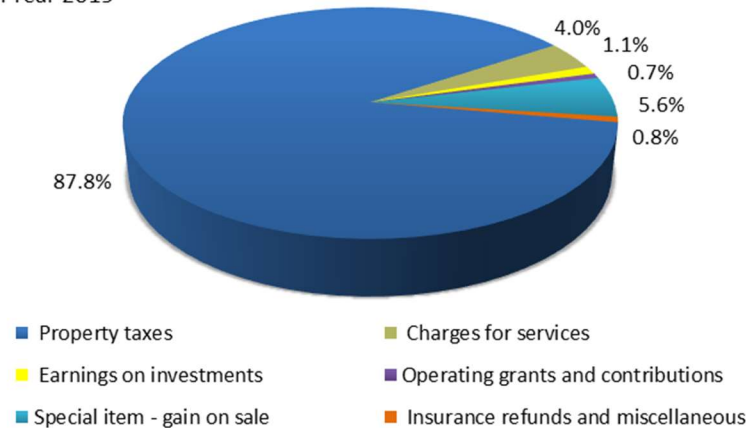
Overall changes in expenses saw an increase in public safety expenses of \$13.0 million due primarily to increases in salaries and benefits, and pension and OPEB expenses and an increase of \$.2 million in interest expense for bonded debt.

There was also an increase in current year net position due to a transfer of operations from the City of Newberg Fire Department at July 1, 2018 that resulted in a special item of \$1.7 million.

Additionally, the District realized a \$.9 million increase in beginning net position from the absorption of NRFPD assets.

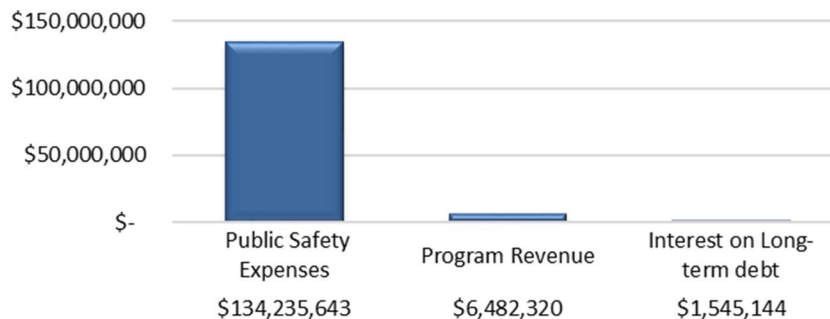
Revenue Sources - Governmental Activities

Fiscal Year 2019



Expenses and Program Revenues - Governmental Activities

Fiscal Year 2019



Government-wide Financial Analysis

Changes in Net Position:	Governmental Activities		Increase (Decrease) from Fiscal 2018
	2019	2018 restated	
Revenues			
Program revenues			
Charges for services	\$ 5,525,098	\$ 10,750,717	\$ (5,225,619)
Operating grants and contributions	957,222	1,473,000	(515,778)
Capital grants and contributions		108,161	(108,161)
General revenues:			
Property taxes	122,384,122	111,451,601	10,932,521
Earnings on investments	1,577,729	972,980	604,749
Insurance refunds	566,185	535,576	30,609
Gain on sale of capital assets	7,873,937	87,801	7,786,136
Miscellaneous	505,740	310,252	195,488
Total revenues	139,390,033	125,690,088	13,699,945
Expenses			
Public safety-fire protection	134,235,643	121,283,168	12,952,475
Interest on long-term debt	1,545,144	1,323,598	221,546
Total expenses	135,780,787	122,606,766	13,174,021
Change in net position	3,609,246	3,083,322	525,924
Beginning of the year	71,788,507	67,846,571	3,941,936
Restatement - merge of NRFPD		858,614	(858,614)
Net position - July 1	71,788,507	68,705,185	3,083,322
Special item - transfer of operations of City of Newberg	1,707,533		1,707,533
Net position - June 30	\$ 77,105,286	\$ 71,788,507	\$ 5,316,779

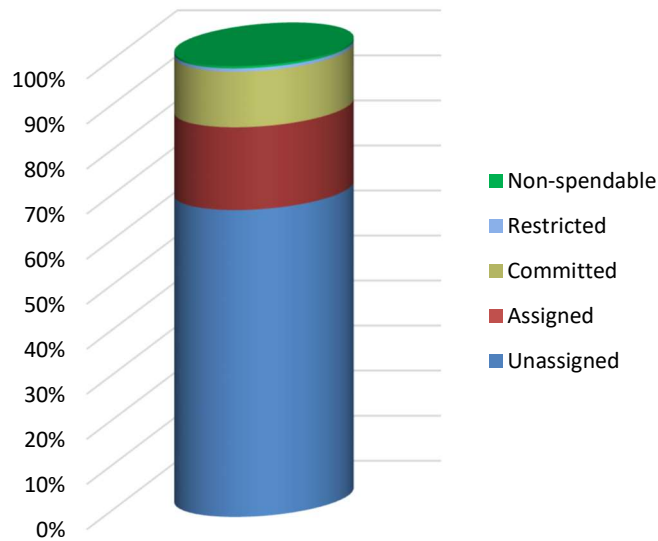
Financial Analysis of the Governmental Funds

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, 2019, the District's governmental funds reported combined ending fund balances of \$84,345,126, an increase of \$11,879,712 from the prior year's restated balance. This increase is primarily a result of proceeds on the sale of the North Campus. A large portion of this total amount (68.1 percent) constitutes unassigned fund balance, which is a measure of the District's liquidity; and is available for spending at the District's discretion. The remainder of fund balance is either non-spendable (.5 percent), restricted by external parties (.7 percent), committed by the Board (12.3 percent) or assigned to a specific purpose such as capital projects (18.4 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, 2019, unassigned fund balance of the General Fund was \$57,421,838, with total fund balance of \$66,754,265, which is comprised of \$8,540,840 committed to future capital purchases, \$380,914 committed to the Volunteer LOSAP Plan and \$410,673 of non-spendable fund balance. 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 57.0 percent of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$4,272,196, or approximately 6.8 percent during the current fiscal year. Property tax revenue, which provides for the costs of operating the District, increased \$12,965,699 over the prior year. Charges for services and program fees decreased by \$5,077,565 from the prior year as a result of the end of the District's fire protection contract with the City of Newberg and NRPFD. Insurance dividends and refunds increased \$4,503 over the prior year, interest earnings increased by \$422,487, miscellaneous revenues decreased by \$96,749, and operating grants and contributions decreased by \$68,546.

Public Safety and capital outlay expenditures increased \$6,293,440 overall which reflected increases in salaries and benefits and decreases in capital outlay, and transfers out decreased by \$3,097,782.

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. This fund accumulates funds to ensure continuity of construction and land purchase as the bond proceeds have been exhausted, as well as to fund projects that were not planned as part of the capital bond program. The ending fund balance increased by \$7,088,703, net of a restatement, to \$15,502,243 at June 30, 2019 and is assigned to capital projects. The primary cause for the increase was the sale of the North Campus, the proceeds of which will be used to rebuild a new campus for Logistics operations.

Budgetary Highlights

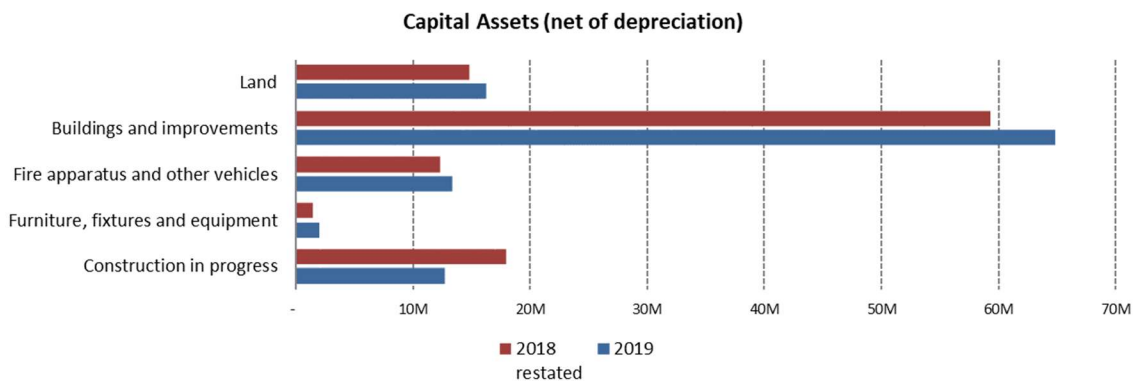
There was one budget transfer resolution to the General Fund during the year. The budget transfer appropriated additional personnel services for Oregon wildfire deployments and retirement costs, and accounted for additional physician services for the Occupational Health and Wellness program.

Capital Assets and Debt Administration

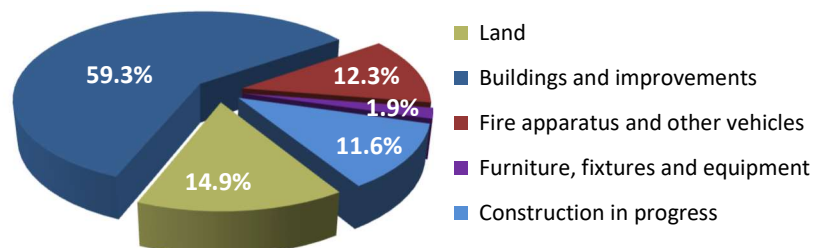
Capital assets. The District's investment in capital assets consists of land, buildings and improvements, fire apparatus and other vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2019, the District had invested \$109,269,622 in capital assets, net of depreciation, as shown in the following table and chart:

Capital Assets: (net of depreciation)	2019	2018 restated	Increase (Decrease) from Fiscal 2018
Land	\$ 16,301,930	\$ 14,850,327	\$ 1,451,603
Buildings and improvements	64,740,417	59,234,318	5,506,099
Fire apparatus and other vehicles	13,409,300	12,392,660	1,016,640
Furniture, fixtures and equipment	2,094,634	1,553,003	541,631
Construction in progress	12,723,341	17,963,214	(5,239,873)
Total	\$ 109,269,622	\$ 105,993,522	\$ 3,276,100

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



CAPITAL ASSETS AT 6/30/19 (NET OF DEPRECIATION)



During the year, the District's investment in capital assets increased by \$3,276,100, reflecting assets of \$11,863,872 added during the year, offset by \$7,898,560 of depreciation and \$689,212 of disposals net of related depreciation. The merger of NRFPD resulted in a net increase to capital assets of \$224,224 at June 30, 2018. As of July 1, 2018, the City of Newberg transferred its fire operations to the District resulting in a net increase to capital assets of \$1,224,102.

The District's construction in progress includes the construction of the new fire station 39 and a logistics facility, both projects underway at year end, as well as several emergency response vehicles in progress, and land improvements related to future sites.

Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 51 of this report.

Long-term Debt. At the end of the current fiscal year, the District had total bonded debt of \$41,626,028, 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 \$1.3 billion. Additional information on the District's long-term obligations can be found on pages 52 through 54 of this report.

Economic Factors and Next Year's Budget

The District's service area is 390 square miles and has a population of over 530,000. The 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 local option levy. Staff is working proactively and cooperatively with other governments and regional planning groups to ensure continued ability to serve this future population.

The District anticipates increased property tax revenues in future years based upon projected assessed value increases which by law generally may increase for existing property at three percent per year unless assessed value exceeds real market value. Assessed value is forecast to continue to grow for 2019-20 based upon continued strength in the residential and multi-family real estate market and increased commercial development. Construction and development within District boundaries are expected to continue with numerous projects slated for the future. A multi-million-dollar major expansion of the Nike World Headquarters complex is currently underway. Intel has agreed to invest \$100 billion in Washington County over the next 30 years.

The District, through its broad geographic area, serves a strong part of Oregon's economic base. Job growth in Washington County has favorably impacted most major industries, and the April 2019 unemployment is reported at 3.45%, virtually unchanged from the prior year. Manufacturing, education & health services, as well as leisure & hospitality have all experienced net job growth.

The District's replacement local option levy continues at \$.45 for 2019-20 which will allow for additional response units and staffing to serve the District's population as it both increases and ages. The District's voters voted to renew the levy at its current rate beginning in 2020-21. The current levy will provide funding through its term of 2019-20.

Requests for Information

This financial report is designed to provide a general overview of Tualatin Valley Fire and Rescue's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Tualatin Valley Fire and Rescue, 11945 SW 70th Avenue, Tigard, Oregon 97223.





Basic Financial Statements



Tualatin Valley Fire and Rescue

Balance Sheet - Governmental Funds/ Statement of Net Position June 30, 2019

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Assets						
Cash and cash equivalents	\$ 78,612,308	\$ 16,792,005	\$ 2,088,617	\$ 97,492,930	\$ 674,008	\$ 98,166,938
Investments	361,725			361,725		361,725
Receivables:						
Property taxes receivable	2,354,885		144,135	2,499,020		2,499,020
Accounts receivable (net of allowances)	946,083			946,083		946,083
Prepaid items					1,512,796	1,512,796
Supplies inventory	410,673			410,673		410,673
Net PERS RHIA OPEB asset					651,214	651,214
Capital assets, not being depreciated:						
Land					16,301,930	16,301,930
Other capital assets					231,000	231,000
Construction in progress					12,723,341	12,723,341
Capital assets, net of accumulated depreciation:						
Buildings and improvements					64,740,417	64,740,417
Fire apparatus and other vehicles					13,178,300	13,178,300
Furniture, fixtures, and equipment					2,094,634	2,094,634
Total assets	<u>82,685,674</u>	<u>16,792,005</u>	<u>2,232,752</u>	<u>101,710,431</u>	<u>112,107,640</u>	<u>213,818,071</u>
Deferred Outflows of Resources						
Deferred refunding charge					1,085,514	1,085,514
PERS RHIA OPEB					299,851	299,851
Single employer plan OPEB					213,063	213,063
Multiple employer cost-sharing plan OPEB					4,337,804	4,337,804
Pension related deferred outflows					42,781,785	42,781,785
Total deferred outflows of resources					<u>48,718,017</u>	<u>48,718,017</u>
Total assets and deferred outflows	<u>\$ 82,685,674</u>	<u>\$ 16,792,005</u>	<u>\$ 2,232,752</u>	<u>\$ 101,710,431</u>	<u>\$ 160,825,657</u>	<u>\$ 262,536,088</u>
Liabilities						
Current liabilities:						
Accounts payable	\$ 2,146,413	\$ 1,289,762	\$	\$ 3,436,175	\$ 4,287	\$ 3,440,462
Accrued salaries and benefits payable	11,188,879			11,188,879		11,188,879
Accrued interest payable					283,983	283,983
Unearned revenue	2,432			2,432		2,432
Non-current liabilities:						
Long-term liabilities:						
Due within one year					12,766,630	12,766,630
Due in more than one year					39,745,233	39,745,233
Total OPEB liability - single employer plan					1,139,318	1,139,318
Total OPEB liability - multiple employer cost-sharing plan					10,871,311	10,871,311
Total pension liability (LOSAP)					279,655	279,655
Total pension liability (Pension Plan)					878,143	878,143
Net pension liability (PERS)					99,105,195	99,105,195
Total liabilities	<u>13,337,724</u>	<u>1,289,762</u>		<u>14,627,486</u>	<u>165,073,755</u>	<u>179,701,241</u>
Deferred Inflows of Resources						
Unavailable revenue - property taxes	2,352,454		144,134	2,496,588	(2,496,588)	
Unavailable revenue - transport and EMS services	171,932			171,932	(171,932)	
Unavailable revenue - other	69,299			69,299	(69,299)	
PERS RHIA OPEB related inflows					182,257	182,257
Single employer plan OPEB related inflows					61,144	61,144
Multiple employer cost-sharing plan OPEB related inflows					620,737	620,737
Pension related deferred inflows					4,865,423	4,865,423
Total deferred inflows of resources	<u>2,593,685</u>		<u>144,134</u>	<u>2,737,819</u>	<u>2,991,742</u>	<u>5,729,561</u>

