

Tualatin Valley Fire & Rescue

A Rural Fire Protection District
Oregon



Comprehensive Annual Financial Report

for the year ended June 30, 2020

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

Tualatin Valley Fire and Rescue

A Rural Fire Protection District, Oregon

Comprehensive Annual Financial Report

for the year ended June 30, 2020



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

www.tvfr.com

Prepared by the Finance Division.



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Introductory Section





October 23, 2020

**To Board President Lauer 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, 2020. 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

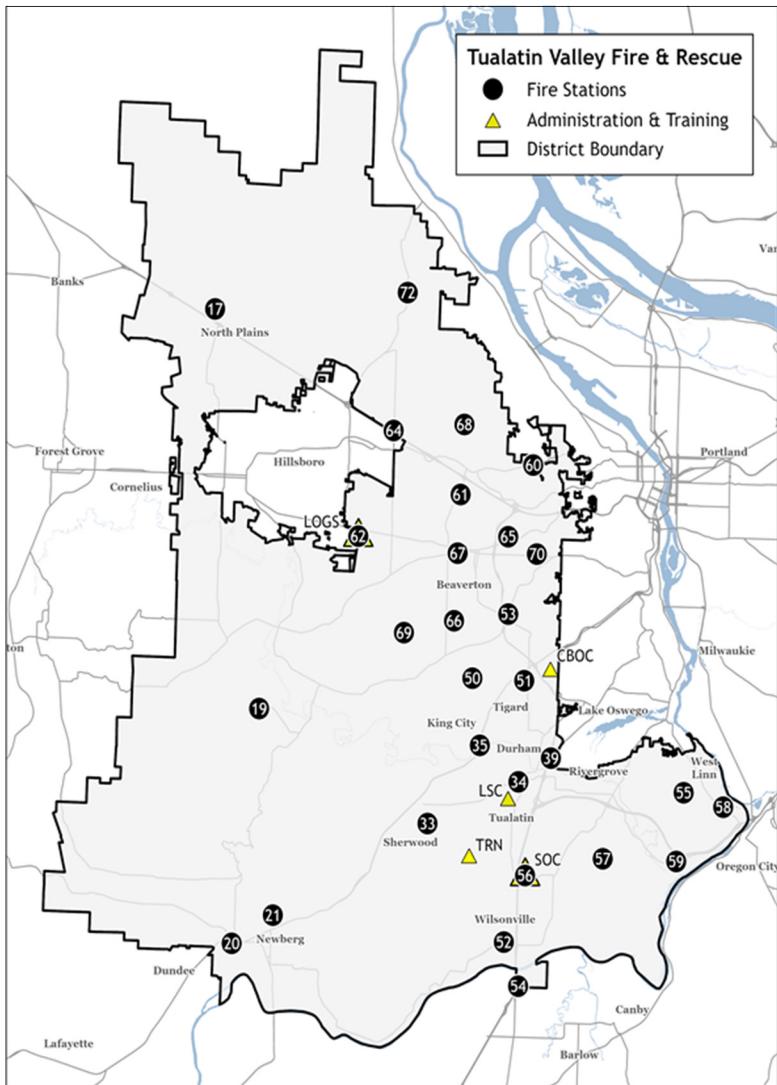
**Command & Business Operations Center
and Central Operating Center**
11945 SW 70th Avenue
Tigard, Oregon 97223-8566
503-649-8577

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.

The District's total combined service area encompasses approximately 390 square miles. 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 2020 population of 536,535.

The District currently operates 28 career and volunteer fire stations with an additional station under construction. The District deploys a complement of fire engines, ladder trucks, aerial pumper, 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 additional fleet vehicles utilized to supplement response needs. District employees - 575 in 2020 - were supplemented by approximately 80 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

Letter of Transmittal

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, 2025, and a general obligation bond levy amount with a rate of \$0.0973 per thousand in 2019-20. Increases in assessed valuation result in increased tax revenue to the District. Assessed valuation increased from approximately \$61.7 billion in the 2018-19 fiscal year to over \$64.5 billion in the 2019-20 fiscal year.

The addition of the Newberg service area 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 2019-20 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, station and logistics service center 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. Planning includes the need to continue deploying additional emergency response units and stations within the service area. The 2019-20 year saw a major change in the District's unit deployment with the addition of station 39.

As a result of the high quality of services provided, training standards, equipment, staffing, and related support functions, the District has obtained the Class 2 Insurance Services Office (ISO) fire public protection classification. 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 rating allows for a more favorable premium rate for fire insurance. Among the 450 fire departments evaluated by ISO in Oregon, Class 2 is the highest assessed classification. Nationally, the District is among the top 5 percent of the 39,378 fire departments evaluated by ISO.

Letter of Transmittal

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 prevention, preparedness, and effective 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 and south 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 259 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, 2020 are in the top seven counties in Oregon in the first quarter of 2020 providing employment of 75,000 or more people. Both Washington County (#32) and Multnomah County (#80)¹ ranked in the top third of the nation's 358 large counties in average weekly wages. Washington County's average weekly wages were \$1,524 a week, and Multnomah County's were \$1,255, as compared to \$1,222 nationally. Clackamas County has average weekly wages of \$1,089 (156th of 358). 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 \$888.²

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

¹ <https://www.bls.gov/web/cewqtr.supp.toc.htm>

² https://www.bls.gov/regions/west/news-release/countyemploymentandwages_oregon.htm

Letter of Transmittal

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 approximately 60 percent of the market value as of the 2019-20 fiscal year. For 2019-20, the assessed value of the District grew 4.52%, now totaling over \$64.5 billion dollars. Top taxpayers of the District include Nike, Intel, Comcast, and several utilities. Top ten taxpayers in Washington County comprise only 4.64% 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, Flir Systems Inc., Electro Scientific Industries, Inc., Touchmark Living Centers and Digimarc in addition to several fast growing companies such as Good Feet, Perlo Construction, and REECE Complete Security Solutions.³ Of the largest privately held companies in Oregon, Collins, A-dec Inc., Reser's Fine Foods, and ProKarma, among others, are based in the District³. Four of the top producing wineries in the state that lie in the District service area include Union Wine Company, 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.³

The 2019-20 year saw the impacts of the COVID-19 pandemic take root. As of June 30, 2020 the District had not seen dramatic impacts on the financial situation. The District is in a strong financial position with a good economic base and has been able to effectively continue fiscal operations.

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 expenditures in fund balance at the end of each fiscal year in order to meet operating requirements before property taxes are received. The District is slightly short of meeting that goal with ending fund balance representing 4.8 months of expenditures at fiscal year-end.

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 action was required once during the 2019-2020 year.

In fiscal year 2020, 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

³ *Portland Business Journal, Book of Lists, 2019-2020*

Letter of Transmittal

local option levy. These initiatives impact almost every division within the District and will continue to do so through at least the first quarter of 2021 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 2020 have continued toward the land acquisition of additional future station sites, design, and the completion of construction and staffing of a new station placed strategically to help reduce response times of emergency personnel at Station 39 in Rivergrove.

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2020, all divisions and departments of the District contributed toward the accomplishments of the second year of the two-year 2018-2020 strategic plan and the development of the new two year 2020-2022 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, 2020 as a result of these goals included implementation of an employee driven Workplace Wellness Committee, Behavioral Health and Peer Support intranet site, deployment of the 2iS application supporting EMS response, deployment of a customized mobile fire training unit, and deployment of digital portable radios district wide. Work continued to support operational enhancements through additional firefighters, response units, and fire stations, and 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, 2019. This was the 33rd 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 seventh year in a row for its PAFR for the year ended June 30, 2019.

Letter of Transmittal

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, 2020. 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 33rd 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 whose continuing support is vital to the financial and community affairs of the District.

Respectfully submitted,



Deric Weiss, Fire Chief
Tualatin Valley Fire and Rescue



Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

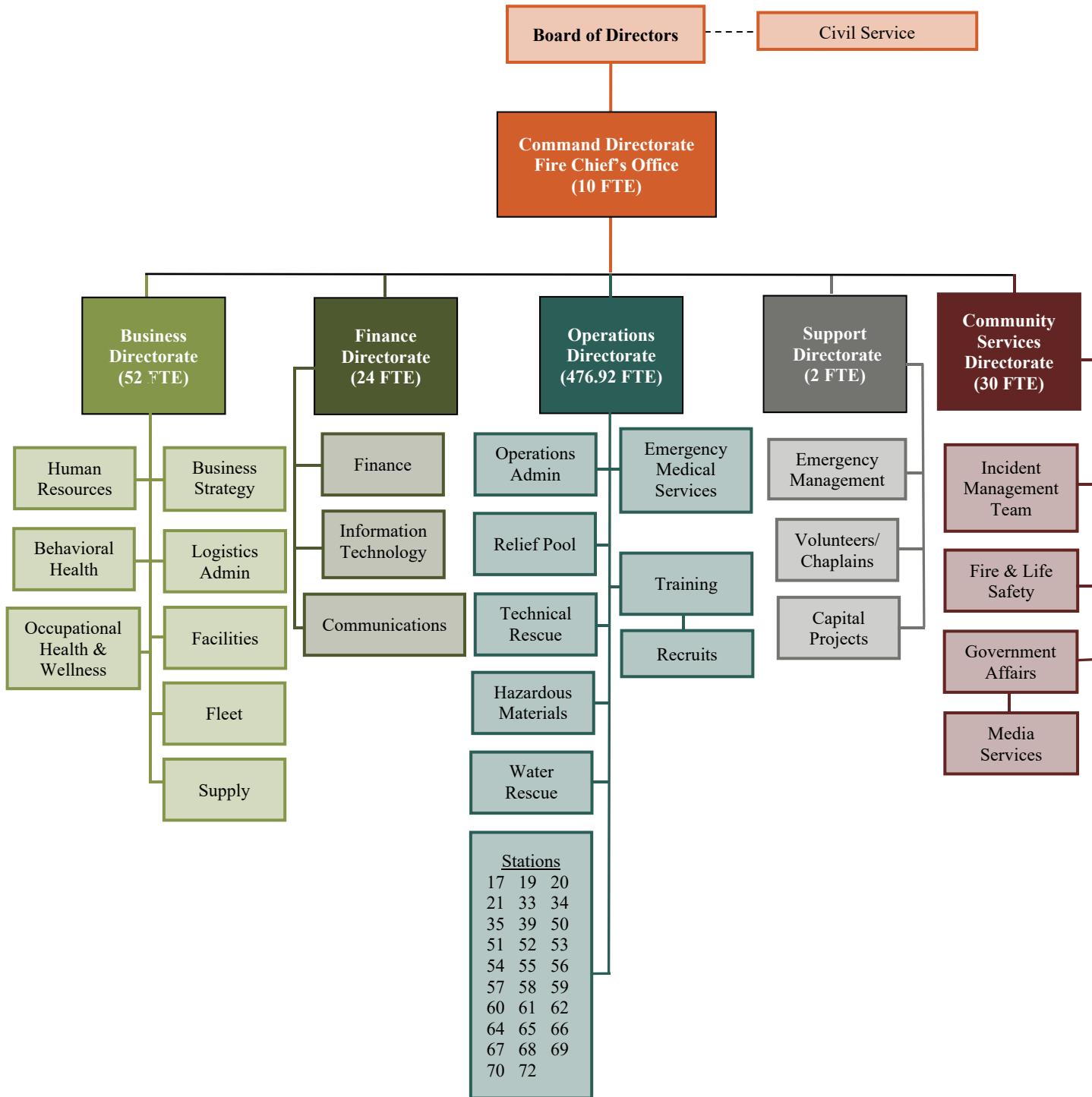
Christopher P. Morill

Executive Director/CEO

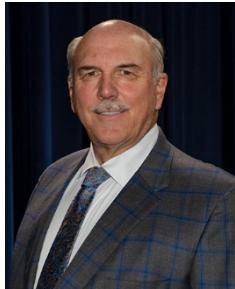
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This was the 33rd consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Organizational Chart



Board of Directors at June 30, 2020



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 Legal Counsel

Deric C. Weiss
Fire Chief

Innova Legal
Advisors, Inc.

Financial Section







Talbot, Korvolta & Warwick, LLP 14945 SW Sequoia Parkway, Suite 150, Portland, Oregon 97224
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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Valley Fire and Rescue

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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.

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.

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Valley Fire and Rescue

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 23, 2020, 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

Portland, Oregon
October 23, 2020



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, 2020. 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, 2020 by \$61,422,346 (also defined as net position) which reflects a decrease of net position of \$15,682,940. Of this amount, \$81,401,630 represents the District's net investment in capital assets; \$425,594 and \$1,155,475 are restricted for debt service and an OPEB asset, and the difference represents an unrestricted deficit net position of \$21,560,353 which is the part of net position that can be used to meet the District's ongoing services and commitments to its citizens and obligations to its bondholders and creditors without constraint.
- The District's total net position decreased by \$15,682,940 for the year ended June 30, 2020. Unrestricted net position decreased by \$28,676,902, net investment in capital assets net position increased by \$12,672,522, and restricted net position increased by \$321,440.
- As of June 30, 2020, the District's governmental funds reported combined ending fund balances of \$77,390,424 a decrease of \$6,954,702 in comparison with the prior year. The General Fund's fund balance increased by \$215,291 and there were net decreases in ending fund balances of nonmajor funds of \$7,169,993 mostly as a result of spending down capital reserves on dedicated construction projects.
- At June 30, 2020, the General Fund has an assigned fund balance which is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$4,772,760. The unassigned fund balance in the General Fund was \$51,738,725 and represents 40.1% of general fund expenditures. This is shy of the District policy to maintain five months of budgetary basis General Fund expenditures as ending fund balance each year by 1.6%. This policy is in place because the majority of District revenue is provided from property taxes which are not received until the end of the fifth month of each succeeding fiscal year.
- The District's total debt decreased by \$4,932,909 during the current fiscal year. This was due to principal payments of \$4,925,000 and amortization of premiums of \$1,053,628 on the District's five outstanding general obligation bond issues, and the net savings of \$1,045,719 on the advance refunding of the majority of the 2011 general obligation bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements,

2) fund financial statements of the governmental funds, and 3) notes to the basic financial statements. The government-wide and fund financial statements are combined for presentation purposes. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business and include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all 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" fund. 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.

Management's Discussion and Analysis

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 which is considered to be a major fund. Data from four additional governmental funds are combined into a separate aggregated presentation. Individual fund data 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 79 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's pension and OPEB schedules detailing ten years of (assets)/liabilities and contributions. Required supplementary information can be found on pages 80 through 88 of this report.

Combining and individual fund schedules are presented as other supplementary information and can be found on pages 93 through 107 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 108 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 \$61,422,346 at June 30, 2020.

Management's Discussion and Analysis

A significant portion of the District's net position (133%) 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. This is offset by a deficit unrestricted net position of \$21,560,353 which reflects the District's allocable portion of the Oregon Public Employees Retirement System liability and related deferrals. The net increase in net pension liability and related deferrals related to PERS at June 30, 2020 as \$21,500,957.

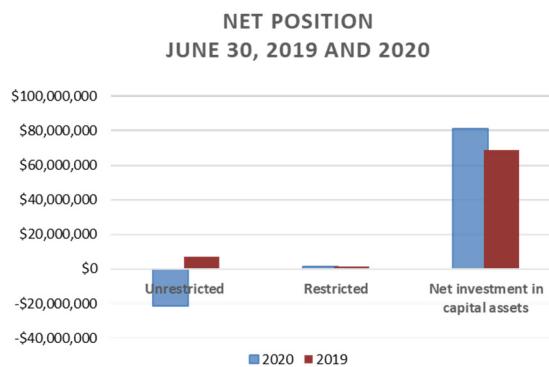
Assets consist of cash and cash equivalents, property taxes and other receivables, and prepaid items that are used to meet the District's ongoing obligations to its citizens. Remaining assets are comprised of capital assets used in operations.

The District's largest liabilities (85.5%) 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 2019
	2020	2019	
Current and other assets	\$ 96,149,604	\$ 104,548,449	\$ (8,398,845)
Capital assets	116,323,328	109,269,622	7,053,706
<i>Total assets</i>	<u>212,472,932</u>	<u>213,818,071</u>	<u>(1,345,139)</u>
Total deferred outflows of resources	59,947,265	48,718,017	11,229,248
Current liabilities	29,695,846	27,682,386	2,013,460
Long-term debt, pension, and OPEB liabilities	174,895,243	152,018,855	22,876,388
<i>Total liabilities</i>	<u>204,591,089</u>	<u>179,701,241</u>	<u>24,889,848</u>
Total deferred inflows of resources	6,406,762	5,729,561	677,201
Net investment in capital assets	81,401,630	68,729,108	12,672,522
Restricted	1,581,069	1,259,629	321,440
Unrestricted	(21,560,353)	7,116,549	(28,676,902)
<i>Total net position</i>	<u>\$ 61,422,346</u>	<u>\$ 77,105,286</u>	<u>\$ (15,682,940)</u>

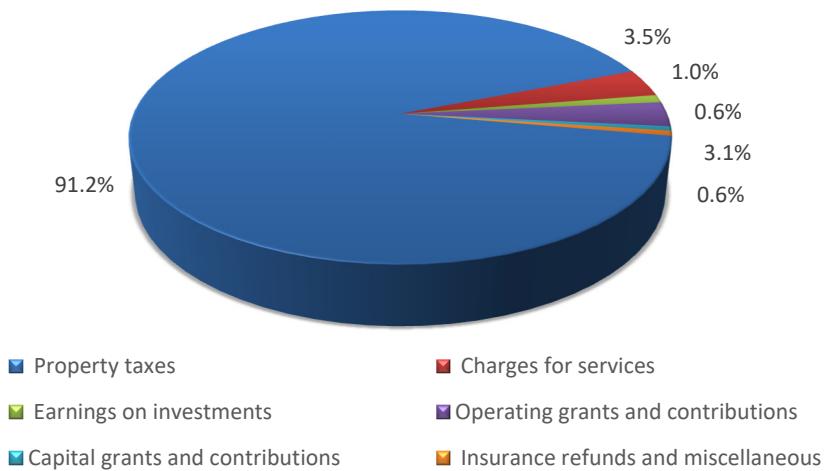
The changes in net position are shown in the following graph:



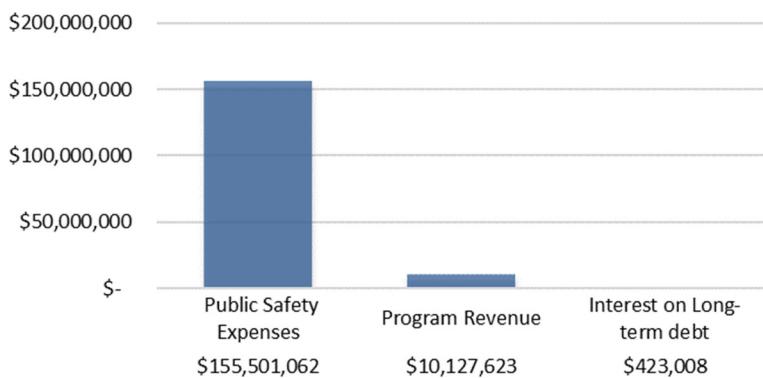
Governmental Activities. During the current fiscal year, the District's net position decreased by \$15,682,940. The main contributors to the overall decrease in net position were the net effects of an increase of property taxes of \$5.5 million, a decrease in medical transport revenue of \$.6 million as ambulance transports declined during the first 3 months of the COVID-19 outbreak, an increase in contributions of \$4.1 million for a donation of radios, offset by a decrease in operating grants of \$.6 million as a federal grant ended, an increase of \$.8 million in capital contributions of a station alerting system, a decrease in gains on sale of assets of \$7.9 million for the sale of the North Campus in the prior year, and a decrease in interest and other miscellaneous revenue of \$.4 million.