(Continued)

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

Tualatin Valley Fire and Rescue

Balance Sheet - Governmental Funds/ Statement of Net Position (continued) June 30, 2019

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Fund balances:						
Non-spendable	410,673			410,673	(410,673)	
Restricted for debt service			608,415	608,415	(608,415)	
Committed to MERRC			1,480,203	1,480,203	(1,480,203)	
Committed to capital purchases	8,540,840			8,540,840	(8,540,840)	
Committed to Volunteer LOSAP	380,914			380,914	(380,914)	
Assigned to capital projects		15,502,243		15,502,243	(15,502,243)	
Unassigned	57,421,838			57,421,838	(57,421,838)	
Total fund balances	66,754,265	15,502,243	2,088,618	84,345,126	\$ (84,345,126)	
Total liabilities, deferred inflows, and fund balances	\$ 82,685,674	\$ 16,792,005	\$ 2,232,752	\$ 101,710,431		
Net Position:						
Net investment in capital assets						68,729,108
Restricted for:						
Debt service						608,415
Net PERS RHIA OPEB asset						651,214
Unrestricted						7,116,549
Total net position						<u>\$ 77,105,286</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, 2019

	General Fund	Property and Building Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Revenues						
Program Revenues:						
Charges for services	\$ 5,252,811	\$	\$	\$ 5,252,811	\$ 272,287	\$ 5,525,098
Program fees			396,866	396,866	(396,866)	
Operating grants and contributions	138,495		818,727	957,222		957,222
General Revenues:						
Property taxes	118,683,214		6,560,939	125,244,153	(2,860,031)	122,384,122
Interest	1,043,975	408,722	109,441	1,562,138	15,591	1,577,729
Insurance dividends and refunds	502,168			502,168	64,017	566,185
Special item - gain on sale of North Campus					7,873,937	7,873,937
Miscellaneous	155,703	120,290		275,993	229,747	505,740
Total revenues	125,776,366	529,012	7,885,973	134,191,351	5,198,682	139,390,033
Expenditures/expenses						
Current:						
Public Safety	115,082,838		818,727	115,901,565	18,334,078	134,235,643
Debt service:						
Principal			4,580,000	4,580,000	(4,580,000)	
Interest			1,824,536	1,824,536	(279,392)	1,545,144
Capital outlay	2,879,652	5,747,336	143,897	8,770,885	(8,770,885)	
Total expenditures/expenses	117,962,490	5,747,336	7,367,160	131,076,986	4,703,801	135,780,787
Excess (deficiency) of revenues over (under) expenditures / expenses	7,813,876	(5,218,324)	518,813	3,114,365	494,881	3,609,246
Other Financing Sources (Uses)						
Proceeds on sale of surplus property	229,747			229,747	(229,747)	
Transfers in		3,771,427		3,771,427	(3,771,427)	
Transfers out	(3,771,427)			(3,771,427)	3,771,427	
Total other financing sources (uses)	(3,541,680)	3,771,427		229,747	(229,747)	
Special Item						
Proceeds on sale of North Campus		8,535,600		8,535,600	(8,535,600)	
Net change in fund balances/net position	4,272,196	7,088,703	518,813	11,879,712	(8,270,466)	3,609,246
Fund balances/net position:						
Beginning of the year	62,482,069	7,779,150	1,569,805	71,831,024	(901,131)	70,929,893
Restatement - merge of NRFPD		634,390		634,390	224,224	858,614
Beginning of the year, as restated	62,482,069	8,413,540	1,569,805	72,465,414	(676,907)	71,788,507
Special item - transfer of operations of City of Newberg					1,707,533	1,707,533
End of the year	\$ 66,754,265	\$ 15,502,243	\$ 2,088,618	\$ 84,345,126	\$ (7,239,840)	\$ 77,105,286

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 For the Year Ended June 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes:				
Current year's levy	\$ 113,094,642	\$ 113,094,642	\$ 114,929,341	\$ 1,834,699
Prior years' levies	1,176,615	1,176,615	3,298,838	2,122,223
Taxes in lieu of property taxes	7,302	7,302	17,996	10,694
Forest revenues			437,039	437,039
Interest on unsegregated property taxes	33,290	33,290	47,469	14,179
Interest on taxes	6,823	6,823	87,853	81,030
Interest on investments	189,788	189,788	627,875	438,087
Charges for services	3,087,205	3,087,205	5,252,811	2,165,606
Rental income	75,600	75,600	66,253	(9,347)
Grants and contributions	123,720	123,720	124,377	657
Insurance dividends and refunds	403,488	403,488	502,168	98,680
Miscellaneous	84,295	84,295	89,450	5,155
Total revenues	<u>118,282,768</u>	<u>118,282,768</u>	<u>125,481,470</u>	<u>7,198,702</u>
Expenditures				
Current:				
Public Safety				
Command Directorate:				
Personnel services	3,866,587	4,011,587	3,822,746	188,841
Materials and services	2,039,420	2,039,420	1,267,174	772,246
Total Command Directorate	<u>5,906,007</u>	<u>6,051,007</u>	<u>5,089,920</u>	<u>961,087</u>
Integrated Operations Directorate:				
Personnel services	88,635,444	88,635,444	85,534,987	3,100,457
Materials and services	3,503,825	3,503,825	2,990,468	513,357
Total Integrated Operations Directorate	<u>92,139,269</u>	<u>92,139,269</u>	<u>88,525,455</u>	<u>3,613,814</u>
Finance Directorate:				
Personnel services	1,648,137	1,648,137	1,557,864	90,273
Materials and services	633,032	633,032	576,608	56,424
Total Finance Directorate	<u>2,281,169</u>	<u>2,281,169</u>	<u>2,134,472</u>	<u>146,697</u>
Business Operations Directorate:				
Personnel services	8,096,987	8,096,987	7,745,509	351,478
Materials and services	6,572,326	6,662,158	6,029,514	632,644
Total Business Operations Directorate	<u>14,669,313</u>	<u>14,759,145</u>	<u>13,775,023</u>	<u>984,122</u>
EMS/Training/Volunteers Directorate:				
Personnel services	4,308,951	4,308,951	4,231,940	77,011
Materials and services	1,359,059	1,359,059	1,016,925	342,134
Total Business Operations Directorate	<u>5,668,010</u>	<u>5,668,010</u>	<u>5,248,865</u>	<u>419,145</u>
Total Public Safety	<u>120,663,768</u>	<u>120,898,600</u>	<u>114,773,735</u>	<u>6,124,865</u>
Operating contingency	4,936,693	4,701,861		4,701,861
Total expenditures	<u>125,600,461</u>	<u>125,600,461</u>	<u>114,773,735</u>	<u>10,826,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,317,693)</u>	<u>(7,317,693)</u>	<u>10,707,735</u>	<u>18,025,428</u>

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

(Continued)

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, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Other Financing Sources (Uses)				
Proceeds on sale of surplus property	7,122	7,122	49,847	42,725
Transfers out	(5,115,891)	(5,115,891)	(5,051,756)	64,135
Total other financing sources (uses)	<u>(5,108,769)</u>	<u>(5,108,769)</u>	<u>(5,001,909)</u>	<u>106,860</u>
Net change in fund balance	(12,426,462)	(12,426,462)	5,705,826	18,132,288
Fund balance, June 30, 2018	7,759,175	7,759,175	45,926,064	38,166,889
Fund balance, June 30, 2019	<u>\$ (4,667,287)</u>	<u>\$ (4,667,287)</u>	<u>\$ 51,631,890</u>	<u>\$ 56,299,177</u>

Reconciliation of Budgetary Fund Balance to GAAP Fund Balance

Fund Balance - budgetary basis	\$ 51,631,890
Advanced recognition of retirement obligation not a GAAP expense	6,200,621
Fund Balance - Apparatus Fund ⁽¹⁾	3,730,110
Fund Balance - Capital Improvements Fund ⁽¹⁾	4,810,730
Fund Balance - Volunteer LOSAP Fund ⁽¹⁾	<u>380,914</u>
Fund Balance - GAAP Basis	<u>\$ 66,754,265</u>

⁽¹⁾ Refer to page 100 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, 2019

	Governmental Activities
	Internal Service Fund
Assets	
Current:	
Cash and cash equivalents	\$ 674,008
Total assets	<u>674,008</u>
Liabilities	
Current:	
Accounts payable	<u>4,287</u>
Total liabilities	<u>4,287</u>
Net Position	
Unrestricted net position	<u><u>\$ 669,721</u></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 Changes in Net Position Proprietary Fund For the Year Ended June 30, 2019

	Governmental Activities
	Internal Service Fund
Operating Revenue	
Insurance refunds	\$ 64,017
Operating Expense	
Insurance claims	<u>44,062</u>
Operating income	19,955
Nonoperating Revenue	
Interest income	<u>15,591</u>
Change in net position	35,546
Net position, June 30, 2018	<u>634,175</u>
Net position, June 30, 2019	<u><u>\$ 669,721</u></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, 2019

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Received from insurance reimbursements and refunds	\$ 64,017
Paid for insurance claims	(39,775)
Net cash from operating activities	<u>24,242</u>
Cash Flows From Investing Activities	
Interest received on investments	<u>15,591</u>
Net increase in cash and cash equivalents	39,833
Cash and cash equivalents, June 30, 2018	<u>634,175</u>
Cash and cash equivalents, June 30, 2019	<u><u>\$ 674,008</u></u>
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ 19,955
(Decrease) increase in accounts payable	<u>4,287</u>
Net cash from operating activities	<u><u>\$ 24,242</u></u>

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

I. Summary of significant accounting policies

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

A. Reporting entity

The District is an Oregon municipal corporation operating under Oregon Revised Statutes Chapter 478 as a Rural Fire Protection District and provides fire protection within Washington, Clackamas, Multnomah and Yamhill counties.

On July 1, 2018 Newberg Rural Fire Protection District (NRFPD) and the City of Newberg's Fire Department operations annexed into the District. The combinations qualified as a government merger and transfer of operations, respectively, and have been accounted for according to the provisions of GASB Statement 69, *Government Combinations and Disposals of Government Operations*.

The initial beginning balances of NRFPD's assets and net position were determined based on the combined carrying values reported in the separate financial statements of the District and NRFPD as of June 30, 2018.

The initial beginning balances of City of Newberg Fire Department's assets and net position were determined based on the carrying values of the assets transferred on July 1, 2018.

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 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 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 Fund 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 and for medical transport revenues.

Separate financial statements are provided for governmental funds and the proprietary fund and the latter is included in 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 for 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 45 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:

- Non-major governmental funds, including special revenues and debt service fund, 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 except for 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 using 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. The District authorized one budget transfer during the year ended June 30, 2019. Original and supplemental budgets may be modified using appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. 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.

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 income or loss. GASB Statement 72, *Fair Value Measurement and Application* 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).

3. Receivables

Receivables consist of property taxes, conflagration deployment billings, hazardous materials response billings, medical transport and other accounts receivable at year end.

Ambulance transport service receivables consist of charges to patients net of allowances for contractual discounts and uncompensated care which are based on management's estimates of collectability.

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, 2019, no allowance for doubtful accounts is considered necessary for property taxes.

4. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The costs 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 and historical treasures are reported at their acquisition 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. Improvements, which increase the service capacity or extend the useful life of an asset, are capitalized. Interest incurred during construction is not capitalized. 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	5 - 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 items that qualify for reporting in this category related to the District's participation in the Oregon Public Employees Retirement System (PERS) and the District's Other Post-Employment Benefits (OPEBs).

Another 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 varies from seven to twelve years depending on the refunded series.

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 items which arise only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, one item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The District reports unavailable revenues from three sources: property taxes, ambulance transport and EMS services, and conflagration revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Other deferred inflow items relate to the District's participation in PERS and the District's three OPEB plans.

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 and any prepaid items.
- 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 Board resolution.
- 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 in three installments on November 15th, February 15th and May 15th. Citizens who pay in full by November 15th receive a three 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 fire protection and emergency medical and standby services provided to external agencies, including wildland firefighting, occupational health services, and HazMat training and incident response, 2) charges for certain ambulance transport services, and EMS supply replenishment, 3) charges related to participation in newly constructed building code requirements, and 4) 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, 2019, 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 (PERS).

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 two closed defined benefit Length of Service Award Plans (LOSAP) for past volunteer firefighters. 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	\$ 84,345,126
<i>Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:</i>	
Prepaid items	1,512,796
Capital assets, net	109,269,622
Unavailable revenue	2,737,819
Accrued compensated absences	(10,885,835)
Accrued interest payable on long-term debt	(283,983)
Long-term bonded debt	(41,626,028)
Deferred refunding charge on refunded bonds	1,085,514
Net PERS RHIA OPEB asset and related deferrals	768,808
Total single-employer OPEB liability and related deferrals	(987,399)
Total multiple-employer cost sharing OPEB liability and related deferrals	(7,154,244)
Total pension liability - Frozen Pension Plan	(878,143)
Total pension liability - LOSAP	(279,655)
Net pension liability - PERS	(99,105,195)
PERS Pension related outflows	42,781,785
PERS Pension related inflows	(4,865,423)
Net position of internal service funds combined with governmental activities	669,721
Net position, Statement of Net Position	\$ 77,105,286

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	\$ 11,879,712
<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 of \$7,498,303 less depreciation for the year (\$5,446,305)	2,051,998
Property taxes not meeting the measurable and available criteria	(2,860,031)
Payments on long-term debt	4,859,392
Net increase in accrued compensated absences	(508,522)
Certain revenues recognized as measurable and available in the current year	(124,579)
Net increase in net PERS RHIA OPEB asset	354,222
Net decrease in total single-employer OPEB liability	48,895
Net increase in total multiple-employer OPEB liability	(2,655,563)
Net decrease in total pension liability - Frozen Pension Plan	211,687
Net decrease in total pension liability - LOSAP	9,631
Net decrease in prepaid assets	(459,678)
Net increase in net pension liability and related deferrals - PERS	(9,233,464)
<i>Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:</i>	
Increase in net position of internal service fund combined with governmental activities	35,546
Net change in net position	<u>\$ 3,609,246</u>

III. Detailed notes on all activities and funds

A. Cash, cash equivalents and investments

1. Deposits and investments

The District maintains separate accountability by fund for cash, cash equivalents, and investment accounts.

Deposits with financial institutions include bank demand deposits and bank money market deposits. The combined total book balance at June 30, 2019 was \$48,049,154 and the total bank balance was \$48,602,396. The District's demand deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC), with the exception of \$16,047 which is insured by the Securities Investor Protection Corporation (SIPC). 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, 2019, the District's cash, cash equivalents, and investments are comprised of the following:

Cash, cash equivalents and investments	
Cash on hand	\$ 3,325
Cash with county assessors	502,027
Deposits with financial institutions	48,049,154
State of Oregon Local Government Investment Pool	49,612,432
Investments:	
Open-ended mutual funds	361,725
Total cash, cash equivalents, and investments	\$ 98,528,663

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

	Governmental Activities
Cash and cash equivalents:	
Unrestricted	\$ 98,166,938
Investments	361,725
Total cash, cash equivalents, and investments	\$ 98,528,663

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	\$ 361,725
Total investments measured at fair value	\$ 361,725

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, 2019, 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.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board. The following table outlines the LGIP's investment maturities at June 30, 2019.

LGIP Maturity Distribution of Portfolio			
	In Compliance	Objective	Actual
Percent of portfolio to mature within 93 days	Yes	> 50%	58.22%
Percent of portfolio to mature over one year	Yes	< 25%	22.33%
Securities maturing in over 3 years from settlement	Yes	0%	0%

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. The LGIP funds are 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

Ambulance transport service receivables of \$153,034 consist of charges to insurance providers and patients of \$351,810 net of allowances for contractual discounts of \$75,123 and uncompensated care of \$123,653 and are based on management's estimates of collectability.