Overall changes in expenses saw an increase in public safety expenses of \$21.2 million due primarily to increases in salaries and benefits and pension and OPEB expenses and a decrease of \$1.1 million in interest expense for bonded debt.

2020 REVENUE SOURCES - GOVERNMENTAL ACTIVITIES



2020 EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



Government-wide Financial Analysis

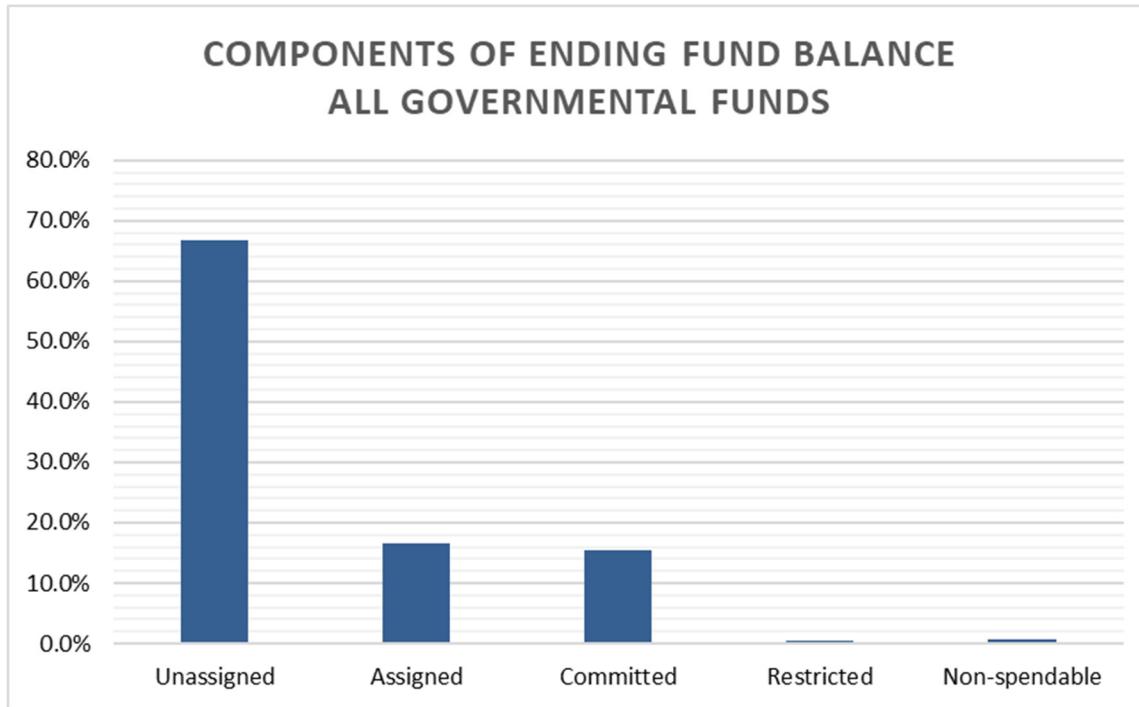
Changes in Net Position:	Governmental Activities		Increase (Decrease) from Fiscal 2019
	2020	2019	
Revenues			
Program revenues			
Charges for services	\$ 4,938,862	\$ 5,525,098	\$ (586,236)
Operating grants and contributions	4,414,344	957,222	3,457,122
Capital grants and contributions	774,417	-	774,417
General revenues:			
Property taxes	127,879,924	122,384,122	5,495,802
Earnings on investments	1,360,504	1,577,729	(217,225)
Insurance refunds	561,902	566,185	(4,283)
Gain on sale of capital assets	-	7,873,937	(7,873,937)
Miscellaneous	311,177	505,740	(194,563)
Total revenues	<u>140,241,130</u>	<u>139,390,033</u>	<u>851,097</u>
Expenses			
Public safety-fire protection	155,501,062	134,235,643	21,265,419
Interest on long-term debt	423,008	1,545,144	(1,122,136)
Total expenses	<u>155,924,070</u>	<u>135,780,787</u>	<u>20,143,283</u>
Change in net position	<u>(15,682,940)</u>	<u>3,609,246</u>	<u>(19,292,186)</u>
Net position - July 1	<u>77,105,286</u>	<u>71,788,507</u>	<u>5,316,779</u>
Special item - transfer of operations of City of Newberg	-	1,707,533	(1,707,533)
Net position - June 30	<u>\$ 61,422,346</u>	<u>\$ 77,105,286</u>	<u>\$ (15,682,940)</u>

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, 2020, the District's governmental funds reported combined ending fund balances of \$77,390,424, a decrease of \$6,954,702, from the prior year's balance. This decrease is primarily a result of purposeful spending on capital construction projects. A large portion of this total amount (66.9%) 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 (.6%), restricted by external parties (.5%), committed by the Board (15.5%) or assigned to a specific purpose such as capital projects (16.5%). The components of governmental funds ending fund balance is depicted below:



General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2020, unassigned fund balance of the General Fund was \$51,738,725, with total fund balance of \$66,969,556. This balance is comprised of \$9,620,441 committed to future capital purchases, \$401,618 committed to the Volunteer LOSAP Plan, \$4,772,760 assigned to the PERS reserve and \$436,012 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 40.1 % of total General Fund expenditures and the total fund balance represents 51.9 % of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$215,291, or approximately .32% during the current fiscal year. Property tax revenue, which provides for the costs of operating the District, increased \$3,067,533 over the prior year. Charges for services saw a decrease of \$717,353, operating grants and contributions increased by \$4,242,149 mostly due to a contribution of radios, insurance dividends and refunds increased \$54,329 over the prior year, interest earnings decreased by \$78,641, and miscellaneous revenues increased by \$118,019.

Public Safety and capital outlay expenditures increased \$11,033,859 overall which is a reflection of increases in salaries and benefits and a decrease in capital outlay. Transfers out to other funds decreased by \$444,265.

Budgetary Highlights

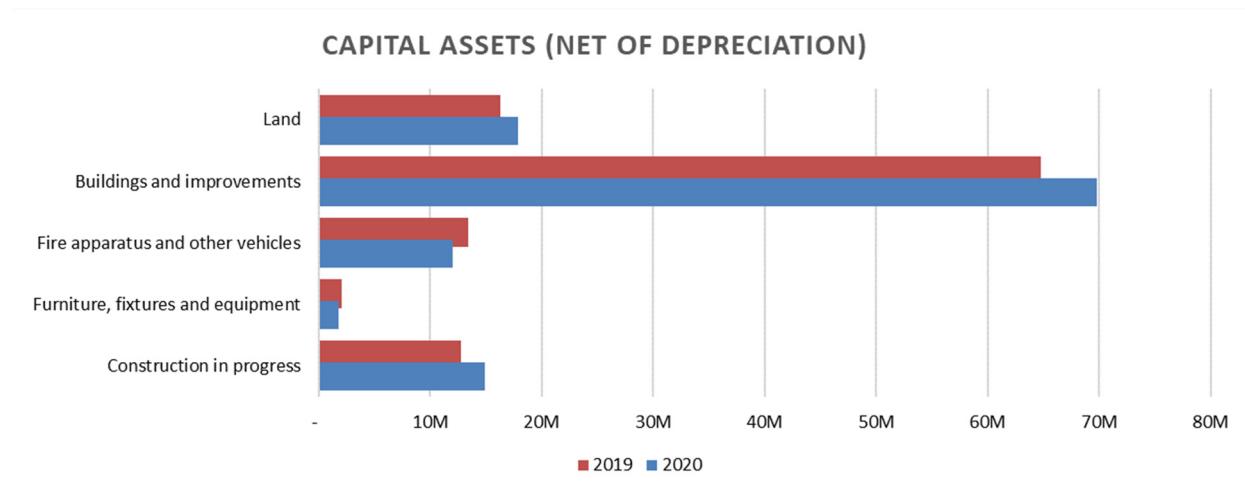
There were three budget transfer resolutions during the year, one each in the General Fund, the Grants Fund, and the Debt Service Fund. The General Fund budget transfers appropriated additional personnel services for retirement costs and EMS supplies for the COVID-19 response. The Grants Fund transfer was made to account for a HazMat grant received mid-year, and the Debt Service transfer was made to account for the advance refunding of the 2011 general obligation bonds.

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, 2020, the District had invested \$116,323,328 in capital assets, net of depreciation, as shown in the following table and chart:

Capital Assets: (net of depreciation)			Increase (Decrease) from Fiscal 2019
	2020	2019	
Land	\$ 17,833,633	\$ 16,301,930	\$ 1,531,703
Buildings and improvements	69,759,906	64,740,417	5,019,489
Fire apparatus and other vehicles	12,046,518	13,409,300	(1,362,782)
Furniture, fixtures and equipment	1,780,781	2,094,634	(313,853)
Construction in progress	14,902,490	12,723,341	2,179,149
Total	\$ 116,323,328	\$ 109,269,622	\$ 7,053,706

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

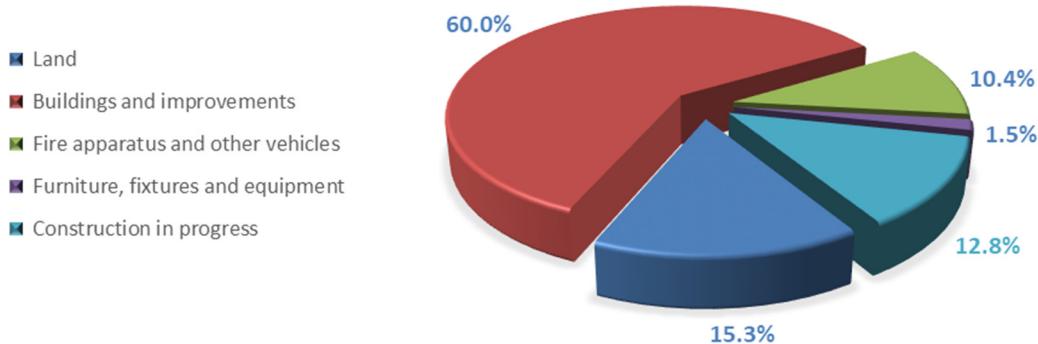


During the year, the District's investment in capital assets increased by \$7,053,706, reflecting assets of \$13,136,622 added during the year, offset by \$5,670,228 of depreciation and \$412,688 of disposals net of related depreciation. Capital assets added during the year included land and building construction of Station 39 which opened in January, 2020, fire investigation vehicles, power load systems and ventilators for EMS vehicles and a mobile training trailer.

The District's construction in progress includes the construction of the new fire station 54 and the Logistics Service Center, both projects underway at year end, as well as several emergency response vehicles in progress.

Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 52 of this report.

CAPITAL ASSETS AT 6/30/20 (NET OF DEPRECIATION)



Long-term Debt. At the end of the current fiscal year, the District had total bonded debt of \$36,693,119, consisting of general obligation bonds and unamortized premiums. The decrease in debt relates to the scheduled principal payments throughout the year as well as the net effects of the refunding of the 2011 general obligation bonds. 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% 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 53 through 55 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 536,000. 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 2020-21 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.

The District, through its broad geographic area, serves a strong part of Oregon's economic base, however, the impacts of the COVID-19 pandemic has affected the overall employment in the County. In June of 2020 Washington County unemployment was 13.6%. It is unknown at this time what the long-term impacts of the pandemic will have on employment, new construction and property values.

Management's Discussion and Analysis

The District's voters voted to renew the replacement local option levy to continue at \$.45 through the 2024-25 fiscal year which will allow for additional response units and staffing to serve the District's population as it both increases and ages.

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, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 57,968,311	\$ 11,465,202	\$ 69,433,513	\$ 682,594	\$ 70,116,107
Investments	19,388,460	-	19,388,460	-	19,388,460
Receivables:					
Property taxes receivable	2,455,967	139,609	2,595,576	-	2,595,576
Accounts receivable (net of allowances)	735,672	14,860	750,532	-	750,532
Prepaid items	-	-	-	1,707,442	1,707,442
Supplies inventory	436,012	-	436,012	-	436,012
Net PERS RHIA OPEB asset	-	-	-	1,155,475	1,155,475
Capital assets, not being depreciated:					
Land	-	-	-	17,833,633	17,833,633
Other capital assets	-	-	-	231,000	231,000
Construction in progress	-	-	-	14,902,490	14,902,490
Capital assets, net of accumulated depreciation:					
Buildings and improvements	-	-	-	69,759,906	69,759,906
Fire apparatus and other vehicles	-	-	-	11,815,518	11,815,518
Furniture, fixtures, and equipment	-	-	-	1,780,781	1,780,781
Total assets	80,984,422	11,619,671	92,604,093	119,868,839	212,472,932
Deferred Outflows of Resources					
Deferred refunding charge	-	-	-	1,771,421	1,771,421
PERS RHIA OPEB	-	-	-	19,377	19,377
Single employer plan OPEB	-	-	-	254,212	254,212
Multiple employer cost-sharing plan OPEB	-	-	-	3,998,090	3,998,090
PERS Pension related deferred outflows	-	-	-	53,904,165	53,904,165
Total deferred outflows of resources	-	-	-	59,947,265	59,947,265
Total assets and deferred outflows	\$ 80,984,422	\$ 11,619,671	\$ 92,604,093	\$ 179,816,104	\$ 272,420,197
Liabilities					
Current liabilities:					
Accounts payable	\$ 2,313,258	\$ 1,059,194	\$ 3,372,452	\$ 8,224	\$ 3,380,676
Accrued salaries and benefits payable	8,907,739	-	8,907,739	-	8,907,739
Accrued interest payable	-	-	-	215,024	215,024
Non-current liabilities:					
Long-term liabilities:					
Due within one year	-	-	-	17,192,407	17,192,407
Due in more than one year	-	-	-	30,372,004	30,372,004
Total OPEB liability - single employer plan	-	-	-	888,545	888,545
Total OPEB liability - multiple employer cost-sharing plan	-	-	-	11,522,636	11,522,636
Total pension liability (LOSAP)	-	-	-	326,156	326,156
Total pension liability (Pension Plan)	-	-	-	523,036	523,036
Net pension liability (PERS)	-	-	-	131,262,866	131,262,866
Total liabilities	11,220,997	1,059,194	12,280,191	192,310,898	204,591,089
Deferred Inflows of Resources					
Unavailable revenue - property taxes	2,455,965	139,609	2,595,574	(2,595,574)	-
Unavailable revenue - transport and EMS services	221,794	-	221,794	(221,794)	-
Unavailable revenue - other	116,110	-	116,110	(116,110)	-
PERS RHIA OPEB related inflows	-	-	-	234,508	234,508
Single employer plan OPEB related inflows	-	-	-	271,657	271,657
Multiple employer cost-sharing plan OPEB related inflows	-	-	-	569,508	569,508
PERS Pension related deferred inflows	-	-	-	5,331,089	5,331,089
Total deferred inflows of resources	2,793,869	139,609	2,933,478	3,473,284	6,406,762

(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, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Net Position
Fund balances:					
Non-spendable	436,012	-	436,012	(436,012)	
Restricted for debt service	-	425,594	425,594	(425,594)	
Committed to MERRC	-	1,823,870	1,823,870	(1,823,870)	
Committed to grants	-	167,360	167,360	(167,360)	
Committed to capital purchases	9,620,441	-	9,620,441	(9,620,441)	
Committed to Volunteer LOSAP	401,618	-	401,618	(401,618)	
Assigned to capital projects	-	8,004,044	8,004,044	(8,004,044)	
Assigned to PERS reserve	4,772,760	-	4,772,760	(4,772,760)	
Unassigned	<u>51,738,725</u>	<u>-</u>	<u>51,738,725</u>	<u>(51,738,725)</u>	
Total fund balances	<u>66,969,556</u>	<u>10,420,868</u>	<u>77,390,424</u>	<u>\$ (77,390,424)</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 80,984,422</u>	<u>\$ 11,619,671</u>	<u>\$ 92,604,093</u>		
Net Position:					
Net investment in capital assets				81,401,630	
Restricted for:					
Debt service				425,594	
Net PERS RHIA OPEB asset				1,155,475	
Unrestricted				<u>(21,560,353)</u>	
Total net position				<u>\$ 61,422,346</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, 2020

	General Fund	Nonmajor Funds	Total Governmental Funds	Adjustments	Statement of Activities
Revenues					
Program Revenues:					
Charges for services	\$ 4,535,458	\$ -	\$ 4,535,458	\$ 403,404	\$ 4,938,862
Program fees	-	306,731	306,731	(306,731)	-
Operating grants and contributions	4,380,644	33,700	4,414,344	-	4,414,344
Capital grants and contributions	-	-	-	774,417	774,417
General Revenues:					
Property taxes	121,750,747	6,030,191	127,780,938	98,986	127,879,924
Interest	965,334	380,405	1,345,739	14,765	1,360,504
Insurance dividends and refunds	556,497	-	556,497	5,405	561,902
Miscellaneous	273,722	8,577	282,299	28,878	311,177
Total revenues	<u>132,462,402</u>	<u>6,759,604</u>	<u>139,222,006</u>	<u>1,019,124</u>	<u>140,241,130</u>
Expenditures/expenses					
Current:					
Public Safety	127,319,962	195,312	127,515,274	27,985,788	155,501,062
Debt service:					
Principal	-	4,925,000	4,925,000	(4,925,000)	-
Interest	-	1,357,006	1,357,006	(933,998)	423,008
Capital outlay	1,676,387	11,099,754	12,776,141	(12,776,141)	-
Total expenditures/expenses	<u>128,996,349</u>	<u>17,577,072</u>	<u>146,573,421</u>	<u>9,350,649</u>	<u>155,924,070</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>3,466,053</u>	<u>(10,817,468)</u>	<u>(7,351,415)</u>	<u>(8,331,525)</u>	<u>(15,682,940)</u>
Other Financing Sources (Uses)					
Proceeds on sale of surplus property	76,400	149,090	225,490	(225,490)	-
Transfers in	-	3,327,162	3,327,162	(3,327,162)	-
Transfers out	(3,327,162)	-	(3,327,162)	3,327,162	-
Refunding bonds issued	-	14,920,000	14,920,000	(14,920,000)	-
Premium on refunding bonds issued	-	50,719	50,719	(50,719)	-
Payment to refunded bond escrow agent	-	(14,799,496)	(14,799,496)	14,799,496	-
Total other financing sources (uses)	<u>(3,250,762)</u>	<u>3,647,475</u>	<u>396,713</u>	<u>(396,713)</u>	<u>-</u>
Net change in fund balances/net position	215,291	(7,169,993)	(6,954,702)	(8,728,238)	(15,682,940)
Fund balances/net position					
Beginning of the year	66,754,265	17,590,861	84,345,126	(7,239,840)	77,105,286
End of the year	<u>\$ 66,969,556</u>	<u>\$ 10,420,868</u>	<u>\$ 77,390,424</u>	<u>\$ (15,968,078)</u>	<u>\$ 61,422,346</u>