Other accounts receivable of \$793,049 include conflagration deployment billings, hazardous materials and other miscellaneous receivables and are deemed to be fully collectible as of June 30, 2019.

C. Capital Assets

Capital Assets consist of the following at June 30, 2019:

	Balance June 30, 2018 Restated	Increases	Decreases	Balance June 30, 2019
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 14,850,327	\$ 1,726,991	(275,388)	\$ 16,301,930
Other capital assets	256,800		(25,800)	231,000
Construction in progress	17,963,214	7,878,689	(13,118,562)	12,723,341
Total capital assets, not being depreciated	33,070,341	9,605,680	(13,419,750)	29,256,271
Capital assets, being depreciated:				
Buildings and improvements	89,221,231	9,400,957	(3,501,931)	95,120,257
Fire apparatus and other vehicles	34,232,030	4,298,306		38,530,336
Furniture, fixtures, and equipment	8,800,315	1,677,491	(168,715)	10,309,091
Total capital assets, being depreciated	132,253,576	15,376,754	(3,670,646)	143,959,684
Less accumulated depreciation for:				
Buildings and improvements	(29,986,913)	(3,509,002)	3,116,075	(30,379,840)
Fire apparatus and other vehicles	(22,096,170)	(3,255,866)		(25,352,036)
Furniture, fixtures, and equipment	(7,247,312)	(1,133,692)	166,547	(8,214,457)
Total accumulated depreciation	(59,330,395)	(7,898,560)	3,282,622	(63,946,333)
Total capital assets being depreciated, net	72,923,181	7,478,194	(388,024)	80,013,351
Total capital assets, net of depreciation	\$ 105,993,522	\$ 17,083,874	\$ (13,807,774)	\$ 109,269,622

The merger of NRPFD resulted in a net increase to capital assets of \$224,224 at June 30, 2018. As of July 1, 2018, the City of Newberg transferred its fire operations to the District resulting in a net increase to capital assets of \$1,224,102.

Increases to accumulated depreciation included \$2,452,255 transferred from the City of Newberg Fire operations and current year depreciation of \$5,446,305.

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

D. Interfund receivables, payables, and transfers

There were no interfund payables or receivables at June 30, 2019.

Interfund transfers for the year ended June 30, 2019 were as follows:

	Transfer In	Transfer Out
General Fund	\$	\$ 3,771,427
Property and Building Fund	3,771,427	
	<u>\$ 3,771,427</u>	<u>\$ 3,771,427</u>

The District made a transfer from the General Fund to the Property and Building Fund in the amount of \$3,771,427 to accumulate resources for land acquisition and construction costs for new and existing facilities.

E. Operating leases

Beginning July 1, 2018 the District was granted a 99 year right-of-use for Station 20 as part of the transfer of operations from the City of Newberg. The District shall maintain and operate the premises in order to provide fire and emergency services to the City but has no obligation of rent payments as per the agreement.

The District entered into a seven-year lease agreement for use of office space to house the District's Occupational Health and Wellness department effective January 19, 2018. The total cost for the leased space amounted to approximately \$110,852 for the year ended June 30, 2019. Future payments are due as follows:

Year Ending June 30,	Office Space Lease
2020	\$ 99,406
2021	102,388
2022	105,460
2023	108,624
2024	111,882
2025	56,768
Total	<u>\$ 584,528</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 \$23,500,000 issuance of 20-year bonds dated June 2, 2011, with stated interest rates ranging from 4.0 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 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 Refundings

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.

On October 18, 2017, the District issued \$12,310,000 in general obligation bonds with interest rates ranging from 4.0 percent to 5.0 percent. The proceeds were used to advance refund \$4,800,000 of outstanding 2009 general obligation bonds which had interest rates ranging from 4.0 percent to 4.375 percent and \$8,870,000 of outstanding 2009B general obligation bonds which had interest rates ranging from 4.0 percent to 4.25 percent. The net proceeds of \$14,415,990 (including a \$2,271,850 premium after payment of \$165,861 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payment of the refunded bonds. As a result, the 2009 and 2009B general obligation bonds with maturities after March 2019 and June 2019 respectively 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, 2019, that amount was \$1,286 million. As of June 30, 2019, the total general obligation bonded debt was \$38,125,000, plus unamortized premium of \$3,501,028. The total outstanding debt applicable to the limit was \$41.0 million which is 3.2 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, 2019 are as follows:

Issue Date	Original Issue	Outstanding at June 30, 2018	Additions	Reductions	Outstanding at June 30, 2019	Due Within One Year	Interest Rates
General Obligation Bonds:							
March 17, 2009	\$ 14,000,000	\$ 960,000	\$	\$ (960,000)	\$	\$	
June 16, 2009	15,000,000	700,000		(700,000)			
June 2, 2011	23,500,000	17,080,000		(1,010,000)	16,070,000	1,050,000	4.00 - 5.00%
March 25, 2015	9,905,000	8,250,000		(1,360,000)	6,890,000	1,365,000	2.25 - 4.00%
March 25, 2015	5,000,000	3,645,000		(550,000)	3,095,000	570,000	2.25 - 4.00%
October 18, 2017	12,310,000	12,070,000			12,070,000	1,660,000	4.00 - 5.00%
Total General Obligation Bonds		42,705,000		(4,580,000)	38,125,000	4,645,000	
Unamortized Premium:		3,934,594		(433,566)	3,501,028	433,566	
Total		<u>\$ 46,639,594</u>	<u>\$</u>	<u>\$ (5,013,566)</u>	<u>\$ 41,626,028</u>	<u>\$ 5,078,566</u>	
Compensated Absences:		<u>\$ 10,377,313</u>	<u>\$ 8,807,073</u>	<u>\$ (8,298,551)</u>	<u>\$ 10,885,835</u>	<u>\$ 7,688,064</u>	

Outstanding bond issues are callable as follows:

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
 October 18, 2017 - not callable

Future bond maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,645,000	\$ 1,641,363	\$ 6,286,363
2021	4,760,000	1,438,963	6,198,963
2022	4,885,000	1,231,563	6,116,563
2023	5,000,000	1,018,663	6,018,663
2024	3,635,000	788,913	4,423,913
2025-2029	11,935,000	2,284,260	14,219,260
2030-2031	3,265,000	205,525	3,470,525
	<u>\$ 38,125,000</u>	<u>\$ 8,609,250</u>	<u>\$ 46,734,250</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 \$50,000. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The District also annually purchases an industrial accident insurance policy covering its employees and volunteer firefighters.

B. Related party transactions

The District contracts with Washington County Consolidated Communications Agency (WCCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2019, the District paid \$2,238,988 to WCCCA for dispatch fees.

The District also performs ambulance transport services for a portion of Clackamas County through a contract with American Medical Response NW (AMR), the assigned private provider of medical transportation services in Clackamas County. The General Manager of AMR is a current elected 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 2019 was \$2,518,039 of which \$1,929,170 was made for the bargaining unit employees.

D. Tax abatements granted by other governments

GASB Statement No. 77, *Tax Abatement Disclosures* establishes financial reporting standards for tax abatement agreements entered into by state and local governments. For the purpose of this disclosure the District has placed a quantitative threshold of \$5,000 for property tax revenue losses resulting from tax abatement programs. The District's property tax revenues were materially impacted by four tax abatement programs managed by Washington County and certain of its cities, one managed by Clackamas County and one managed by Yamhill County for the fiscal year ended June 30, 2019.

Strategic Investment Program

The Strategic Investment Program (SIP) is a combined agreement between Washington County, the City of Hillsboro and Intel Corporation (Intel). The SIP was authorized by the 1993 Legislature to increase Oregon's ability to attract and retain capital-intensive industry and high-wage jobs. Under this agreement, Intel agrees to pay full property taxes on the first \$100 million invested, or \$25 million in a rural area, a cap that increases three percent each year, as well as an annual Community Service Fee equal to 25 percent of abated taxes. The District's SIP reduction in property tax revenues is estimated at \$845,000 for fiscal year 2019.

Enterprise zone

Enterprise zones can be adopted by cities to encourage business development and primarily function to exempt businesses from local property taxes on new investments for a specified amount of time, which

varies among the different zone programs. To qualify for an enterprise zone exemption, the business agrees to increase full-time employment by 10%, have no concurrent job losses outside the zone boundary, maintain minimum employment levels, enter into a first-source agreement with local job training providers and satisfy any additional conditions. The District's reduction in property tax revenues from Enterprise Zones adopted by the City of Tigard and the City of Beaverton is estimated at \$18,000 for fiscal year 2019.

Vertical housing

The program encourages mixed-use commercial/residential developments in areas designated by communities through a partial property tax exemption. The exemption varies in accordance with the number of residential floors on a project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area median income or below). The District's reduction in property tax revenues from vertical housing programs is estimated at \$32,000 for fiscal year 2019.

Nonprofit corporation low income housing

The 1985 Oregon legislature authorized a property tax abatement for low-income housing held by charitable, nonprofit organizations. The tax abatement is intended to benefit low-income renters and is available for qualifying property located in some parts of Washington, Clackamas and Yamhill counties. Nonprofit IRS 501(c)(3) or (4) organizations are responsible for the day-to-day management of the property. Each city or county may set additional terms and may depend on the existence of development prior to application or not. The District's reduction in revenues from this program is estimated at \$80,000, \$26,800 and \$5,100 respectively for fiscal year 2019.

E. 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 (PERS), 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 - PERS 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 PERS 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 PERS employer at the time of death; (2) member died within 120 days after termination of PERS-covered employment; (3) member died as a result of injury sustained while employed in a PERS-covered job; or (4) member was on an official leave of absence from a PERS-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 PERS-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 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 PERS 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 creditable service time 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, or, 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 under non-duty criteria or a member who becomes disabled under duty criteria due to job-related injury or disease shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment prior to the disability.

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 will vary based on the amount of the annual benefit.

Contributions - PERS 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 PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The District's rates for the year ended June 30, 2019 were 22.04 percent for PERS; 10.48 percent for OPSRP – general service employees; and 15.25 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, 2019 were approximately \$11,275,000, 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 all of the employees' contribution in addition to the required employers' contribution as a pick-up. The District contributes the 6% employee contribution pick-up which was approximately \$3,839,000.

Plan Audited Financial Report - Both PERS 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 PERS web site at www.oregon.gov/pers.

Pension 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 as a

percentage of 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.

At June 30, 2019, the District reported a liability of \$99,105,195 for its proportionate share of the plan net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. 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, 2019 and 2018 the District's proportion was 0.65421658 percent and 0.62514650 percent, respectively.

For the year ended June 30, 2019, the District recognized pension expense of \$20,460,899 for the defined benefit portion of the pension plan. At June 30, 2019, 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	\$ 3,371,262	\$
Changes in assumptions	23,041,770	
Net difference between projected and actual earnings on pension plan investments		4,400,831
Changes in District's proportionate share	2,766,720	351,502
Differences between District contribution and proportionate share of system contributions	2,326,628	113,090
Subtotal	31,506,380	4,865,423
District contributions subsequent to the measurement date	11,275,405	
Total	<u>\$ 42,781,785</u>	<u>\$ 4,865,423</u>

Deferred outflows of resources related to pensions of \$11,275,405 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other 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:	
2020	\$ 13,647,319
2021	10,010,750
2022	98,305
2023	2,129,248
2024	755,335
Total	<u>\$ 26,640,957</u>

Actuarial Valuations - The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the entry age normal actuarial cost method.

For the ORS 238 Tier One/Tier Two component of the PERS 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 PERS 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	December 31, 2016
• Measurement Date	June 30, 2018
• Experience Study	2016, published July 26, 2017
• Actuarial assumptions:	
▪ Actuarial cost method	Entry Age Normal
▪ Inflation rate	2.50 percent
▪ Long-term expected rate of return	7.20 percent
▪ Discount rate	7.20 percent
▪ Projected salary increases	3.50 percent
▪ Cost of living adjustment	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with <i>Moro</i> decision; blended based on service.
▪ Mortality	<p>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

Discount Rate - The discount rate used to measure the total pension liability was 7.20 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 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 Liability to Changes in the Discount Rate - The following represents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the District’s share of the net 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 (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of net pension liability	\$ 165,623,504	\$ 99,105,195	\$ 44,199,775

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. Information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means are summarized in the following tables:

Asset Class/Strategy	OIC Policy Range			OIC Target Allocation
Cash	0.0	-	3.0 %	0.0 %
Debt Securities	15.0	-	25.0	20.0
Public Equity	32.5	-	42.5	37.5
Real Estate	9.5	-	15.5	12.5
Private Equity	13.5	-	21.5	17.5
Alternative Equity	0.0	-	12.5	12.5
Opportunity Portfolio ¹	0.0	-	3.0	0.0
Total				100.0 %

¹ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net assets.

Long-Term Expected Rate of Return

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

On July 28, 2017 the PERS Board lowered the assumed investment rate of return from 7.5% to 7.2% effective on January 1, 2018. This rate will be used for the determination of contribution rates

beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

Depletion Date Projection – GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). 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. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgement.

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

- 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 PERS' 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.

Deferred Inflows of Resources and Deferred Outflows of Resources - Deferred inflows of resources and deferred outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2018, employers will report the following deferred inflows of resources and/or deferred out flows of resources:

- A difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Difference between projected and actual investment earnings

Differences between expected and actual experience, changes in assumptions and changes in employer proportion are amortized over the average remaining service lives of all plan participants,

including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as the beginning of each measurement period are described below:

Year ended June 30, 2018 – 5.2 years

Year ended June 30, 2017 – 5.3 years

Year ended June 30, 2016 – 5.3 years

Year ended June 30, 2015 – 5.4 years

Year ended June 30, 2014 – 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

In addition, employers may need to recognize a difference between their actual employer contributions and their proportionate share of contributions, which is not reflected in the Schedule of Pension Amounts by Employer. GASB 68 requires employers to amortize that difference over the remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employer contributions made after the measurement date are also excluded from the Schedule of Pension Amounts by Employer. Appropriate treatment of such amounts is the responsibility of the employer.

Payable to PERS - At June 30, 2019, the District’s payable to PERS for defined benefit contributions was \$1,619,073. 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 PERS. 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 PERS 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 PERS member contributions go into the IAP portion of OPSRP. PERS’ members retain their existing PERS accounts, but any future member contributions are deposited into the member’s IAP, not the member’s PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS 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 one retired employee 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, 2019, were determined using the date of the latest actuarial valuation of June 30, 2018. All benefits are vested. Significant actuarial assumptions used in the valuation included:

- A 3.87% interest discount based on the June 2018 rate in the 20-Year General Obligation Municipal Bond Index published by the Bond Buyer.
- Cost of Living Adjustments
 - o 2.1% and 3.1% for battalion chiefs and other 1973 Plan Retirees
 - o 2.0% for the 1976 Plan Retirees
- Mortality – RP 2014 Blue Collar generation tables projected forward using Scale MP 2017.

Liabilities are valued by discounting expected future cash flows at the assumed discount rate of 3.87%. Plan expenses other than benefit payments are not valued. The Plan is currently “unfunded” as defined by relevant GASB statements.

The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2019, the District recognized pension expense of \$68,642 for the defined benefit pension plan.

The change in Total Pension Liability for the year ended June 30, 2018 is as follows:

	Change in Total Pension Liability
Total Pension Liability, beginning of year	\$ 1,089,830
Benefit payments	(280,329)
Interest on Total Pension Liability	37,357
Experience	31,285
Total Pension Liability, end of year	<u>\$ 878,143</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 3.87 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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total Pension Liability on 6/30/19	\$ 912,219	\$ 878,143	\$ 846,992

3. Volunteer Length of Service Award Program (LOSAP)

Plan Description - The District maintains three Volunteer Length of Service Award Programs (known as 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 two closed defined benefit plans for some prior volunteers under a 1992 plan and under a 1990 District 2 plan. The 1992 program was closed for crediting of additional future benefits on July 1, 1998 and the District 2 plan was closed for crediting of additional future benefits on January 12, 2000.