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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes:				
Current year's levy	\$ 119,220,343	\$ 119,220,343	\$ 120,095,683	\$ 875,340
Prior years' levies	942,250	942,250	1,391,113	448,863
Taxes in lieu of property taxes	15,523	15,523	16,635	1,112
Forest revenues	25,000	25,000	247,316	222,316
Interest on unsegregated property taxes	44,675	44,675	39,594	(5,081)
Interest on taxes	14,919	14,919	98,323	83,404
Interest on investments	615,701	615,701	597,040	(18,661)
Charges for services	3,754,829	3,754,829	4,475,185	720,356
Rental income	56,532	56,532	60,273	3,741
Grants and contributions	23,500	23,500	305,029	281,529
Insurance dividends and refunds	350,000	350,000	556,497	206,497
Miscellaneous	304,350	304,350	272,648	(31,702)
Total revenues	<u>125,367,622</u>	<u>125,367,622</u>	<u>128,155,336</u>	<u>2,787,714</u>
Expenditures				
Current:				
Public Safety				
Command Directorate:				
Personnel services	3,021,436	3,021,436	2,841,719	179,717
Materials and services	1,214,056	1,214,056	627,026	587,030
Total Command Directorate	<u>4,235,492</u>	<u>4,235,492</u>	<u>3,468,745</u>	<u>766,747</u>
Business Directorate:				
Personnel services	9,721,434	9,821,434	9,181,483	639,951
Materials and services	7,199,335	7,199,335	6,376,925	822,410
Total Business Directorate	<u>16,920,769</u>	<u>17,020,769</u>	<u>15,558,408</u>	<u>1,462,361</u>
Finance Directorate:				
Personnel services	1,817,891	1,817,891	1,759,438	58,453
Materials and services	628,020	718,020	596,756	121,264
Total Finance Directorate	<u>2,445,911</u>	<u>2,535,911</u>	<u>2,356,194</u>	<u>179,717</u>
Operations Directorate:				
Personnel services	92,514,103	93,014,103	91,181,996	1,832,107
Materials and services	4,566,925	5,016,925	4,229,365	787,560
Total Operations Directorate	<u>97,081,028</u>	<u>98,031,028</u>	<u>95,411,361</u>	<u>2,619,667</u>
Support Directorate:				
Personnel services	278,353	278,353	37,896	240,457
Materials and services	216,618	216,618	104,441	112,177
Total Support Directorate	<u>494,971</u>	<u>494,971</u>	<u>142,337</u>	<u>352,634</u>
Community Services Directorate:				
Personnel services	6,021,556	6,071,556	5,910,789	160,767
Materials and services	423,621	423,621	239,838	183,783
Total Community Services Directorate	<u>6,445,177</u>	<u>6,495,177</u>	<u>6,150,627</u>	<u>344,550</u>
Total Public Safety	127,623,348	128,813,348	123,087,672	5,381,126

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, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Operating contingency	5,193,975	4,003,975	-	4,003,975
Total expenditures	<u>132,817,323</u>	<u>132,817,323</u>	<u>123,087,672</u>	<u>9,385,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,449,701)</u>	<u>(7,449,701)</u>	<u>5,067,664</u>	<u>12,172,815</u>
Other Financing Sources (Uses)				
Proceeds on sale of surplus property	25,000	25,000	21,859	(3,141)
Transfers out	<u>(6,109,816)</u>	<u>(6,109,816)</u>	<u>(5,974,537)</u>	<u>135,279</u>
Total other financing sources (uses)	<u>(6,084,816)</u>	<u>(6,084,816)</u>	<u>(5,952,678)</u>	<u>132,138</u>
Net change in fund balance	(13,534,517)	(13,534,517)	(885,014)	12,649,503
Fund balance, June 30, 2019,	(4,667,287)	(4,667,287)	51,631,890	56,299,177
Restatement	-	-	6,200,621	6,200,621
Fund balance, June 30, 2019, as restated	<u>(4,667,287)</u>	<u>(4,667,287)</u>	<u>57,832,511</u>	<u>62,499,798</u>
Fund balance, June 30, 2020	<u>\$ (18,201,804)</u>	<u>\$ (18,201,804)</u>	<u>\$ 56,947,497</u>	<u>\$ 75,149,301</u>

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

Fund Balance - budgetary basis	\$ 56,947,497
Fund Balance - Apparatus Fund ⁽¹⁾	4,617,556
Fund Balance - Capital Improvements Fund ⁽¹⁾	5,002,885
Fund Balance - Volunteer LOSAP Fund ⁽¹⁾	<u>401,618</u>
Fund Balance - GAAP Basis	<u>\$ 66,969,556</u>

⁽¹⁾ Refer to page 102 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, 2020

*Governmental
Activities*

Internal
Service Fund

Assets

Current:

Cash and cash equivalents	\$ 682,594
Total assets	<u>682,594</u>

Liabilities

Current:

Accounts payable	8,224
Total liabilities	<u>8,224</u>

Net Position

Unrestricted net position	\$ 674,370
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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, 2020

	<i>Governmental Activities</i>
	<i>Internal Service Fund</i>
Operating Revenue	
Insurance refunds	\$ 5,405
Operating Expense	
Insurance claims	<u>15,521</u>
Operating loss	(10,116)
Nonoperating Revenue	
Interest income	<u>14,765</u>
Change in net position	4,649
Net position, June 30, 2019	669,721
Net position, June 30, 2020	<u><u>\$ 674,370</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, 2020

	<i>Governmental Activities</i>	<i>Internal Service Fund</i>
Cash Flows From Operating Activities		
Received from insurance reimbursements and refunds	\$ 5,405	
Paid for insurance claims	(11,584)	
Net cash from operating activities	<u>(6,179)</u>	
Cash Flows From Investing Activities		
Interest received on investments	<u>14,765</u>	
Net increase in cash and cash equivalents	8,586	
Cash and cash equivalents, June 30, 2019	<u>674,008</u>	
Cash and cash equivalents, June 30, 2020	<u>\$ 682,594</u>	
Reconciliation of operating loss to net cash from operating activities		
Operating loss	\$ (10,116)	
(Decrease) increase in accounts payable	<u>3,937</u>	
Net cash from operating activities	<u>\$ (6,179)</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.

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.

The Community Assistance Fund (the Fund), a nonprofit 501(c)(3), was established in 2001 to assist those in the community suffering from recent displacement and hardship. Current employees of the District serve on the Fund's Board of Directors. District management can direct the use and exchange of the Fund's assets. For the fiscal year ended June 30, 2020, the transactions between the District and the Fund are deemed to be immaterial; therefore, the Fund is not reported as a component unit of the District.

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 fund:

- 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.

Additionally, the District reports the following fund types:

- Non-major governmental funds, including special revenue, capital projects, and debt service funds, which are reported in the aggregate.
- A proprietary/internal service fund includes the District's Insurance Fund which is used to account for the accumulation of resources used for payment of claims and losses that are less than the District's deductible limits for insurance coverage. The principal revenue sources are interest income and insurance refunds.

D. Budgetary information

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting, except for the Insurance, Pension, and Volunteer LOSAP Funds, which are budgeted on the accrual basis of accounting.

The Board of Directors adopts the original budget by resolution prior to the beginning of the District's fiscal year (July 1 through June 30). The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, transfers out, and contingencies are the levels of control established by the resolution 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 three budget amendments during the year ended June 30, 2020. 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, 2020, 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 – 25 years
Furniture, fixtures, and equipment	4 – 20 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 land and develop a single 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, 2020, 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	\$ 77,390,424
<i>Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:</i>	
Prepaid items	1,707,442
Capital assets, net	116,323,328
Unavailable revenue	2,933,478
Accrued compensated absences	(10,871,292)
Accrued interest payable on long-term debt	(215,024)
Long-term bonded debt	(36,693,119)
Deferred refunding charge on refunded bonds	1,771,421
Net PERS RHIA OPEB asset and related deferrals	940,344
Total single-employer OPEB liability and related deferrals	(905,990)
Total multiple-employer cost sharing OPEB liability and related deferrals	(8,094,054)
Total pension liability - Frozen Pension Plan	(523,036)
Total pension liability - LOSAP	(326,156)
Net pension liability - PERS	(131,262,866)
PERS Pension related outflows	53,904,165
PERS Pension related inflows	(5,331,089)
Net position of internal service funds combined with governmental activities	<u>674,370</u>
Net position, Statement of Net Position	<u>\$ 61,422,346</u>

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

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

Net changes in fund balances	\$ (6,954,702)
<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 \$12,723,934 less depreciation for the year (\$5,670,228)	7,053,706
Property taxes not meeting the measurable and available criteria	98,986
Payments on long-term debt and change in accrued interest payable	5,687,775
Net decrease in accrued compensated absences	14,543
Certain revenues recognized as measurable and available in the current year	96,673
Net increase in net PERS RHIA OPEB asset and related deferrals	171,536
Net decrease in total single-employer OPEB liability and related deferrals	81,409
Net increase in total multiple-employer OPEB liability and related deferrals	(939,810)
Net decrease in total pension liability - Frozen Pension Plan	355,107
Net increase in total pension liability - LOSAP	(46,501)
Net increase in prepaid assets	194,646
Net increase in net pension liability and related deferrals - PERS	(21,500,957)
<i>Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:</i>	
Increase in net position of internal service fund combined with governmental activities	4,649
Net change in net position	<u>\$ (15,682,940)</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, 2020 was \$19,151,379 and the total bank balance was \$20,862,797. The District's demand deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC), with the exception of \$16,226 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, 2020, 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		507,156
Deposits with financial institutions		19,151,379
State of Oregon Local Government Investment Pool		50,454,247
Investments:		
US Treasury obligations		18,996,923
Mutual funds		391,537
Total cash, cash equivalents, and investments	\$	89,504,567

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

Governmental Activities		
Cash and cash equivalents:		
Unrestricted	\$	70,116,107
Investments		19,388,460
Total cash, cash equivalents, and investments	\$	89,504,567

The Oregon State Treasury Finance Division administers the Local Government Investment Pool (LGIP). It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. Cost approximates the District's fair value in the LGIP.

2. Custodial credit risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2020, 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.

As of June 30, 2020, the District had the following investments organized using the segmented time distribution method as noted below:

Investment Type	Fair Value	Investment Maturities	
		< 12 months	12 - 18 months
U.S. Treasury obligations	\$ 18,996,923	\$ 18,996,923	\$ -
Mutual funds	391,537	-	-
Total Investments	\$ 19,388,460	\$ 18,996,923	\$ -

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, 2020.

LGIP Maturity Distribution of Portfolio			
	In Compliance	Objective	Actual
Percent of portfolio to mature within 93 days	Yes	> 50%	61.16%
Percent of portfolio to mature over one year	Yes	< 25%	22.70%
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

Notes to the Basic Financial Statements

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.

As of June 30, 2020, the District's investments were rated by Standard & Poor's rating agency as follows:

Investment Type	Fair Value	Ratings as of Year End	
		A-1+	Unrated
U.S. Treasury obligations	\$ 18,996,923	\$ 18,996,923	\$ -
Mutual funds	391,537	-	391,537
Total Investments	\$ 19,388,460	\$ 18,996,923	\$ 391,537

5. Fair value of investments

The District categorizes its fair value investments within the guidelines established by GAAP. These guidelines provide a fair value hierarchy based on valuation inputs to measure the fair value of the investment as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Significant observable inputs other than those included in Level 1;
- *Level 3*: Significant unobservable inputs.

Equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 are valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

As of June 30, 2020, the District had the following investments measured at fair value:

Investments Measured at Fair Value				
	Total	Level 1	Level 2	Level 3
US Treasury obligations	\$ 18,996,923	\$ -	\$ 18,996,923	\$ -
Mutual funds	391,537	391,537	-	-
Total investments at fair value	\$ 19,388,460	\$ 391,537	\$ 18,996,923	\$ -

B. Receivables

Ambulance transport service receivables of \$379,133 consist of charges to insurance providers and patients of \$845,323 net of allowances for contractual discounts of \$293,717 and uncompensated care of \$172,473 and are based on management's estimates of collectability.

Other accounts receivable of \$371,399 include conflagration deployment billings, hazardous materials, maintenance assurance agreements, and other miscellaneous receivables and are deemed to be fully collectible as of June 30, 2020.

C. Capital Assets

Capital Assets consist of the following at June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 16,301,930	\$ 1,662,913	\$ (131,210)	\$ 17,833,633
Other capital assets	231,000	-	-	231,000
Construction in progress	12,723,341	11,933,763	(9,754,614)	14,902,490
Total capital assets, not being depreciated	29,256,271	13,596,676	(9,885,824)	32,967,123
Capital assets, being depreciated:				
Buildings and improvements	95,120,257	8,493,168	(2,743,261)	100,870,164
Fire apparatus and other vehicles	38,530,336	434,747	(198,234)	38,766,849
Furniture, fixtures, and equipment	10,309,091	366,645	(423,275)	10,252,461
Total capital assets, being depreciated	143,959,684	9,294,560	(3,364,770)	149,889,474
Less accumulated depreciation for:				
Buildings and improvements	(30,379,840)	(3,208,389)	2,477,971	(31,110,258)
Fire apparatus and other vehicles	(25,352,036)	(1,797,529)	198,234	(26,951,331)
Furniture, fixtures, and equipment	(8,214,457)	(664,310)	407,087	(8,471,680)
Total accumulated depreciation	(63,946,333)	(5,670,228)	3,083,292	(66,533,269)
Total capital assets, being depreciated, net	80,013,351	3,624,332	(281,478)	83,356,205
Total capital assets, net of depreciation	\$ 109,269,622	\$ 17,221,008	\$ (10,167,302)	\$ 116,323,328

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

D. Interfund receivables, payables, and transfers

There were no interfund receivables or payables at June 30, 2020.

Interfund transfers for the year ended June 30, 2020 were as follows:

Interfund Transfers	Transfers In	Transfers Out
General Fund	\$ -	\$ 3,327,162
Nonmajor funds	3,327,162	-
	<u>\$ 3,327,162</u>	<u>\$ 3,327,162</u>

The District made a transfer from the General Fund to the Property and Building Fund in the amount of \$3,159,802 to accumulate resources for land acquisition and construction costs for new and existing facilities and \$167,360 to the Grant Fund to support a public safety SCBA grant.

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 \$117,905 for the year ended June 30, 2020.

The District entered into a five-year lease agreement for space to house temporary Fire Station 54, located in the Wilsonville community of Charbonneau, effective March 1, 2020. Rent expense was approximately \$26,993 for the year ended June 30, 2020.

Future payments per their respective agreements are due as follows:

Year Ending June 30,	Office Space Lease
2021	\$ 102,388
2022	105,460
2023	108,624
2024	111,882
2025	56,768
Total	<u>\$ 485,122</u>

Year Ending June 30,	Station 54 Lease
2021	\$ 81,742
2022	84,047
2023	86,420
2024	88,872
2025	60,355
Total	<u>\$ 401,435</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.

On May 6, 2020, the District issued \$14,920,000 in general obligation bonds with interest rates ranging from 1.16% to 2.0%. The proceeds were used to advance refund \$13,925,000 of outstanding 2011 general obligation bonds which had interest rates ranging from 4.0% to 5.0%. The net proceeds of \$14,809,107 (including a \$50,719 premium after payment of \$161,612 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 2011 general obligation bonds with maturities after June 2021 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, 2020, that amount was \$1,342 million. As of June 30, 2020, the total general obligation bonded debt was \$34,195,000, plus unamortized premium of \$2,498,119. The total outstanding debt applicable to the limit was \$36.3 million which is 2.7 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, 2020 are as follows:

Issue Date	Original Issue	Outstanding at June 30, 2019	Additions	Reductions	Outstanding at June 30, 2020	Due Within One Year	Interest Rates to Maturity
General Obligation Bonds:							
June 2, 2011	\$ 23,500,000	\$ 16,070,000	\$ -	\$ (14,975,000)	\$ 1,095,000	\$ 1,095,000	4.00%
March 25, 2015	9,905,000	6,890,000	-	(1,365,000)	5,525,000	1,370,000	2.25 - 4.00%
March 25, 2015	5,000,000	3,095,000	-	(570,000)	2,525,000	595,000	2.25 - 4.00%
October 18, 2017	12,310,000	12,070,000	-	(1,660,000)	10,410,000	1,700,000	4.00 - 5.00%
May 6, 2020	14,920,000	-	14,920,000	(280,000)	14,640,000	3,400,000	1.16 - 1.91%
Total General Obligation Bonds		38,125,000	14,920,000	(18,850,000)	34,195,000	8,160,000	
Unamortized Premium:		3,501,028	50,719	(1,053,628)	2,498,119	437,793	
Total		\$ 41,626,028	\$ 14,970,719	\$ (19,903,628)	\$ 36,693,119	\$ 8,597,793	
Compensated Absences:		\$ 10,885,835	\$ 9,807,644	\$ (9,822,187)	\$ 10,871,292	\$ 8,594,614	
Outstanding bond issues are callable as follows:							
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							
May 06, 2020 - at par plus accrued interest beginning June 1, 2030							

Future bond maturities are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 8,160,000	\$ 1,048,649	\$ 9,208,649
2022	8,730,000	798,749	9,528,749
2023	3,820,000	568,999	4,388,999
2024	2,910,000	398,249	3,308,249
2025	1,545,000	329,175	1,874,175
2026-2030	8,015,000	811,830	8,826,830
2031	1,015,000	19,387	1,034,387
	\$ 34,195,000	\$ 3,975,038	\$ 38,170,038

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 (WCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2020, the District paid \$2,377,689 to WCCA for dispatch fees. During the year, the District was a recipient of donated radio equipment from WCCA in the amount of \$4.1 million. The radios are recorded at acquisition value at the date of donation.

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 2020 was \$2,651,318 of which \$2,034,426 was made for the bargaining unit employees.

The trust assets are held in a custodial trust for the exclusive benefit of participants and beneficiaries. They are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries. Accordingly, the plan assets are not included in the statement of net position.

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 six tax abatement programs managed by Washington County and certain of its cities and one managed by Clackamas County for the fiscal year ended June 30, 2020.

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 \$996,000 for fiscal year 2020.

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 \$21,000 for fiscal year 2020. This also applies to \$6,000 categorized as construction in process in Enterprise Zones in Washington County.

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% of area median income or below). The District's reduction in property tax revenues from vertical housing programs is estimated at \$37,000 for fiscal year 2020.

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 and Clackamas 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 \$257,000 and \$19,100 respectively from Washington and Clackamas Counties for the 2019-20 fiscal year.

Housing for Low Income Rental

Working in partnership with both the non-profit and the private sector, the Washington County Department of Housing Services combines traditional housing programs with economic opportunity to encourage self-sufficiency, skill enhancement and independence. The DHS offers rental assistance to low income households through various federally funded programs, and also creates affordable housing opportunities in the community for low- and moderate-income households through a combination of creative financing and partnerships with public and private entities. The District's reduction in property tax revenues for housing for low income rental is estimated at \$6,000 for fiscal year 2020.

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, 2017 actuarial valuation, which became effective July 1, 2019. The District's rates for the year ended June 30, 2020 were 27.75 percent for PERS; 15.68 percent for OPSRP – general service employees; and 20.31 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, 2020 were approximately \$15,207,000, 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 \$3,925,000.

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, 2020, the District reported a liability of \$131,262,866 for its proportionate share of the plan net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. 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, 2020 and 2019 the District's proportion was 0.75884994 percent and 0.65421658 percent, respectively.

For the year ended June 30, 2020, the District recognized pension expense of \$36,835,996 for the defined benefit portion of the pension plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows and Outflows	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,238,760	\$ -
Changes in assumptions	17,807,306	-
Net difference between projected and actual earnings on pension plan investments	-	3,721,169
Changes in District's proportionate share	11,987,363	244,987
Differences between District contribution and proportionate share of system contributions	1,663,991	1,364,933
Subtotal	38,697,420	5,331,089
District contributions subsequent to the measurement date	15,206,745	-
Total	\$ 53,904,165	\$ 5,331,089

Deferred outflows of resources related to pensions of \$15,206,745 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, 2021. 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:		
2021	\$ 15,960,741	
2022	4,489,212	
2023	6,873,597	
2024	5,397,300	
2025	645,481	
Total	\$ 33,366,331	

Actuarial Valuations - The employer contribution rates effective July 1, 2019, through June 30, 2021, 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, 2017 |
| • Measurement Date | June 30, 2019 |
| • 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 | <i>Healthy retirees and beneficiaries:</i> |

RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.

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.