The closed 1992 and 1990 programs are accounted for as a single employer defined benefit plan and provide length of service award benefits of a monthly amount based upon years of service. The Fire Chief, as the Plan Administrator, administers the plans and the Board of Directors provides oversight. Amendments to the plans 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 or 1990 plans 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 – The District accounts for plan liabilities in accordance with GASB Statement 73. Significant actuarial assumptions used in the combined June 30, 2018 actuarial valuation for both the 1992 and 1990 plans, the latest available, included:

- Interest discount rate of 3.87%
- Retirement rates – paid when a volunteer reaches age 62
- Form of benefit - 10 year certain-and-life annuity for both the 1992 and 1990 District 2 plans.
- Mortality – RP 2014 Blue Collar generation tables projected forward using Scale MP 2017.

As required by the standards, the Entry Age Normal Level Percent of 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.

Liabilities are valued by discounting expected future cash flows at the assumed discount rate of 3.87%. Plan expenses other than benefit payments are not valued. The Plan is currently “unfunded” as defined by relevant GASB statements.

The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2019, the District recognized pension expense of \$10,800 for the LOSAP plan.

The change in Total Pension Liability for the year ended June 30, 2019 is as follows:

	Change in Total Pension Liability
Total Pension Liability, June 30, 2018	\$ 289,286
Benefit payments	(20,431)
Interest on Total Pension Liability	10,800
Change in assumptions	-
Total Pension Liability, June 30, 2019	<u>\$ 279,655</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 3.87 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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total Pension Liability on 6/30/19	\$ 311,727	\$ 279,655	\$ 252,910

F. Post-employment benefits other than pensions (OPEB)

1. Health Benefit Retiree Program – Single Employer Plan

Plan Description - The District maintains a single-employer Health Benefit Retiree Program which has two components: The Explicit Benefit Plan and the Self-Pay Health Plan. 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 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 benefit was determined by the retiring employee's years of service and ranges from \$50 to \$100 per month. 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.

The District makes no explicit contributions under the Self-Pay Plan. As of June 30, 2018, the date of the most recent actuarial valuation, there were 99 active employees and 24 retirees and surviving spouses included in both components of the Health Benefit Retiree Program.

Actuarial Assumptions and Other Inputs - The total OPEB liability of \$1,139,318 and components of OPEB Expense as of June 30, 2019, were determined using the date of the latest actuarial valuation of June 30, 2018. Significant actuarial assumptions used in the valuation included:

- A 3.87% interest discount based on the June 2018 rate in the 20-Year General Obligation Municipal Bond Index published by the Bond Buyer.
- Medical Insurance Premium and Early Retirement Premium Annual Trend: 6% initial annual increase in 2019, reduced by 0.5% each year to 5% over 2 years.
- Dental Insurance Premium Annual Trend: 4% initial annual increase in 2019, decreasing to 3% after 2 years.
- Retirement Rates: The assumed rates of retirement for Tualatin Valley Fire & Rescue employees covered by this Plan are based on the retirement rate assumptions used in the December 31, 2016 Oregon PERS valuation for General Service and Public Safety employees.
- An assumed general inflation rate of 2.5% is used for all future years.
- Annual salary increases for employees are assumed to be 2.5% in all future years.

Mortality rates were based on the rates used in the December 31, 2016 Oregon PERS actuarial valuation.

Plan expenses other than benefit payments are not valued. The Plan is currently "unfunded" as defined by relevant GASB statements. The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2019, the District recognized OPEB expense of \$91,588 for the OPEB plan.

Changes in Total OPEB Liability

	Change in Total OPEB Liability
Total OPEB Liability, June 30, 2018	\$ 1,209,491
Benefit payments	(140,483)
Service cost	26,221
Interest on Total OPEB Liability	44,089
Total OPEB Liability, June 30, 2019	<u>\$ 1,139,318</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following represents the total OPEB liability calculated using the discount rate of 3.87 percent, as well as what the total OPEB 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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability on 6/30/19	\$ 1,207,467	\$ 1,139,318	\$ 1,076,533

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following represents the total OPEB liability of the District, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability on 6/30/19	\$ 1,057,482	\$ 1,139,318	\$ 1,232,278

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$91,588. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 213,063	\$
Changes of assumptions or other inputs		61,144
	<u>\$ 213,063</u>	<u>\$ 61,144</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

	Deferred Outflows Recognized in OPEB Expense
Fiscal Year Ending	
2020	\$ 21,278
2021	21,278
2022	21,278
2023	21,278
2024	21,278
All subsequent years	45,529
Total	<u>\$ 151,919</u>

2. Retiree Health Plan for Local 1660 Members – Multiple Employer Cost-Sharing Plan

Plan Description – The District contributes to the Northwest Firefighters Relief Association Health Trust Retiree Program, a cost-sharing multiple-employer defined benefit post-employment healthcare plan (an OPEB plan). The Trust provides medical benefits to eligible retired employees of participating districts. As of the most recent valuation date of June 30, 2019, the Trust has nine participating employers, Tualatin Valley Fire and Rescue, Molalla Rural Fire Protection, Clatskanie Rural Fire Protection, Woodburn Fire District, Canby Fire District, City of Newberg Police Department, Forest Grove Fire and Rescue, Hoodland Fire District, and Port of Portland Fire Department. This plan has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The program allows eligible retirees and their dependents to purchase continuation coverage under the Trust's health insurance plans from the date of retirement until eligibility for Medicare. The District is required by ORS 243.303 to provide retirees with group health insurance from the date of retirement to age 65 at the same rate provided to current employees, at their own expense.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Discount rate: 3.50%
- Inflation: 2.5%
- Salary increases: 3.5%
- Medical cost trend rates: 7% for 2020, decreasing 0.5% per year to an ultimate rate of 5% for 2024 and later years

The 3.5% discount rate assumption is the June 30, 2019 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.

Rates of mortality, retirement, and withdrawal are the same rates that were used in the December 31, 2017 actuarial valuation of the Oregon Public Employees Retirement System for Police and Fire employees.

Changes in Total OPEB Liability

	Change in Total OPEB Liability
Total OPEB Liability, June 30, 2018	\$ (4,534,544)
Benefit payments	405,625
Service cost	(3,061,188)
Change in assumptions	(3,638,403)
Experience	(386,185)
Changes in proportionate share	343,384
Total OPEB Liability, June 30, 2019	<u>\$ (10,871,311)</u>

Changes in assumptions reflects an insurance subsidy provided by the Trust to retirees who have participated in the Trust for at least 20 years.

Sensitivity of the District's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following represents the district's proportionate share of the total OPEB liability, as well as what the District's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability on 6/30/19	\$ 11,876,439	\$ 10,871,311	\$ 9,946,772

Sensitivity of the District's Proportionate Share of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the District's proportionate share of the total OPEB liability, as well as what the District's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

		Current Health Care Trend Rates	
	1% Decrease		1% Increase
Total OPEB Liability on 6/30/19	\$ 9,590,815	\$ 10,871,311	\$ 12,383,493

OPEB Liabilities, OPEB Expense, and Deferred Inflows/Outflows of Resources Related to OPEB

At June 30, 2019, the District reported a liability of \$10,871,311 for its proportionate share of the total OPEB liability. At June 30, 2019 and 2018, the District's proportionate share was 81.2642 percent and 88.4842 percent, respectively.

For the year ended June 30, 2019, the District recognized OPEB expense of \$3,061,188. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 334,747	\$ 277,353
Changes of assumptions	4,003,057	
Changes in proportionate share		343,384
	<u>\$ 4,337,804</u>	<u>\$ 620,737</u>

Future amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows Recognized in OPEB Expense
Fiscal Year Ending	
2020	\$ 288,485
2021	288,485
2022	288,485
2023	288,485
2024	288,485
All subsequent years	2,274,642
Total	<u>\$ 3,717,067</u>

3. PERS Retirement Health Insurance Account OPEB (RHIA)

Plan Description - The District is a participating employer in the Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) plan, a cost-sharing multiple-employer defined benefit other postemployment benefit plan (OPEB) established under Oregon Revised Statutes 238.420. The RHIA plan currently serves 801 participating employers.

Benefits provided - ORS 238.420 authorizes a payment of up to \$60 from RHIA toward the monthly cost of health insurance for eligible PERS members. The plan is closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the healthcare 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.

Death Benefits - 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.

Contributions - For the year ended June 30, 2018, PERS employers contributed 0.07 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. PERS employers contributed 0.43 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. These rates were based on the December 31, 2015 actuarial valuation.

Employer contributions are advance funded on an actuarially determined basis. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. The number of RHIA participants receiving benefits was 46,033 for the fiscal year ended June 30, 2018, and there were 56,200 active and 15,215 inactive members who meet the requirements to receive RHIA benefits when they retire.

Plan Audited Financial Report – RHIA is administered by the 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 PERS web site at www.oregon.gov/pers.

OPEB Liabilities, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2019, the District reported an asset of \$651,214 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share

of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined.

Proportionate Share Allocation Methodology - The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers.

If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of OPEB amounts. At June 30, 2019 and 2018 the District's proportion was 0.58338333 percent and 0.56490398 percent, respectively.

For the year ended June 30, 2019, the District recognized OPEB income of \$60,323. At June 30, 2019, 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	\$	\$ 36,906
Changes in assumptions		2,066
Net difference between projected and actual earnings on pension plan investments		140,400
Changes in District's proportionate share	3,490	2,885
Subtotal	3,490	182,257
District contributions subsequent to the measurement date	296,361	
Total	\$ 299,851	\$ 182,257

Deferred outflows of resources related to pensions of \$296,361 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense/ (income) as follows:

Year ended June 30:		
2020	\$	(58,294)
2021		(58,910)
2022		(47,606)
2023		(13,957)
Total	\$	(178,767)

Actuarial Methods and Assumptions - the total OPEB asset in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

• Valuation Date	December 31, 2016
• Measurement Date	June 30, 2018
• Experience Study	2016, published July 26, 2017
• Actuarial assumptions:	
▪ Actuarial cost method	Entry Age Normal
▪ Inflation rate	2.50 percent
▪ Long-term expected rate of return	7.20 percent
▪ Discount rate	7.20 percent
▪ Projected salary increases	3.50 percent
▪ Retiree healthcare participation	Healthy retirees: 38%; Disabled retirees: 20%.
▪ Healthcare cost trend rate	Not applicable
▪ Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

Discount Rate - The discount rate used to measure the total OPEB asset at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following represents the District's proportionate share of the net OPEB asset calculated using the discount rate of 7.20 percent, as well as what the District's share of the net OPEB (asset) / 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 (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of net OPEB (asset) / liability	\$ (379,169)	\$ (651,214)	\$ (882,779)

Long-Term Expected Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both actuary'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 an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. Information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means are summarized in the following tables:

Asset Class/Strategy	OIC Policy Range	OIC Target Allocation
Cash	0.0 - 3.0 %	0.0 %
Debt Securities	15.0 - 25.0	20.0
Public Equity	32.5 - 42.5	37.5
Real Estate	9.5 - 15.5	12.5
Private Equity	13.5 - 21.5	17.5
Alternative Equity	0.0 - 12.5	12.5
Opportunity Portfolio ¹	0.0 - 3.0	0.0
Total		100.0 %

¹ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan net assets.

Long-Term Expected Rate of Return

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

G. Commitments and contingencies

As of June 30, 2019, the District is committed under various accepted bid agreements and contracts for approximately \$6.2 million for goods, services and construction of facilities. This includes \$5.9 million in construction commitments at various stations.

H. Government Combinations

In accordance with GASB Statement 69, *Government Combinations and Disposals of Government Operations*, the District recorded two government combinations on the financial statements.

- The annexation and merger of Newberg Rural Fire Protection District (NRFPD) effective July 1, 2018 included the recording of cash on the Property and Building Fund Balance Sheet, and capital assets on the Statement of Net Position.

	Property and Building Fund
Fund Balances, as of June 30, 2018, as previously reported	\$ 7,779,150
Restatement due to government merger	634,390
Fund Balances, as of June 30, 2018, as restated	<u>\$ 8,413,540</u>

	Statement of Activities
Net position as of June 30, 2018, as previously reported	<u>\$ 70,929,893</u>
Restatement of governmental activities due to merger	634,390
Restatement of prior period net position for the net effect of implementing GASB 69 for the merger of Newberg Rural Fire Protection District capital assets	<u>224,224</u>
Total restatement	<u>858,614</u>
Net position as of June 30, 2018, as restated	<u>\$ 71,788,507</u>

- b. The transfer of operations of the City of Newberg Fire Department became effective July 1, 2018. Under an intergovernmental agreement between the City of Newberg and the District, the City agreed to combine its fire protection services with the District for the purpose of enhancing the provision of the fire and emergency services to the City's citizens. On July 1, 2018, the City transferred the assets comprising its fire service operations to the District. As a result of the transfer, the District recognized receivables and capital assets on the Statement of Net Position as a special item in accordance with GASB Statement 69.

	Carrying Values
Transferred Assets (Net)	
Property taxes receivable	\$ 483,431
Furniture, fixtures and equipment	194,456
Fire apparatus and other vehicles	189,757
Buildings and improvements	835,189
Land	<u>4,700</u>
Special item as of July 1, 2018	<u>\$ 1,707,533</u>
Net Position received from the transfer of operations as of July 1, 2018:	
Net investment in capital assets	\$ 1,224,102
Unrestricted net position	<u>483,431</u>
	<u>\$ 1,707,533</u>

Tualatin Valley Fire and Rescue

Schedule of the District's Proportionate Share of the Net Pension (Asset)/Liability Oregon Public Employee Retirement Pension Plan (PERS) 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 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⁾
2010					
2011					
2012					
2013					
2014	0.59075779 % \$	30,147,236 \$	40,213,636	74.97 %	N/A %
2015	0.61510615	(13,390,794)	44,696,865	(29.96)	103.60
2016	0.62023120	34,235,839	45,800,597	74.75	91.88
2017 ⁽³⁾	0.63190892	94,864,201	49,353,156	192.22	80.52
2018	0.62514650	84,269,985	57,481,482	146.60	83.10
2019	0.65421658	99,105,195	60,601,623	163.54	82.10

⁽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 PERS.

⁽³⁾ Restated in 2018 to include the merged District 2 as part of the beginning balance of 2018.

Tualatin Valley Fire and Rescue

Schedule of the District's Pension Plan Contributions Oregon Public Employee Retirement Pension Plan (PERS) 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 Payroll	Contributions as a Percentage of Covered Payroll
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
2017 ⁽³⁾	7,467,361	7,428,998	38,363	57,481,482	12.92
2018	10,663,956	10,645,342	18,614	60,601,623	17.57
2019	11,275,405	11,441,615	(166,210)	61,375,124	18.64

⁽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 PERS.

⁽³⁾ Restated in 2018 to include the merged District 2 as part of the beginning balance of 2018.

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
2010			
2011			
2012			
2013			
2014			
2015	\$ 2,339,780	N/A	N/A
2016	1,659,564	N/A	N/A
2017	1,380,164	N/A	N/A
2018	1,089,830	N/A	N/A
2019	878,143	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
2010							
2011							
2012							
2013							
2014							
2015							
2016	\$ 2,339,780	-	\$ 69,310	\$ (347,682)	\$ (46,913)	\$ (354,931)	\$ 1,659,564
2017	1,659,564	-	47,870	(340,898)	-	13,628	1,380,164
2018	1,380,164	-	46,941	(334,431)	(98,845)	96,001	1,089,830
2019	1,089,830	-	37,357	(280,329)	-	31,285	878,143

⁽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
2010			
2011			
2012			
2013			
2014			
2015	\$ 136,278	N/A	N/A
2016	180,853	N/A	N/A
2017 ⁽³⁾	319,617	N/A	N/A
2018	289,286	N/A	N/A
2019	279,655	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
2010							
2011							
2012							
2013							
2014							
2015							
2016	\$ 136,278	\$ -	\$ 4,212	\$ (9,300)	\$ 40,688	\$ 8,975	\$ 180,853
2017	180,853	-	5,640	(10,075)	-	853	177,271
2018 ⁽³⁾	319,617	-	11,995	(19,355)	(31,094)	8,123	289,286
2019	289,286	-	10,800	(20,431)	-	-	279,655

⁽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 LOSAP plans are closed plans; therefore there is no related covered payroll.

⁽³⁾ Restated in 2018 to include the merged District 2 as part of the beginning balance of 2018.

Tualatin Valley Fire and Rescue

Schedule of the District's Total OPEB Liability ⁽¹⁾
Single-employer plan - TVFR Health Benefit Retiree Program
Last Ten Fiscal Years

Schedule of Total OPEB Liability (TOL)

Fiscal Year Ended June 30,	Total OPEB Liability	Covered Payroll	TOL as a Percentage of Covered Payroll
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017	\$ 1,061,021	\$ 8,550,081	12.4 %
2018	1,209,491	8,763,833	13.8
2019	1,139,318	8,982,929	12.7

Schedule of Changes in Total OPEB (Asset) / Liability

Fiscal Year Ended June 30,	TOL Beginning Balance	Service Costs	Interest on the TOL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	TOL (A) Ending Balance
2010							
2011							
2012							
2013							
2014							
2015							
2016							
2017							
2018	\$ 1,061,021	\$ 25,581	\$ 38,923	\$ (110,509)	\$ (78,272)	\$ 272,747	\$ 1,209,491
2019	1,209,491	26,221	44,089	(140,483)	-	-	1,139,318

⁽¹⁾ These schedules are to be presented as 10-year schedules under the requirements of GASB Statement 75; 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.

Tualatin Valley Fire and Rescue

Schedule of the District's Proportionate Share of the Total OPEB Liability ⁽¹⁾
Multiple-employer cost-sharing plan - Health Benefit Retiree Program
Last Ten Fiscal Years

Schedule of Total OPEB Liability (TOL)

Fiscal Year Ended June 30,	District's Proportion of the Total OPEB Liability ⁽²⁾	District's Proportionate Share of the Total OPEB Liability ⁽²⁾	District's Covered Payroll	District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017	88.4842 %	\$ 4,263,854	\$ 47,782,346	8.92 %
2018	88.4842	4,534,544	49,971,560	9.07
2019	81.2642	10,871,311	51,600,155	21.07

Schedule of Changes in Total OPEB Liability

Fiscal Year Ended June 30,	TOL Beginning Balance	Service Costs	Interest on the TOL	Benefit Payments	Changes of Assumptions	Change of Share	Experience (Gain) or Loss	TOL Ending Balance
2010								
2011								
2012								
2013								
2014								
2015								
2016								
2017								
2018	\$ 4,263,854	\$ 292,871	\$ 149,572	\$ (171,753)	\$ -	\$ -	\$ -	\$ 4,534,544
2019	4,534,544	3,061,188		(405,625)	3,638,403	(343,384)	386,185	10,871,311

⁽¹⁾ These schedules are to be presented as 10-year schedules under the requirements of GASB Statement 75; 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⁾ Actuarial information provided by the actuary for the multiple-employer cost-sharing plan.

Tualatin Valley Fire and Rescue

Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability ⁽¹⁾ Oregon Public Employee Retirement Pension Plan (PERS - RHIA) Last Ten Fiscal Years

Fiscal Year Ended June 30,	District's Proportion of the Net OPEB (Asset)/Liability ⁽²⁾	District's Proportionate Share of the Net OPEB (Asset)/Liability ⁽²⁾	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/ Liability ⁽²⁾
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017	0.53693204 %	\$ 145,811	\$ 49,353,156	0.30 %	94.20 %
2018	0.56490398	(235,757)	57,481,482	(0.41)	108.90
2019	0.58338333	(651,214)	60,601,623	(1.07)	123.99

⁽¹⁾ Data not available prior to 2017. Ten-year trend information required by GASB Statement 75 will be presented prospectively.

⁽²⁾ Actuarial information provided by the actuary for PERS.

Schedule of the District's OPEB Plan Contributions ⁽¹⁾ Oregon Public Employee Retirement Pension Plan (PERS - RHIA) Last Ten Fiscal Years

Fiscal Year Ended June 30,	Contractually Required Contributions ⁽²⁾	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency /(Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017	\$ 281,240	\$ 282,243	(1,003)	57,481,482	0.49 %
2018	282,476	296,145	(13,669)	60,601,623	0.49
2019	296,361	289,339	7,022	61,375,124	0.47

⁽¹⁾ Data not available prior to 2017. Ten-year trend information required by GASB Statement 75 will be presented prospectively.

⁽²⁾ Actuarial information provided by the actuary for PERS.

Pension Plans

1. Oregon Public Employee Retirement Pension Plan (PERS)

Changes in Assumption, Actuarial Methods and Allocation Procedures

The key changes in the December 31, 2016 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2019 are described below. Additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2016 actuarial valuation can be found at: [2016 PERS Actuarial Valuation](#).

Changes in Actuarial Methods and Valuation Procedures

- **Allocation of Liability for Service Segments**

For allocating Tier 1/Tier 2 liability among multiple employers, the weighting between Money Match and Full Formula methodologies was updated to reflect expected future experience.

Changes in Economic Assumptions

- **Investment Return and Interest Crediting**

The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.20%. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.50%.

- **Administrative Expenses**

Administrative expenses were assumed to be \$6.5 million per year for the OPSRP System and \$37.5 million per year for the Tier 1/Tier 2 Systems.

Changes in Demographic Assumptions

- **Mortality**

Mortality assumption uses RP-2014 base tables and mortality improvement scale based on 60-year unisex average Social Security experience.

- **Disability, Retirement, and Termination**

Rates for the disability, retirement, and termination assumptions were adjusted.

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, 2018
• Actuarial determined contribution method:	Pay-as-you-go
• Inflation (post retirement COLA):	2.0% to 3.1%
• Discount rate:	3.87%
• 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 2017

3. Volunteer 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, 2018
• 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:	3.87%
• 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 2017

Other Post-Employment Benefit Plans

1. Health Benefit Retiree Program – Single Employer Plan

There are no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

• Valuation date:	June 30, 2018
• Actuarial method:	Entry age normal level percent of pay
• Interest discount rate:	3.87%
• Medical insurance premium and early retirement premium annual trend:	6% initial annual increase in 2019, reduced by 0.5% each year to 5% over 2 years.
• Dental insurance premium annual trend:	4% initial annual increase in 2019, decreasing to 3% after 2 years.
• Retirement rates:	Oregon PERS valuation for General Service and Public Safety employees dated December 31, 2016

2. Health Benefit Retiree Program – Multiple-Employer Cost-Sharing Plan

There are no assets accumulated in a trust that meets the criteria of GASB 75 to pay related benefits.

• Valuation date:	June 30, 2019
• Actuarial method:	Entry age normal level percent of pay
• Interest discount rate:	3.50%
• Medical insurance premium and early retirement premium annual trend:	7% initial annual increase in 2020, reducing to 5% over 4 years.
• Dental insurance premium annual trend:	2.5% increase for all future years.
• Participation rates:	45% of eligible employees will continue medical coverage after retirement. Of those: <ul style="list-style-type: none"> • 98% medical • 60% dental • 85% will cover a spouse

3. **Oregon Public Employee Retirement OPEB Plan - PERS RHIA**

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2018 was lowered from 7.50 percent to 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined

Changes of Benefit Terms

There were no key changes implemented with the December 31, 2016 actuarial valuation.

Changes of Assumptions

There were no key changes implemented with the December 31, 2016 actuarial valuation.



Other Supplementary Information



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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 102,162	\$ 408,722	\$ 306,560
Rental revenue		25,700	25,700
Miscellaneous		94,590	94,590
Total revenues	<u>102,162</u>	<u>529,012</u>	<u>426,850</u>
Expenditures			
Capital outlay	13,072,000	5,747,336	7,324,664
Operating contingency	2,052,771		2,052,771
Total expenditures	<u>15,124,771</u>	<u>5,747,336</u>	<u>9,377,435</u>
Deficiency of revenues under expenditures	(15,022,609)	(5,218,324)	9,804,285
Other Financing Sources			
Transfers in	3,771,427	3,771,427	
Special Item			
Proceeds on sale of North Campus		<u>8,535,600</u>	<u>8,535,600</u>
Net change in fund balance	<u>(11,251,182)</u>	<u>7,088,703</u>	<u>18,339,885</u>
Fund balance - June 30, 2018	12,869,951	7,779,150	(5,090,801)
Restatement of beginning of year		634,390	634,390
Fund balance - June 30, 2018, as restated	<u>12,869,951</u>	<u>8,413,540</u>	<u>(4,456,411)</u>
Fund balance - June 30, 2019	<u><u>\$ 1,618,769</u></u>	<u><u>\$ 15,502,243</u></u>	<u><u>\$ 13,883,474</u></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 Funds:

MERRC Fund – accounts for program fees used for the acquisition of mobile emergency responder radio coverage approved equipment.

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.

Tualatin Valley Fire and Rescue

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2019

	Fund Type			Total Nonmajor Governmental Funds
	Special Revenue		Debt Service	
	MERRC Fund	Grants Fund	Debt Service Fund	
Assets				
Cash and cash equivalents	\$ 1,480,203	\$	\$ 608,414	\$ 2,088,617
Property taxes receivable			144,135	144,135
Total assets	<u>\$ 1,480,203</u>	<u>\$</u>	<u>\$ 752,549</u>	<u>\$ 2,232,752</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	\$	\$	\$ 144,134	\$ 144,134
Total deferred inflows of resources			<u>144,134</u>	<u>144,134</u>
Fund Balances				
Restricted			608,415	608,415
Committed	1,480,203			1,480,203
Total fund balances	<u>1,480,203</u>		<u>608,415</u>	<u>2,088,618</u>
Total deferred inflows of resources, and fund balances	<u>\$ 1,480,203</u>	<u>\$</u>	<u>\$ 752,549</u>	<u>\$ 2,232,752</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, 2019

	Fund Type			Total Nonmajor Governmental Funds
	Special Revenue		Debt Service	
	MERRC Fund	Grants Fund	Debt Service Fund	
Revenues				
Property taxes	\$	\$	\$ 6,560,939	\$ 6,560,939
Interest	32,281		77,160	109,441
Program fees	396,866			396,866
Operating grants and contributions		818,727		818,727
Total revenues	<u>429,147</u>	<u>818,727</u>	<u>6,638,099</u>	<u>7,885,973</u>
Expenditures				
Current:				
Public safety:				
Personnel services		795,135		795,135
Materials and services		23,592		23,592
Capital outlay	143,897			143,897
Debt service:				
Principal			4,580,000	4,580,000
Interest			1,824,536	1,824,536
Total expenditures	<u>143,897</u>	<u>818,727</u>	<u>6,404,536</u>	<u>7,367,160</u>
Excess of revenues over expenditures	285,250		233,563	518,813
Fund balances - June 30, 2018	1,194,953		374,852	1,569,805
Fund balances - June 30, 2019	<u>\$ 1,480,203</u>	<u>\$</u>	<u>\$ 608,415</u>	<u>\$ 2,088,618</u>

Tualatin Valley Fire and Rescue

MERRC Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For the Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Program fees	\$ 300,000	\$ 396,866	\$ 96,866
Interest	10,000	32,281	22,281
Total revenues	<u>310,000</u>	<u>429,147</u>	<u>119,147</u>
Expenditures			
Capital outlay	300,000	143,897	156,103
Operating contingency	30,000		30,000
Total expenditures	<u>330,000</u>	<u>143,897</u>	<u>186,103</u>
Excess (deficiency) of revenues over (under) expenditures	(20,000)	285,250	305,250
Fund balance - June 30, 2018	1,100,000	1,194,953	94,953
Fund balance - June 30, 2019	<u>\$ 1,080,000</u>	<u>\$ 1,480,203</u>	<u>\$ 400,203</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Operating grants and contributions	\$ 1,341,709	\$ 818,727	\$ (522,982)
Expenditures			
Current:			
Public safety:			
Personnel services	1,196,709	795,135	401,574
Materials and services	145,000	23,592	121,408
Total expenditures	1,341,709	818,727	522,982
Fund balance - June 30, 2018			
Fund balance - June 30, 2019	\$	\$	\$

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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Property taxes	\$ 6,373,057	\$ 6,559,999	\$ 186,942
Taxes in lieu	350	940	590
Interest	31,900	77,160	45,260
Total revenues	<u>6,405,307</u>	<u>6,638,099</u>	<u>232,792</u>
Expenditures			
Debt service:			
Principal	4,580,000	4,580,000	
Interest	1,824,563	1,824,536	27
Total expenditures	<u>6,404,563</u>	<u>6,404,536</u>	<u>27</u>
Excess of revenues over expenditures	744	233,563	232,819
Fund balance - June 30, 2018	296,181	374,852	78,671
Fund balance - June 30, 2019	<u>\$ 296,925</u>	<u>\$ 608,415</u>	<u>\$ 311,490</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 4,800	\$ 15,591	\$ 10,791
Insurance refunds		64,017	64,017
Total revenues	<u>4,800</u>	<u>79,608</u>	<u>74,808</u>
Expenditures			
Materials and services	<u>619,800</u>	<u>44,062</u>	<u>575,738</u>
Excess (deficiency) of revenues over (under) expenditures	(615,000)	35,546	650,546
Fund balance - June 30, 2018	615,000	634,175	19,175
Fund balance - June 30, 2019	<u>\$</u>	<u>\$ 669,721</u>	<u>\$ 669,721</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 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.

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.