Disabled retirees:

RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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	\$ 210,205,834	\$ 131,262,866	\$ 65,198,478

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 2017 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
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	14.0	-	21.0	17.5
Alternative Portfolio	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 ¹	Annual Arithmetic Return ²	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 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

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 judgment.

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, 2019, 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, 2019 – 5.2 years
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, 2020, the District's payable to PERS for defined benefit contributions was \$1,510,507. 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 two 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, 2020, were determined using the date of the latest actuarial valuation of June 30, 2020. All benefits are vested. Significant actuarial assumptions used in the valuation included:

- A 2.21% interest discount based on the June 2020 rate in the 20-Year General Obligation Municipal Bond Index published by the Bond Buyer.
- Cost of Living Adjustments
 - 3.1% for the 1973 Plan Retirees
 - 2.0% for the 1976 Plan Retirees
- Mortality – RP 2014 Blue Collar generation tables projected forward using Scale MP 2019.

Liabilities are valued by discounting expected future cash flows at the assumed discount rate of 2.21%. 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, 2020, the District recognized pension expense of (\$207,732) for the defined benefit pension plan.

The change in Total Pension Liability for the year ended June 30, 2020 is as follows:

Change in Total Pension Liability	6/30/2020
Total Pension Liability, beginning of year	\$ 878,143
Benefit payments	(147,375)
Interest on Total Pension Liability	17,778
Change in Assumptions	21,504
Experience (Gain)/Loss	(247,014)
Total Pension Liability, end of year	\$ 523,036

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 2.21 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:

Sensitivity of Total Pension Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Total Pension Liability on 6/30/20	\$ 548,450	\$ 523,036	\$ 500,269

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, 2020 actuarial valuation for both the 1992 and 1990 plans, the latest available, included:

- Interest discount rate of 2.21%
- 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 2019.

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 2.21%. 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, 2020, the District recognized pension expense of \$66,631 for the LOSAP plan. The change in Total Pension Liability for the year ended June 30, 2020 is as follows:

Change in Total LOSAP Pension Liability	6/30/2020
Total Pension Liability, June 30, 2019	\$ 279,655
Benefit payments	(20,130)
Interest on Total Pension Liability	5,958
Change in assumptions	51,386
Experience (Gain)/Loss	9,287
Total Pension Liability, June 30, 2020	<u>\$ 326,156</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 2.21 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:

Sensitivity of Total LOSAP Liability	Current Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
Total Pension Liability on 6/30/20	\$ 367,470	\$ 326,156	\$ 292,166

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 one component: 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 plan is provided in accordance with ORS 243.303, which requires that retirees 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, 2020, the date of the most recent actuarial valuation, there were 98 active employees and 25 retirees and surviving spouses included in the Health Benefit Retiree Program.

Actuarial Assumptions and Other Inputs - The total OPEB liability of \$888,545 and components of OPEB Expense as of June 30, 2020, were determined using the date of the latest actuarial valuation of June 30, 2020. Significant actuarial assumptions used in the valuation included:

- A 2.21% interest discount based on the June 2020 rate in the 20-Year General Obligation Municipal Bond Index published by the Bond Buyer.
- Medical Insurance Premium and Claims Trend: 5% annual increases.
- 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, 2018 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, 2018 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, 2020, the District recognized OPEB expense of \$51,637 for the OPEB plan.

Changes in Total OPEB Liability

Change in Total OPEB Liability	6/30/2020
Total OPEB Liability, June 30, 2019	\$ 1,139,318
Benefit payments	(133,046)
Service cost	25,161
Interest on Total OPEB Liability	23,709
Change in assumptions	(246,462)
Experience	79,865
Total OPEB Liability, June 30, 2020	\$ 888,545

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 2.21%, 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:

Sensitivity of Total OPEB Liability	Current		
	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability on 6/30/20	\$ 946,203	\$ 888,545	\$ 835,319

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:

Sensitivity of Total OPEB Liability	Current Health Care Trend Rates		
	1% Decrease	Trend Rates	1% Increase
Total OPEB Liability on 6/30/20	\$ 826,410	\$ 888,545	\$ 959,220

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$51,637. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows and Outflows - OPEB Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 254,212	\$ -
Changes of assumptions or other inputs	-	271,657
Total	\$ 254,212	\$ 271,657

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

Deferred Inflows and Outflows - OPEB Expense	Deferred Outflows Recognized in OPEB Expense
Fiscal Year Ending	
2021	\$ 2,767
2022	2,767
2023	2,767
2024	2,767
2025	2,767
All subsequent years	(31,280)
Total	\$ (17,445)

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	6/30/2020
Total OPEB Liability, June 30, 2019	\$ 10,871,311
Benefit payments	(432,864)
Service cost	711,268
Interest	372,921
Total OPEB Liability, June 30, 2020	\$ 11,522,636

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	Current Discount Rate	1% Increase
Sensitivity of Total OPEB Liability	(2.50%)	(3.50%)	(4.50%)
Total OPEB Liability on 6/30/20	\$ 12,587,788	\$ 11,522,636	\$ 10,543,070

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:

	1% Decrease	Current Health Care Trend Rates	1% Increase
Sensitivity of Total OPEB Liability	1% Decrease	Current Health Care Trend Rates	1% Increase
Total OPEB Liability on 6/30/20	\$ 10,071,585	\$ 11,522,636	\$ 13,244,569

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

At June 30, 2020, the District reported a liability of \$11,522,636 for its proportionate share of the total OPEB liability. Update procedures were used to roll-forward the total OPEB liability from the June 30, 2019 valuation date to the June 30, 2020 measurement date. At June 30, 2020, the District's proportionate was 81.2642%.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,372,674. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows and Outflows - OPEB Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 308,797	\$ 252,743
Changes of assumptions	3,689,293	-
Changes in proportionate share	-	316,765
	\$ 3,998,090	\$ 569,508

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 Inflows and Outflows - OPEB Expense	Deferred Outflows Recognized in OPEB Expense
Fiscal Year Ending	
2021	\$ 288,485
2022	288,485
2023	288,485
2024	288,485
2025	288,485
All subsequent years	<u>1,986,157</u>
Total	\$ 3,428,582

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 807 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, 2019, 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

44,208 for the fiscal year ended June 30, 2019, and there were 45,598 active and 11,347 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, 2020, the District reported an asset of \$1,155,475 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017. 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, 2020 and 2019 the District's proportion was 0.59796049 percent and 0.58338333 percent, respectively.

For the year ended June 30, 2020, the District recognized OPEB income of \$153,278. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows and Outflows - PERS OPEB (RHIA) Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 152,373
Changes in assumptions	-	1,197
Net difference between projected and actual earnings on pension plan investments	-	71,321
Changes in District's proportionate share	1,437	9,617
Subtotal	1,437	234,508
District contributions subsequent to the measurement date	17,940	
Total	\$ 19,377	\$ 234,508

Deferred outflows of resources related to OPEB of \$17,940 resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the

year ending June 30, 2021. 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:		
2021	\$	(119,220)
2022		(107,619)
2023		(13,578)
2024		7,346
Total	\$	(233,071)

Actuarial Methods and Assumptions - the total OPEB asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Valuation Date December 31, 2017
- Measurement Date June 30, 2019
- 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: 35%; Disabled retirees: 20%.
 - Healthcare cost trend rate Not applicable
 - Mortality

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.

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.

Disabled retirees:

RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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, 2019 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:

Sensitivity of Total OPEB Liability	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of net OPEB (asset) / liability	\$ (895,792)	\$ (1,155,475)	\$ (1,376,745)

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 2017 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
	15.0	-	25.0 %	
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	14.0	-	21.0	17.5
Alternative Portfolio	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 ¹	Annual	Compound	Standard Deviation
		Arithmetic Return ²	Annual (Geometric) Return	
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 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

G. Commitments and contingencies

As of June 30, 2020, the District is committed under various accepted bid agreements and contracts for approximately \$6.1 million for goods, services and construction of facilities. This includes \$5.7 million in construction commitments at various stations.

H. Restatement of fund balance

The fund balance of the General Fund was restated to eliminate the effects of an advance recognition of a retirement obligation which was not a generally accepted accounting principle expense. This amount had previously been included as a Budgetary fund balance to GAAP fund balance reconciling item. The restatement is shown below:

General Fund	
Fund Balance, as of June 30, 2019, as previously reported	\$ 51,631,890
Restatement to recognize GAAP expense	<u>6,200,621</u>
Fund Balance, as of June 30, 2019, as restated	<u>\$ 57,832,511</u>

Required Supplementary Information

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⁾
2011					
2012					
2013					
2014	0.59075779 %	\$ 30,147,236	\$ 40,213,636	74.97 %	92.00 %
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
2020	0.75884994	131,262,866	61,375,124	213.87	80.20

⁽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
2011					
2012					
2013					
2014	\$ 5,390,098	\$ 5,390,098	\$ -	\$ 44,696,865	12.06 %
2015	6,170,579	6,170,579	-	45,800,597	13.47
2016	6,481,916	6,481,916	-	49,353,156	13.13
2017 ⁽³⁾	7,467,361	7,467,361	-	57,481,482	12.99
2018	10,663,956	10,663,956	-	60,601,623	17.60
2019	11,275,405	11,275,405	-	61,375,124	18.37
2020	15,206,745	15,206,745	-	67,897,060	22.40

⁽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
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
2020	523,036	N/A	N/A

Schedule of Changes in Total Pension Liability

Fiscal Year Ended June 30,	TPL						TPL
	Beginning Balance	Service Costs	Interest on the TPL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	Ending Balance
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
2020	878,143	-	17,778	(147,375)	21,504	(247,014)	523,036

⁽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	TPL as a Percentage of Covered Payroll	
		Covered Payroll ⁽²⁾	Covered Payroll
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
2020	326,156	N/A	N/A

Schedule of Changes in Total Pension Liability

Fiscal Year Ended June 30,	TPL		Interest on the TPL	Benefit Payments	Changes of Assumptions	Experience (Gain) or Loss	TPL Ending Balance
	Beginning Balance	Service Costs					
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
2020	279,655	-	5,958	(20,130)	51,386	9,287	326,156

⁽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.