Tualatin Valley Fire and Rescue

Combining Balance Sheet General Fund June 30, 2019

	General Fund	Apparatus Fund	Capital Improvements Fund	Pension Fund	Volunteer LOSAP Fund	Eliminations	Total General Fund
Assets							
Cash and cash equivalents	\$ 69,788,825	\$ 3,730,110	\$ 5,074,184	\$	\$ 19,189	\$	\$ 78,612,308
Investments					361,725		361,725
Receivables:							
Property taxes receivable	2,354,885						2,354,885
Accounts receivable (net of allowances)	946,083						946,083
Supplies inventory	410,673						410,673
Total assets	<u>\$ 73,500,466</u>	<u>\$ 3,730,110</u>	<u>\$ 5,074,184</u>	<u>\$</u>	<u>\$ 380,914</u>	<u>\$</u>	<u>\$ 82,685,674</u>
Liabilities							
Accounts payable	\$ 1,882,959	\$	\$ 263,454	\$	\$	\$	\$ 2,146,413
Accrued salaries and benefits payable	11,188,879						11,188,879
Unearned revenue	2,432						2,432
Total liabilities	<u>13,074,270</u>		<u>263,454</u>				<u>13,337,724</u>
Deferred Inflows of Resources							
Unavailable revenue - property taxes	2,352,454						2,352,454
Unavailable revenue - transport services	171,932						171,932
Unavailable revenue - other	69,299						69,299
Total deferred inflows of resources	<u>2,593,685</u>						<u>2,593,685</u>
Fund Balances							
Nonspendable	410,673						410,673
Committed		3,730,110	4,810,730		380,914		8,921,754
Unassigned	57,421,838						57,421,838
Total fund balances	<u>57,832,511</u>	<u>3,730,110</u>	<u>4,810,730</u>		<u>380,914</u>		<u>66,754,265</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 73,500,466</u>	<u>\$ 3,730,110</u>	<u>\$ 5,074,184</u>	<u>\$ -</u>	<u>\$ 380,914</u>	<u>\$ -</u>	<u>\$ 82,685,674</u>

Tualatin Valley Fire and Rescue

Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances General Fund For the Year Ended June 30, 2019

	General Fund	Apparatus Fund	Capital Improvements Fund	Pension Fund	Volunteer LOSAP Fund	Eliminations	Total General Fund
Revenues							
Program revenues:							
Charges for services	\$ 5,252,811	\$	\$	\$	\$	\$	\$ 5,252,811
Grants and contributions	124,377		14,118				138,495
General revenues:							
Property taxes	118,683,214						118,683,214
Interest	763,197	104,265	146,812		29,701		1,043,975
Insurance dividends and refunds	502,168						502,168
Miscellaneous	155,703						155,703
Total revenues	<u>125,481,470</u>	<u>104,265</u>	<u>160,930</u>	<u></u>	<u>29,701</u>	<u></u>	<u>125,776,366</u>
Expenditures							
Current:							
Public safety:							
Personnel services	102,912,520			280,329	9,300		103,202,149
Materials and services	11,880,689						11,880,689
Capital outlay		1,330,132	1,549,520				2,879,652
Total expenditures	<u>114,793,209</u>	<u>1,330,132</u>	<u>1,549,520</u>	<u>280,329</u>	<u>9,300</u>	<u></u>	<u>117,962,490</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,688,261</u>	<u>(1,225,867)</u>	<u>(1,388,590)</u>	<u>(280,329)</u>	<u>20,401</u>	<u></u>	<u>7,813,876</u>
Other Financing Sources (Uses)							
Transfers in		1,000,000		280,329		(1,280,329)	
Transfers out	(5,051,756)					1,280,329	(3,771,427)
Proceeds on sale of surplus property	49,847		179,900				229,747
Total Other Financing Sources (Uses)	<u>(5,001,909)</u>	<u>1,000,000</u>	<u>179,900</u>	<u>280,329</u>	<u></u>	<u></u>	<u>(3,541,680)</u>
Net change in fund balances	<u>5,686,352</u>	<u>(225,867)</u>	<u>(1,208,690)</u>	<u></u>	<u>20,401</u>	<u></u>	<u>4,272,196</u>
Fund balances - June 30, 2018	52,146,159	3,955,977	6,019,420		360,513		62,482,069
Fund balances - June 30, 2019	<u>\$ 57,832,511</u>	<u>\$ 3,730,110</u>	<u>\$ 4,810,730</u>	<u>\$</u>	<u>\$ 380,914</u>	<u>\$</u>	<u>\$ 66,754,265</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 15,080	\$ 104,265	\$ 89,185
Expenditures			
Capital outlay	1,528,500	1,330,132	198,368
Operating contingency	539,050		539,050
Total expenditures	<u>2,067,550</u>	<u>1,330,132</u>	<u>737,418</u>
Deficiency of revenues under expenditures	<u>(2,052,470)</u>	<u>(1,225,867)</u>	<u>826,603</u>
Other Financing Sources			
Transfers in	1,000,000	1,000,000	
Proceeds on sale of surplus property	2,500		(2,500)
Total other financing sources	<u>1,002,500</u>	<u>1,000,000</u>	<u>(2,500)</u>
Net change in fund balance	(1,049,970)	(225,867)	824,103
Fund balance - June 30, 2018	2,864,568	3,955,977	1,091,409
Fund balance - June 30, 2019	<u><u>\$ 1,814,598</u></u>	<u><u>\$ 3,730,110</u></u>	<u><u>\$ 1,915,512</u></u>

Tualatin Valley Fire and Rescue

Capital Improvements Fund

Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 52,276	\$ 146,812	\$ 94,536
Operating grants and contributions		14,118	14,118
Total revenues	<u>52,276</u>	<u>160,930</u>	<u>108,654</u>
Expenditures			
Capital outlay	1,628,480	1,549,520	78,960
Operating contingency	521,500		521,500
Total expenditures	<u>2,149,980</u>	<u>1,549,520</u>	<u>600,460</u>
Deficiency of revenues under expenditures	(2,097,704)	(1,388,590)	709,114
Other Financing Sources			
Proceeds on sale of surplus property	<u>2,500</u>	<u>179,900</u>	<u>177,400</u>
Net change in fund balance	(2,095,204)	(1,208,690)	886,514
Fund balance - June 30, 2018	5,034,697	6,019,420	984,723
Fund balance - June 30, 2019	<u><u>\$ 2,939,493</u></u>	<u><u>\$ 4,810,730</u></u>	<u><u>\$ 1,871,237</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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures			
Personnel services	\$ 344,464	\$ 280,329	\$ 64,135
Deficiency of revenues under expenditures	(344,464)	(280,329)	64,135
Other Financing Sources			
Transfers in	344,464	280,329	(64,135)
Fund balance - June 30, 2018			
Fund balance - June 30, 2019	\$	\$	\$

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, 2019

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 14,362	\$ 29,701	\$ 15,339
Expenditures			
Personnel services	373,423	9,300	364,123
Excess (deficiency) of revenues over (under) expenditures	(359,061)	20,401	379,462
Fund balance - June 30, 2018	359,061	360,513	1,452
Fund balance - June 30, 2019	\$	\$ 380,914	\$ 380,914

Tualatin Valley Fire and Rescue

Schedule of Property Tax Transactions and Outstanding Balances for the fiscal year ended June 30, 2019

	Taxes Uncollected June 30, 2018 ⁽¹⁾	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deduct) Collections	Taxes Uncollected June 30, 2019
2018-19	\$	\$ 126,534,993	\$ (3,435,536)	\$ 20,694	\$ (356,389)	\$ (121,288,887)	\$ 1,474,875
2017-18	1,557,667		9,819	40,084	82,766	(1,207,089)	483,247
2016-17	1,173,221		(7,167)	29,030	(427,018)	(497,614)	270,452
2015-16	769,145		(5,366)	27,418	(335,857)	(343,328)	112,012
2014-15	545,912		(10,763)	12,740	(97,321)	(417,008)	33,560
2013-14	425,477		(10,550)	1,949	(49,483)	(342,462)	24,931
2013 and prior	1,304,006		(35,052)	8,054	(66,466)	(1,110,599)	99,943
Total prior	5,775,428		(59,079)	119,275	(893,379)	(3,918,100)	1,024,145
Total	\$ 5,775,428	\$ 126,534,993	\$ (3,494,615)	\$ 139,969	\$ (1,249,768)	\$ (125,206,987)	\$ 2,499,020
					General Fund	Debt Service Fund	Total
Reconciliation to tax revenues on basic financial statements:							
Property tax collections above					\$ 118,625,490	\$ 6,581,497	\$ 125,206,987
Property taxes susceptible to accrual at June 30, 2018					(397,311)	(21,498)	(418,809)
Taxes in lieu of property taxes					17,996	940	18,936
Forest revenues					437,039		437,039
Tax revenues					\$ 118,683,214	\$ 6,560,939	\$ 125,244,153
	Property Taxes		Taxes in Lieu of Property Taxes	Forest Revenues	Total	Taxes Uncollected June 30, 2019	
	Current Levy	Prior Years					
DISTRIBUTED AS FOLLOWS:							
General Fund	\$ 114,929,341	\$ 3,298,838	\$ 17,996	\$ 437,039	\$ 118,683,214	\$ 2,354,885	
Debt Service Fund	6,359,546	200,453	940		6,560,939	144,135	
Total	\$ 121,288,887	\$ 3,499,291	\$ 18,936	\$ 437,039	\$ 125,244,153	\$ 2,499,020	

⁽¹⁾ Restated to include Newberg Rural Fire Protection District prior year taxes.



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:	109
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity:	113
These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	
Debt Capacity:	117
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information:	120
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information:	122
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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

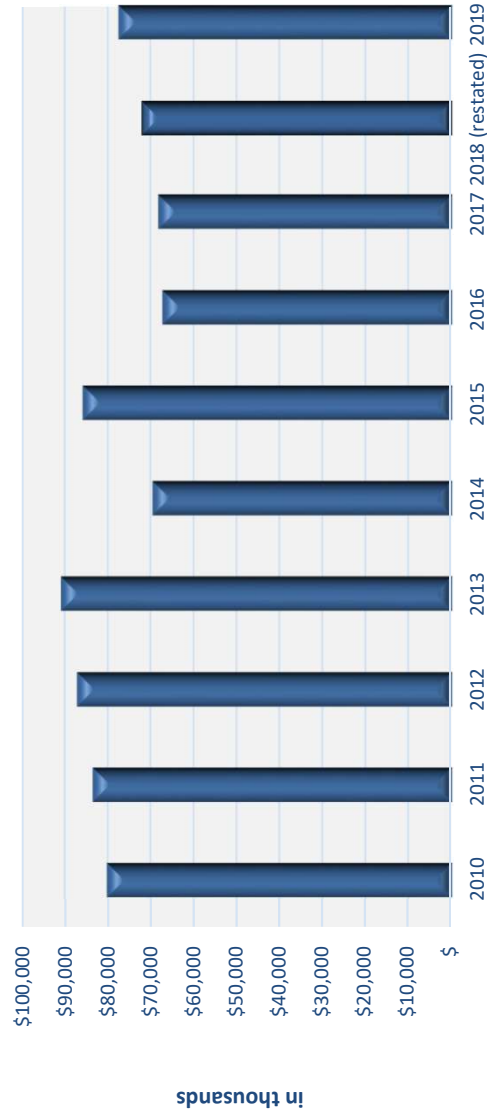


Tualatin Valley Fire and Rescue

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018 (restated)	2019
Governmental Activities:										
Net investment in capital assets	\$ 27,397,380	\$ 30,510,984	\$ 30,618,980	\$ 30,971,036	\$ 31,417,412	\$ 30,872,433	\$ 33,700,603	\$ 44,792,301	\$ 60,617,099	\$ 68,729,108
Restricted	1,298,395	1,312,282	1,676,044	1,626,185	1,541,173	1,355,457	1,432,449	1,274,655	374,852	1,259,629
Unrestricted	51,160,608	51,301,589	54,491,788	57,945,008	36,267,390	53,184,779	31,728,130	21,779,615	10,796,556	7,116,549
Total net position	\$ 79,856,383	\$ 83,124,855	\$ 86,786,812	\$ 90,542,229	\$ 69,225,975	\$ 85,412,669	\$ 66,861,182	\$ 67,846,571	\$ 71,788,507	\$ 77,105,286

Total Net Position



Tualatin Valley Fire and Rescue

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues										
Governmental activities:										
Charges for services ^{(1), (2)}	\$ 587,305	\$ 738,171	\$ 1,322,635	\$ 1,383,399	\$ 1,939,665	\$ 2,183,509	\$ 2,823,408	\$ 12,175,225	\$ 10,750,717	\$ 5,525,098
Operating grants and contributions	241,384	278,408	1,086,330	1,161,457	168,769	699,265	384,686	710,090	1,473,000	957,222
Capital grants and contributions	43,950		48,450					2,823,077	108,161	
Total primary government program revenues	872,639	1,016,579	2,457,415	2,544,856	2,108,434	2,882,774	3,208,094	15,708,392	12,331,878	6,482,320
General Revenues										
Property taxes	72,601,267	74,905,936	79,303,750	79,853,105	82,677,581	85,582,417	100,265,764	103,767,491	111,451,601	122,384,122
Investment earnings	406,556	299,393	343,772	336,512	276,632	276,125	349,882	620,167	972,980	1,577,729
Insurance dividends and refunds	420,993	655,797	188,074	527,435	882,340	551,766	443,628	424,645	535,576	566,185
Special item										7,873,937
Miscellaneous	270,443	113,625	224,532	400,202	91,807	353,105	114,426	176,892	310,252	505,740
Total primary government general revenue	73,699,259	75,974,751	80,060,128	81,117,254	83,928,360	86,763,413	101,173,700	104,989,195	113,270,409	132,907,713
Expenses										
Governmental activities:										
Public safety - fire protection	69,649,810	71,961,409	76,438,386	78,142,770	80,967,876	69,798,428	121,399,775	116,142,631	121,283,168	134,235,643
Interest on long-term debt	1,785,629	1,761,449	2,417,200	2,315,227	2,211,384	1,916,016	2,037,260	1,904,040	1,323,598	1,545,144
Total primary government expenses	71,435,439	73,722,858	78,855,586	80,457,997	83,179,260	71,714,444	123,437,035	118,046,671	122,606,766	135,780,787
Total primary government net revenue/expenditure	3,136,459	3,268,472	3,661,957	3,204,113	2,857,534	17,931,743	(19,055,241)	2,650,916	2,995,521	3,609,246
Other Changes in Net Position										
Gain on sale/impairment of capital assets				551,304	583,350	94,503	503,754	996,434	87,801	
Change in Net Position										
Total primary government	\$ 3,136,459	\$ 3,268,472	\$ 3,661,957	\$ 3,755,417	\$ 3,440,884	\$ 18,026,246	\$ (18,551,487)	\$ 3,647,350	\$ 3,083,322	\$ 3,609,246

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

⁽²⁾ Beginning in 2017, the District entered into contractual agreements with Washington County Fire District No. 2, the City of Newberg, and Newberg Rural Fire Protection District for fire protection and EMS services.

Tualatin Valley Fire and Rescue

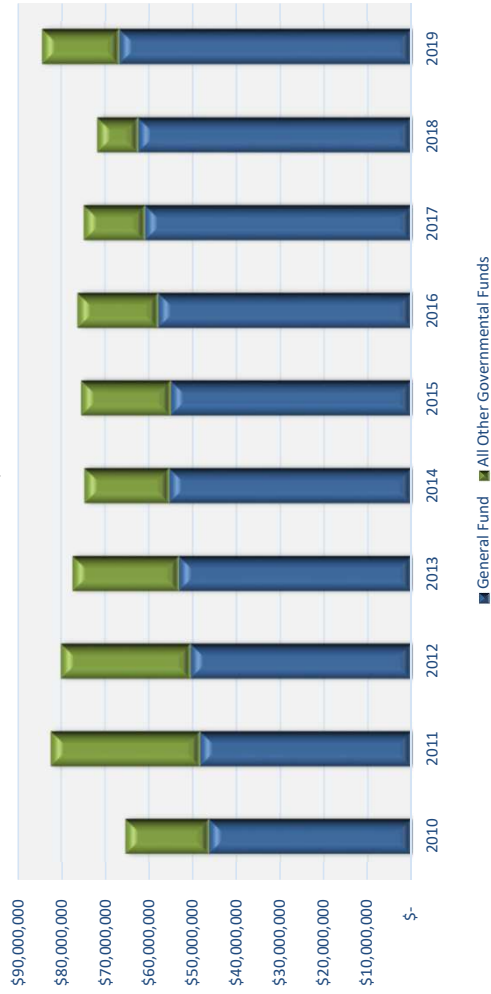
Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Non-spendable	\$ 281,282	\$ 283,918	\$ 275,878	\$ 323,981	\$ 305,764	\$ 341,601	\$ 318,368	\$ 375,861	\$ 434,579	\$ 410,673
Committed	8,056,103	8,004,148	10,846,664	12,193,728	12,155,534	12,345,844	13,883,834	13,356,176	10,335,910	8,921,754
Unassigned	37,979,877	40,080,565	39,379,808	40,637,548	42,904,607	42,363,381	43,728,460	47,146,997	51,711,580	57,421,838
Total general fund	\$ 46,317,262	\$ 48,368,631	\$ 50,502,350	\$ 53,155,257	\$ 55,365,905	\$ 55,050,826	\$ 57,930,662	\$ 60,879,034	\$ 62,482,069	\$ 66,754,265
All Other Governmental Funds										
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	5,892,247	1,274,655	374,852	608,415
Committed									1,194,953	1,480,203
Assigned	6,932,305	6,202,039	6,996,573	8,260,339	9,669,124	10,284,207	12,482,461	12,775,223	7,779,150	15,502,243
Unassigned								(30,773)		
Total all other governmental funds	\$ 19,083,544	\$ 33,943,158	\$ 29,564,155	\$ 24,228,152	\$ 19,351,493	\$ 20,400,051	\$ 18,374,708	\$ 14,019,105	\$ 9,348,955	\$ 17,590,861

Fund Balances, Governmental Funds



Tualatin Valley Fire and Rescue

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Property taxes	\$ 72,431,406	\$ 75,053,455	\$ 78,390,053	\$ 80,009,514	\$ 82,532,795	\$ 85,708,409	\$ 99,609,614	\$ 103,447,697	\$ 111,212,130	\$ 125,244,153
Interest	402,132	296,086	340,389	332,825	273,181	272,757	346,112	613,384	961,803	1,562,138
Charges for services and fees	583,312	763,085	1,308,643	1,406,782	1,938,937	2,026,509	2,679,793	12,204,369	10,765,416	5,649,677
Insurance dividends and refunds	415,446	655,797	1,79,479	526,133	881,244	520,569	380,216	381,105	497,665	502,168
Grants and contributions	225,052	156,951	1,072,899	864,502	167,099	699,265	365,956	1,582,731	1,581,161	957,222
Miscellaneous	104,552	93,638	222,553	385,023	75,499	335,836	101,911	167,090	274,389	275,993
Total revenues	74,161,900	77,019,012	81,514,016	83,524,779	85,868,755	89,563,345	103,483,602	118,396,376	125,292,564	134,191,351
Expenditures										
Current:										
Public safety	65,697,931	67,630,668	70,506,595	73,220,646	75,695,129	81,796,957	87,713,655	101,647,222	109,630,788	115,901,565
Capital outlay	13,007,737	12,993,142	7,609,985	8,099,083	7,701,768	7,657,091	9,197,899	12,914,300	16,635,772	8,770,885
Debt service:										
Principal	2,115,000	2,520,000	3,395,000	3,420,000	3,450,000	3,485,000	4,020,000	4,180,000	4,755,000	4,580,000
Interest	1,798,179	1,738,673	2,520,412	2,419,635	2,315,835	2,005,285	2,321,111	2,093,985	1,705,340	1,824,536
Total expenditures	82,618,847	84,882,483	84,031,992	87,159,364	89,162,732	94,944,333	103,252,665	120,835,507	132,726,900	131,076,986
Excess (deficiency) of revenues over (under) expenditures	(8,456,947)	(7,863,471)	(2,517,976)	(3,634,585)	(3,293,977)	(5,380,988)	230,937	(2,439,131)	(7,434,336)	3,114,365
Other Financing Sources (Uses)										
Proceeds from debt issuance		23,500,000				14,905,000			12,310,000	
Premium from debt issuance		1,249,264				1,636,038			2,271,850	
Proceeds on sale of surplus property	533,967	25,190	272,692	951,489	627,966	156,522	623,556	1,031,900	576,648	229,747
Special item - proceeds on sale of campus										8,535,600
Payment to escrow						(10,905,290)			(14,409,383)	
Transfers in	4,641,755	3,185,885	1,200,000	500,000	1,149,113	1,153,922	4,101,085	5,512,967	6,869,209	3,771,427
Transfers out	(4,641,755)	(3,185,885)	(1,200,000)	(500,000)	(1,149,113)	(1,153,922)	(4,101,085)	(5,512,967)	(6,869,209)	(3,771,427)
Total other financing sources (uses) and special item	533,967	24,774,454	272,692	951,489	627,966	5,792,270	623,556	1,031,900	749,115	8,765,347
Net change in fund balances	(7,922,980)	16,910,983	(2,245,284)	(2,683,096)	(2,666,011)	411,282	854,493	(1,407,231)	(6,685,221)	11,879,712
Debt service as a percentage of noncapital expenditures	5.62%	5.92%	7.74%	7.39%	7.08%	6.29%	6.74%	5.81%	5.56%	5.24%

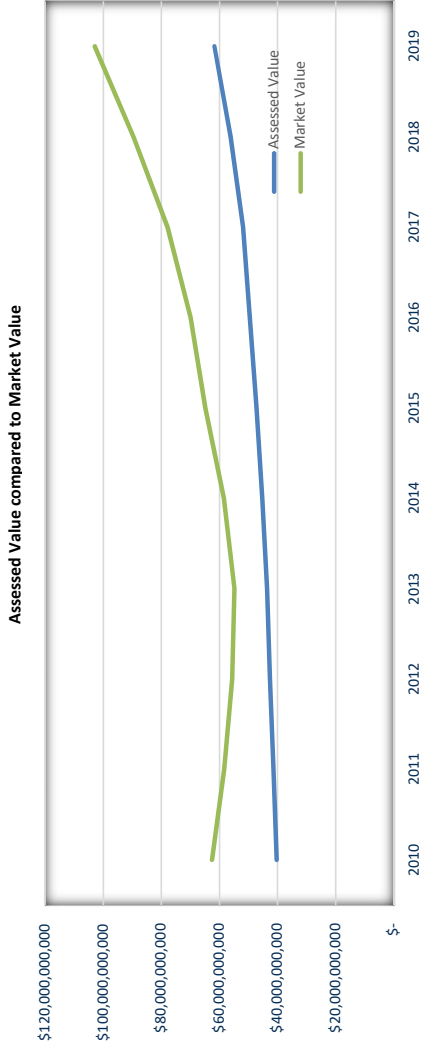
Tualatin Valley Fire and Rescue

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		
2019	\$ 58,343,366,718	\$ 99,267,409,345	\$ 1,546,143,554	\$ 1,627,313,038	\$ 301,461,233	\$ 410,823,584	\$ 1,535,699,859	\$ 1,598,187,265	\$ 61,726,671,364	\$ 102,903,733,232	59.98 %	\$ 2.08
2018	52,959,363,419	86,202,831,610	1,640,137,259	1,669,157,626	66,823,938	119,879,364	1,541,411,004	1,581,615,178	56,207,735,620	89,573,483,778	62.75	2.08
2017	48,857,960,074	74,802,031,793	1,508,758,508	1,533,847,394	62,197,982	84,509,484	1,391,276,864	1,416,551,352	51,820,193,428	77,836,940,023	66.58	2.10
2016	46,770,392,287	66,942,316,620	1,443,660,193	1,469,896,613	49,002,673	64,618,830	1,291,141,760	1,463,290,805	49,554,196,913	69,940,122,868	70.85	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

Information from Washington, Clackamas, and Multnomah County Assessment and Tax Roll Summaries.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value										
\$	12.61	\$ 12.51	\$ 12.59	\$ 12.55	\$ 13.23	\$ 13.10	\$ 12.98	\$ 13.16	\$ 13.00	\$ 11.78
to		to	to	to	to	to	to	to	to	to
\$	21.97	\$ 19.10	\$ 19.59	\$ 19.72	\$ 21.06	\$ 20.99	\$ 20.81	\$ 20.99	\$ 22.33	\$ 22.61
Tualatin Valley Fire and Rescue										
Permanent rate	\$ 1.90	\$ 1.89	\$ 1.93	\$ 1.92	\$ 1.91	\$ 1.89	\$ 2.11	\$ 2.10	\$ 2.08	\$ 2.08
Local Option Levy	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252
Bonded Debt	0.2500	0.2500	0.2500	0.2500	0.2500	0.2500	0.4500	0.4500	0.4500	0.4500
	0.1227	0.1101	0.1553	0.1402	0.1320	0.1170	0.1326	0.1218	0.1047	0.1105
Other Overlapping Governments										
Washington County	2.98	2.98	2.97	2.97	2.97	2.84	2.84	2.96	2.95	2.95
Clackamas County	2.86	2.98	3.22	2.86	2.96	2.95	2.95	2.95	2.96	2.95
City of Beaverton	4.20	4.20	4.83	4.24	4.37	4.38	4.33	4.31	4.35	4.32
City of Durham	1.83	1.81	1.82	1.84	1.85	1.83	1.69	1.64	1.66	1.12
City of King City	1.94	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08
City of Newberg										4.66
City of North Plains										1.82
City of Sherwood	3.56	4.00	3.96	3.48	3.43	3.46	3.62	3.42	3.47	3.46
City of Tigard	2.72	2.72	3.80	2.94	2.93	2.92	2.92	2.88	2.87	2.85
City of Tualatin	2.18	2.53	2.56	2.56	2.55	2.53	2.52	2.51	2.50	2.89
City of West Linn	2.45	2.45	2.42	2.56	2.56	2.55	2.54	2.54	2.54	2.12
City of Wilsonville	2.17	2.69	2.69	2.12	2.14	2.13	2.10	1.97	2.52	2.52
Tualatin Hills Parks & Recreation District	1.73	1.74	1.74	1.73	1.74	1.72	1.62	1.62	1.61	1.62
Enhanced Sheriff Patrol	1.28	1.27	1.25	1.23	1.32	1.32	1.32	1.32	1.32	1.32
Portland Community College	0.63	0.64	0.60	0.67	0.73	0.72	0.59	0.68	0.61	0.69
Clackamas Community College	0.74	0.72	0.70	0.70	0.71	0.70	0.74	0.74	0.74	0.55
Clackamas ESD	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Multnomah ESD	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
N.W. Regional ESD	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Banks School District										7.06
Beaverton School District	6.88	6.78	6.86	6.77	8.05	8.04	7.96	7.92	8.05	8.02
Canby School District	6.91	6.88	4.58	6.74	6.90	6.87	6.82	6.81	6.78	4.58
Hillsboro School District	7.46	7.58	7.47	7.50	7.40	7.42	7.22	7.20	7.15	7.14
Lake Oswego School District	7.16	6.90	6.85	6.85	6.84	6.81	6.79	6.81	7.95	7.93
Newberg School District	8.24	8.33	7.46	7.44	7.42	7.51	7.92	7.88	7.80	6.05
Portland School District	6.53	6.53	7.27	7.27	8.36	8.35	8.36	8.33	9.69	9.76
Sherwood School District	8.92	8.88	9.84	8.82	8.82	8.82	8.53	8.68	9.14	8.95
Tigard-Tualatin School District	7.68	7.37	7.85	7.41	7.41	7.46	7.46	7.45	7.77	7.75
West Linn / Wilsonville School District	9.18	9.34	9.36	9.38	9.32	9.25	9.24	9.23	9.07	9.19

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 2019			Year 2010		
	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:						
Nike, Inc.	1	\$ 840,143,323	1.36 %	1	\$ 422,123,046	1.05 %
Pacific Realty Associates	4	282,725,761	0.46	4	205,663,019	0.51
Comcast Corporation	5	211,389,400	0.34	6	165,367,800	0.41
Nike IHM	6	190,649,200	0.31			
Intel Corporation	7	188,249,290	0.30	8	121,530,729	0.30
LAM Research Corporation	8	169,707,186	0.27			
PPR Washington Square LLC	9	149,777,028	0.24	9	118,656,711	0.29
BV Centercal LLC	10	146,849,444	0.24			
Verizon Communications				2	279,376,700	0.69
Tektronix, Inc.				7	132,539,804	0.33
PS Business Parks				10	104,442,466	0.26
Public utilities:						
Portland General Electric	2	330,940,467	0.54	3	215,521,020	0.54
Northwest Natural Gas Co	3	287,658,660	0.47	5	188,171,030	0.47
All other taxpayers		58,928,581,605	95.47		38,329,604,858	95.15
Total Assessed Value ⁽²⁾		\$ 61,726,671,364	100.00 %		\$ 40,282,997,183	100.00 %

Source: Washington County Department of Assessment and Taxation

⁽¹⁾ Principal taxpayers cover TVF&R's portion 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.

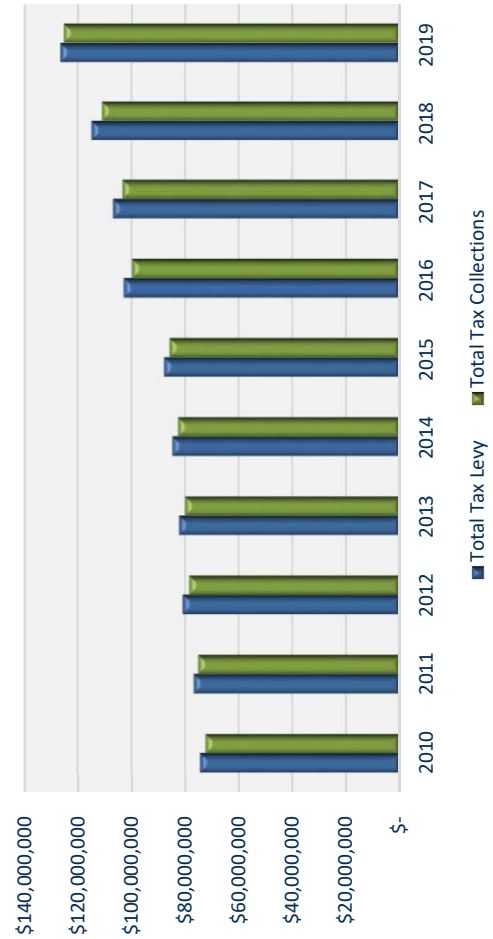
Tualatin Valley Fire and Rescue

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
2019	\$ 126,534,993	\$ 121,288,887	95.85%	\$ 3,918,100	\$ 125,206,987	98.95 %
2018	114,934,595	109,683,057	95.43	1,252,062	110,935,119	96.52
2017	106,867,213	101,985,120	95.43	1,358,642	103,343,762	96.70
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

Source: District financial statements, current and prior years

Total Tax Levy compared to Total Tax Collected



Tualatin Valley Fire and Rescue

Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt Per Capita

Last Ten Fiscal Years

Fiscal Year	Assessed Value ⁽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⁾	Net General Bonded Debt Per Capita ⁽³⁾	Percentage of Personal Income ⁽³⁾
2019	\$ 61,726,671,364	\$ 41,626,028	\$ 608,415	\$ 41,017,613	0.07 %	\$ 78.47	\$ 77.33	0.13 %
2018	56,207,735,620	46,639,594	374,852	46,264,742	0.08	89.72	89.00	0.16
2017	51,820,193,428	51,115,737	1,274,655	49,841,082	0.10	104.03	101.43	0.18
2016	49,554,196,913	55,560,104	1,432,449	54,127,655	0.11	120.98	117.86	0.21
2015	47,245,888,745	59,844,471	1,355,457	58,489,014	0.12	131.64	128.66	0.24
2014	45,241,214,986	56,916,463	1,541,173	55,375,290	0.12	126.48	123.05	0.24
2013	43,663,325,886	60,449,048	1,606,709	58,842,339	0.13	135.70	132.09	0.28
2012	42,524,654,403	63,951,633	1,604,149	62,347,484	0.15	145.03	141.39	0.30
2011	41,390,794,808	67,429,218	1,240,387	66,188,831	0.16	154.47	151.63	0.34
2010	40,282,997,183	45,225,280	1,207,841	44,017,439	0.11	104.66	101.87	0.25

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, 2019

Jurisdiction	Net Direct Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
Chehalam Park & Recreation District	\$ 25,900,000	78.45 %	\$ 20,318,835
Chemeketa Community College	65,383,375	0.05	33,476
City of Beaverton	34,133,680	100.00	34,132,315
City of Cornelius	806,000	0.03	227
City of Hillsboro	39,605,000	0.09	35,565
City of Newberg	9,259,827	85.50	7,917,171
City of North Plains	200,000	99.98	199,963
City of Sherwood	17,668,831	99.99	17,666,764
City of Tigard	17,660,942	100.00	17,660,165
City of Tualatin	22,924,766	99.99	22,922,519
City of West Linn	32,435,000	100.00	32,435,000
Clackamas Community College	93,763,913	23.62	22,144,598
Clackamas County	129,945,000	18.16	23,595,673
Clackamas County ESD	20,970,000	17.85	3,743,271
Clackamas County SD 3J (West Linn/Wilsonville)	209,850,109	100.00	209,849,689
Clackamas County SD 7J (Lake Oswego)	249,044,136	5.86	14,589,255
Clackamas County SD 86 (Canby)	50,166,039	12.57	6,307,727
Clackamas Soil & Water Conservation	6,815,000	18.16	1,237,481
Columbia County SD 1J (Scappoose)	24,780,000	0.20	50,427
Metro Service District	819,020,000	27.09	221,873,337
Multnomah County	330,220,117	0.84	2,759,650
Multnomah County SD 1J (Portland)	867,455,242	1.35	11,672,478
Portland Community College	602,297,900	32.47	195,539,025
Rivergrove Water District 14J	536,529	18.60	99,790
Tualatin Hills Park & Recreation District	76,498,613	99.95	76,459,293
Valley View Water District	1,435,313	100.00	1,435,313
Washington County	228,769,717	75.23	172,101,628
Washington County SD 12 (Banks)	11,370,621	0.14	16,089
Washington County SD 1J (Hillsboro 7 Bd)	1,682,551	26.14	439,837
Washington County SD 1J (Hillsboro)	461,390,000	26.30	121,357,566
Washington County SD 23J (Tigard-Tualatin)	341,851,415	99.90	341,503,410
Washington County SD 48J (Beaverton)	996,146,084	94.98	946,149,512
Washington County SD 88J (Sherwood)	327,983,172	99.98	327,912,656
Willamette ESD	8,523,891	7.69	655,070
Yamhill County	7,608,556	31.79	2,419,087
Yamhill County SD 1 (Yamhill-Carlton)	23,508,237	0.13	31,219
Yamhill County SD 29J (Newberg)	29,217,497	79.49	23,226,069
Subtotal overlapping debt			2,880,491,150
District direct debt			41,626,028
Total direct and overlapping debt			\$ 2,922,117,178

Note: ⁽¹⁾ Net direct debt includes General Obligation Bonds and Full Faith and Credit Bonds minus any fully Self-Supporting Unlimited-tax GO Bonds and self-supporting Full Faith and Credit Debt.

Source: Oregon State Treasury, Debt Management Division

Tualatin Valley Fire and Rescue

Legal Debt Margin Information
June 30, 2019

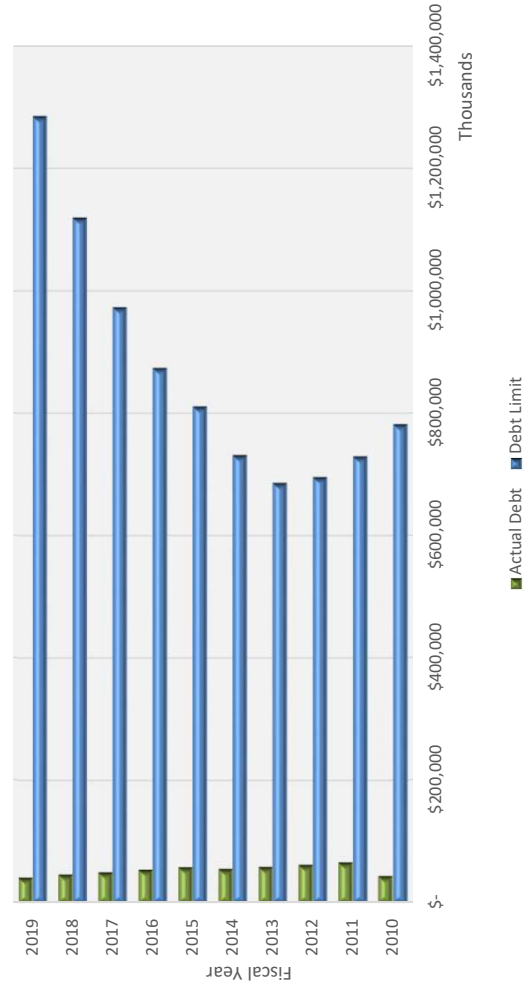
Real market value of District property	\$	102,903,733.232
Debt limit under ORS 478.410(2) - (1.25% of the real market value)		1,286,296,665
Amount of debt applicable to debt limit:		
Gross bonded debt outstanding	\$	41,626,028
Assets in Debt Service Fund available for debt service		(608,415)
Total amount of debt applicable to debt limit		41,017,613
Legal debt margin	\$	1,245,279,052
Total net debt applicable to the limit as a percentage of debt limit		3.19%

	Year									
	2010	2011	2012	2013	2014	2015	2016 ⁽¹⁾	2017	2018	2019
Debt Limit	\$ 782,128,411	\$ 729,805,072	\$ 695,601,455	\$ 686,093,262	\$ 731,448,015	\$ 811,154,519	\$ 874,251,536	\$ 972,961,750	\$ 1,119,668,547	\$ 1,286,296,665
Total net debt applicable to limit	44,017,439	66,188,831	62,347,484	58,842,339	55,375,290	58,489,014	54,127,655	49,841,082	46,264,742	41,017,613
Legal debt margin	\$ 738,110,972	\$ 663,616,241	\$ 633,253,971	\$ 627,250,923	\$ 676,072,725	\$ 752,665,505	\$ 820,123,881	\$ 923,120,668	\$ 1,073,403,805	\$ 1,245,279,052
Total net debt applicable to the limit as a percentage of debt limit	5.63%	9.07%	8.96%	8.58%	7.57%	7.21%	6.19%	5.12%	4.13%	3.19%

Source: District financial statements and Oregon Revised Statutes

⁽¹⁾ Restated numbers. Original published values from Washington County were incorrect.

Legal Debt Limit vs Bonded Debt Outstanding



Tualatin Valley Fire and Rescue

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population Served ⁽¹⁾	Square Miles Served ⁽²⁾	Per Capita Income ⁽³⁾	Total Personal Income (in thousands)	School Enrollment ⁽⁴⁾	Unemployment ⁽⁵⁾
2019	530,446	390	\$ 57,331	\$ 30,411,000	57,826	3.4 %
2018	519,853	390	57,331	29,803,692	57,847	3.4
2017	491,376	390	57,331	28,171,077	57,592	3.5
2016	459,234	210	55,044	25,278,102	56,519	4.2
2015	454,598	210	53,878	24,492,831	56,036	4.8
2014	450,008	210	50,542	22,744,304	57,221	5.6
2013	445,464	210	46,735	20,818,760	57,147	6.3
2012	440,966	210	47,026	20,736,867	56,410	7.1
2011	436,513	210	44,436	19,396,892	56,768	7.7
2010	432,106	210	41,438	17,905,608	55,672	9.0

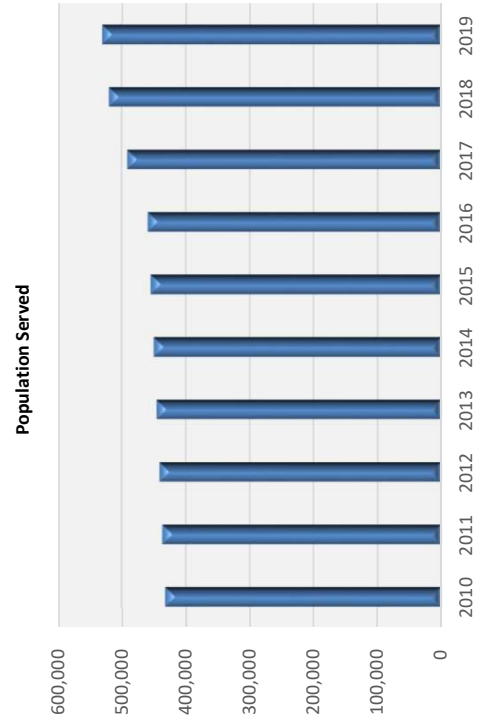
⁽¹⁾ Portland State University/TVFR Planning Department

⁽²⁾ TVFR Planning Department; District 2 added approximately 118 square miles and the City of Newberg and Newberg Rural Fire Protection added approximately 6 square miles and 55 square miles respectively

⁽³⁾ Bureau of Economic Analysis (Washington County Only). Latest information through 2017.

⁽⁴⁾ Oregon Dept of Education (Beaverton, Sherwood and Tigard/Tualatin School Districts)

⁽⁵⁾ State of Oregon Employment Department (Washington County). Prior to 2016 - Bureau of Labor Statistics, estimated (Washington County only)



Tualatin Valley Fire and Rescue

Major Employment Industries Current Year and Nine Years Ago

	2019		2010	
	Annual Average ⁽¹⁾	% of Total	Annual Average ⁽¹⁾	% of Total
Natural Resources & Mining				
Construction	3,090	1%	3,258	1%
Manufacturing	16,629	6%	10,477	4%
Food				
Wood Products	2,227		1,632	
Plastics and Rubber Products	1,092		1,022	
Fabricated Metal Products	2,724		1,500	
Machinery	3,786		2,635	
Computer and Electronic Products	5,428		3,202	
Other	28,180		24,890	
Total Manufacturing	7,591		6,173	
Trade, Transportation, and Utilities	51,028	17%	41,054	18%
Wholesale				
Retail	13,131		15,811	
Transportation, Warehousing, and Utilities	32,092		27,625	
Total Trade, Transportation, and Utilities	5,253		3,143	
Information	50,476	17%	46,579	20%
Publishing				
Telecommunications	3,270		3,232	
Other (Broadcasting, ISP's, etc.)	1,814		2,001	
Total Information	2,459		2,592	
Financial Activities	7,543	3%	7,825	3%
Finance and Insurance				
Real Estate	10,617		10,458	
Total Financial Activities	4,257		3,211	
Professional & Business Services	14,874	5%	13,669	6%
Education	54,220	18%	33,985	15%
Health & Social Assistance	5,723	2%	4,592	2%
Leisure & Hospitality	31,405	11%	23,923	10%
Other Services	27,440	9%	19,425	8%
Private Non-Classified	10,468	3%	7,302	3%
Total All Government	108	0%	70	0%
Total Employment	22,441	8%	22,554	10%
	295,445	100%	234,713	100%

⁽¹⁾ Information is presented on a calendar year basis.

Source: Oregon Employment Department Labor Market Information System (OLMIS) - Washington County.

Tualatin Valley Fire and Rescue

Full-Time Equivalent Employees by Function Last Ten Fiscal Years

Function	Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fire and Rescue Service	319	325	330	340	344	359	376	438	454	454
Fire Prevention and Training	37	25	22	23	24	23	23	23	21	22
Administrative and Support	76	93	89	92	90	91	90	94	95	93
Total	432	443	441	455	458	473	489	555 ⁽¹⁾	570	569

Source: Tualatin Valley Fire and Rescue Human Resources records

⁽¹⁾ The increase is mostly due to the transfer of employees from the annexations of District 2 and the City of Newberg and Newberg Rural Fire Protection District.

Tualatin Valley Fire and Rescue

Operating Indicators by Function Last Ten Calendar Years ⁽¹⁾

Function	Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety:										
Code Enforcement										
Inspections (not including night)	3,358	3,788	3,023	2,470	3,906 ⁽²⁾	4,657	4,169	4,891	4,394	3,727
Re-Inspections	2,763	2,661	1,739	1,483	2,371	2,882	2,612	2,696	3,252	1,469
Night inspections	189	165	111	122	211	174	337	198	246	175
Violations Found	4,537	4,232	2,852	2,571	4,021	4,918	4,290	4,209	2,679	2,168
Incident Response										
Dispatched as:										
1 - Fire, Explosion	4,079	3,564	3,293	3,282	3,597	3,460	3,776	4,111	4,423	4,688
3 - EMS/Rescue Call	24,092	24,671	25,539	27,119	28,737	29,829	32,067	36,191	40,688	39,542
4 - Hazardous Condition	532	543	526	630	662	783	767	941	1,227	343
5 - Service Call	1,241	918	937	1,081	1,209	1,260	1,334	1,567	2,048	4,721
6 - Good Intent	224	266	154	271	342	304	386	196	272	
9 - Other Situation	341	422	435	443	539	497	551	509	553	43
Total Responses	30,509	30,384	30,884	32,826	35,086	36,133	38,881	43,515	49,211	49,337
Situations found:										
1 - Fire, Explosion	898	784	880	987	1,028	999	1,294	1,199	1,362	1,359
2 - Overpressure	59	47	63	87	86	59	28	41	21	40
3 - EMS/Rescue Call	18,425	19,288	19,516	21,160	22,244	23,460	26,236	29,693	33,390	33,663
4 - Hazardous Condition	745	747	757	805	915	1,113	1,065	1,274	1,500	1,267
5 - Service Call	2,046	1,851	2,021	1,984	2,567	2,496	2,502	3,058	3,625	3,447
6 - Good Intent	5,768	5,457	5,855	5,918	6,156	6,013	5,681	5,867	6,676	6,897
7 - False Call	2,519	2,178	1,749	1,846	2,050	1,942	2,058	2,366	2,611	2,654
8 - Natural Condition	13	2	5	4	7	23	10	7	21	1
9 - Other Situation	36	30	38	35	33	28	7	10	5	9
Total Responses	30,509	30,384	30,884	32,826	35,086	36,133	38,881	43,515	49,211	49,337

Source: TVFR Budget and Standards of Cover documents.

⁽¹⁾ Most recent full calendar year indicators.

⁽²⁾ 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Number of Stations	23	23	21 ⁽¹⁾	21	21	21	22 ⁽³⁾	22	24 ⁽⁵⁾	27 ⁽⁶⁾
Equipment: ⁽¹⁾										
Aerial/Truck/Platform	5	5	3	4	4	4	4	5	5	5
Antique Fire Equipment	3	3	2	3	3	5	6	6	6	6
Brush Rig	9	9	8	9	12	9	9	11 ⁽⁴⁾	12	15
Cars	4	4	4	4	4	7 ⁽²⁾	7	8	8	8
Elevated Waterway	3	3	3	3	3	3	3	3	3	3
HazMat	3	3	5	5	5	5	5	5	5	5
Medic Unit	4	4	3	4	10	10	10	10	10	14
Mobile Command Unit	1	1	1	1	1	1	1	1	1	1
Pumper/Engine	30	30	30	30	30	28	28	32 ⁽⁴⁾	32	38
Rehab Unit	2	4	3	2	2	2	2	2	2	2
Technical Rescue	6	6	7	7	7	7	7	9	9	9
Tiller							1	2	2	2
Water Tender	7	7	6	9	9	7	7	11 ⁽⁴⁾	9	11

Source: TVFR Facilities and Fleet departments.

⁽¹⁾ Volunteer Stations 358 and 359 no longer staffed or used.

⁽²⁾ Three additional Cars were placed into service.

⁽³⁾ Station 70 placed into service.

⁽⁴⁾ In 2017, the imminent annexation of District 2 added 2 brush rigs, 4 engines and 4 water tenders.

⁽⁵⁾ The annexation of District 2 on 7/1/2017 added two new stations (stations 17 and 19).

⁽⁶⁾ The annexation of the City of Newberg and Newberg Rural Fire Protection District on 7/1/2018 added two new stations (stations 20 and 21). New station 55 opened in August of 2018.

**Independent Auditor's Report on Compliance and Internal Control over
Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance with Oregon State Regulations**





**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon

We have audited 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, 2019, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 162-10-330 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.



RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about-us for more information regarding RSM US LLP and RSM International. The RSM logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

INTERNAL CONTROL OVER FINANCIAL REPORTING

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

PURPOSE OF THIS REPORT

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, Kuroda & Warwick, LLP

Lake Oswego, Oregon
October 25, 2019



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

Phone: (503) 649-8577

www.tvfr.com

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