Required Supplementary Information

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
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%
2020	888,545	9,787,982	9.1%

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
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
2020	1,139,318	25,161	23,709	(133,046)	(246,462)	79,865	888,545

⁽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.

Required Supplementary Information

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
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
2020	81.2642	11,522,636	57,533,063	20.03

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
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
2020	10,871,311	711,268	372,921	(432,864)	-	-	-	11,522,636

⁽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.

Required Supplementary Information

Tualatin Valley Fire and Rescue

Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability⁽¹⁾

Oregon Public Employee Retirement 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⁾
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
2020	0.59796049	(1,155,475)	61,375,124	(1.88)	144.40

⁽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 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
2011					
2012					
2013					
2014					
2015					
2016					
2017	\$ 281,240	\$ 281,240	-	\$ 57,481,482	0.49 %
2018	282,476	282,476	-	60,601,623	0.47
2019	296,361	296,361	-	61,375,124	0.48
2020	17,940	17,940	-	67,897,060	0.03

⁽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, 2017 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2020 are described below. Additional detail and a comprehensive list of changes in methods and assumptions since the December 31, 2016 actuarial valuation can be found in the system-wide report at: [PERS Actuarial Valuation](#).

Changes in Actuarial Methods and Allocation Procedures

There were no changes in actuarial methods and allocation procedures since the December 31, 2016 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA actuarial methods and allocation procedures is provided as part of the system-wide valuation report.

Changes in Assumptions

There were no changes in assumptions since the December 31, 2016 actuarial valuation. A complete summary of the Tier 1/Tier 2, OPSRP, RHIA, and RHIPA actuarial methods and allocation procedures is provided as part of the system-wide valuation report.

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, 2020
- Actuarial determined contribution method: Pay-as-you-go
- Inflation (post retirement COLA): 3.1% 1973 Plan, 2.0% 1976 Plan
- Discount rate: 2.21%
- 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 2019

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, 2020
- Actuarial determined contribution method: Pay-as-you-go
- Actuarial cost method: Entry age normal
- Inflation (post retirement COLA): 0.0%
- Discount rate: 2.21%
- 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 2019

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, 2020
• Actuarial method:	Entry age normal level percent of pay
• Inflation:	2.5%
• Discount rate:	2.21%
• Medical insurance premium claims trend:	5% annual increases
• Retirement rates:	Oregon PERS valuation for General Service and Public Safety employees dated December 31, 2018

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
• Inflation:	2.5%
• 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

Changes of Actuarial Methods and Allocation Procedures

There were no key changes implemented with the December 31, 2017 actuarial valuation.

Changes of Assumptions

There were no key changes implemented with the December 31, 2017 actuarial valuation.

Other Supplementary Information





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:

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

The *Grants Fund* accounts for the resources used for the acquisition of items approved through awarded grants.

Debt Service Fund:

The *Debt Service Fund* accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

Capital Projects Fund:

The *Property and Building Fund* accounts for the expenditures for building site acquisition and construction projects. The principal source of revenue is property taxes.



Tualatin Valley Fire and Rescue

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

	Special Revenue		Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	MERRC Fund	Grants Fund	Debt Service Fund	Property and Building Fund		
Assets						
Cash and cash equivalents	\$ 1,823,870	\$ 167,360	\$ 425,594	\$ 9,048,378	\$ 11,465,202	
Receivables:						
Property taxes receivable	-	-	139,609	-	139,609	
Accounts receivable	-	-	-	14,860	14,860	
Total assets	<u>\$ 1,823,870</u>	<u>\$ 167,360</u>	<u>\$ 565,203</u>	<u>\$ 9,063,238</u>	<u>\$ 11,619,671</u>	
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,059,194	\$ 1,059,194	
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,059,194</u>	<u>1,059,194</u>	
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	139,609	-	139,609	
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>139,609</u>	<u>-</u>	<u>139,609</u>	
Fund Balances						
Restricted	-	-	425,594	-	425,594	
Committed	1,823,870	167,360	-	-	1,991,230	
Assigned	-	-	-	8,004,044	8,004,044	
Total fund balances	<u>1,823,870</u>	<u>167,360</u>	<u>425,594</u>	<u>8,004,044</u>	<u>10,420,868</u>	
Total deferred inflows of resources, and fund balances	<u>\$ 1,823,870</u>	<u>\$ 167,360</u>	<u>\$ 565,203</u>	<u>\$ 9,063,238</u>	<u>\$ 11,619,671</u>	

Tualatin Valley Fire and Rescue

Combining Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue		Debt Service	Capital Projects		Total Nonmajor Governmental Funds
	MERRC Fund	Grants Fund	Debt Service Fund	Property and Building Fund		
Revenues						
Property taxes	\$ -	\$ -	\$ 6,030,191	\$ -	\$ 6,030,191	
Interest	36,936	-	59,383	284,086	380,405	
Program fees	306,731	-	-	-	306,731	
Operating grants and contributions	-	33,700	-	-	33,700	
Miscellaneous	-	-	-	8,577	8,577	
Total revenues	343,667	33,700	6,089,574	292,663	6,759,604	
Expenditures						
Current:						
Public safety:						
Materials and services	-	33,700	161,612	-	195,312	
Capital outlay	-	-	-	11,099,754	11,099,754	
Debt service:						
Principal	-	-	4,925,000	-	4,925,000	
Interest	-	-	1,357,006	-	1,357,006	
Total expenditures	-	33,700	6,443,618	11,099,754	17,577,072	
Excess (deficiency) of revenues over (under) expenditures	343,667	-	(354,044)	(10,807,091)	(10,817,468)	
Other Financing Sources (Uses)						
Transfers in	-	167,360	-	3,159,802	3,327,162	
Proceeds on sale of surplus property	-	-	-	149,090	149,090	
Refunding bonds issued	-	-	14,920,000	-	14,920,000	
Premium on refunding bonds issued	-	-	50,719	-	50,719	
Payment to refunded bond escrow agent	-	-	(14,799,496)	-	(14,799,496)	
Total financing sources (uses)	-	167,360	171,223	3,308,892	3,647,475	
Net change in fund balances	343,667	167,360	(182,821)	(7,498,199)	(7,169,993)	
Fund balances - June 30, 2019	1,480,203	-	608,415	15,502,243	17,590,861	
Fund balances - June 30, 2020	\$ 1,823,870	\$ 167,360	\$ 425,594	\$ 8,004,044	\$ 10,420,868	

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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Program fees	\$ 250,000	\$ 306,731	\$ 56,731
Interest	15,000	36,936	21,936
Total revenues	<u>265,000</u>	<u>343,667</u>	<u>78,667</u>
Expenditures			
Capital outlay	100,000	-	100,000
Operating contingency	30,000	-	30,000
Total expenditures	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Excess of revenues over expenditures	135,000	343,667	208,667
Fund balance - June 30, 2019	<u>1,368,670</u>	<u>1,480,203</u>	<u>111,533</u>
Fund balance - June 30, 2020	<u>\$ 1,503,670</u>	<u>\$ 1,823,870</u>	<u>\$ 320,200</u>

Tualatin Valley Fire and Rescue
Grants Fund

Schedule of Revenues, Expenditures, Other Financing Sources, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Operating grants and contributions	\$ 110,000	\$ 143,700	\$ 33,700	\$ (110,000)
Expenditures				
Current:				
Public safety:				
Materials and services	110,000	143,700	33,700	110,000
Capital outlay	<u>167,360</u>	<u>167,360</u>	-	167,360
Total expenditures	<u>277,360</u>	<u>311,060</u>	33,700	277,360
Deficiency of revenues under expenditures	(167,360)	(167,360)	-	167,360
Other Financing Sources				
Transfers in	<u>167,360</u>	<u>167,360</u>	<u>167,360</u>	-
Net change in fund balance	-	-	167,360	167,360
Fund balance - June 30, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,360</u>	<u>\$ 167,360</u>

Tualatin Valley Fire and Rescue

Debt Service Fund

Schedule of Revenues, Expenditures, Other Financing Sources (Uses), and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues				
Property taxes	\$ 6,018,632	\$ 6,018,632	\$ 6,029,377	\$ 10,745
Taxes in lieu	350	350	814	464
Interest	31,900	31,900	59,383	27,483
Total revenues	6,050,882	6,050,882	6,089,574	38,692
Expenditures				
Current:				
Materials and services	-	175,568	161,612	13,956
Debt service:				
Principal	4,645,000	4,925,000	4,925,000	-
Interest	1,641,363	1,357,018	1,357,006	12
Total expenditures	6,286,363	6,457,586	6,443,618	13,968
Deficiency of revenues under expenditures	(235,481)	(406,704)	(354,044)	52,660
Other Financing Sources (Uses)				
Refunding bonds issued	-	14,920,000	14,920,000	-
Premium on refunding bonds issued	50,719	50,719	50,719	50,719
Payment to refunded bond escrow agent	-	(14,799,496)	(14,799,496)	-
Total other financing sources (uses)	-	171,223	171,223	-
Net change in fund balance	(235,481)	(235,481)	(182,821)	52,660
Fund balance - June 30, 2019	490,906	490,906	608,415	117,509
Fund balance - June 30, 2020	\$ 255,425	\$ 255,425	\$ 425,594	\$ 170,169

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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 261,862	\$ 284,086	\$ 22,224
Miscellaneous	-	8,577	8,577
Total revenues	<u>261,862</u>	<u>292,663</u>	<u>30,801</u>
Expenditures			
Capital outlay	15,987,000	11,099,754	4,887,246
Operating contingency	1,418,126	-	1,418,126
Total expenditures	<u>17,405,126</u>	<u>11,099,754</u>	<u>6,305,372</u>
Deficiency of revenues under expenditures	<u>(17,143,264)</u>	<u>(10,807,091)</u>	<u>6,336,173</u>
Other Financing Sources			
Transfers in	3,159,802	3,159,802	-
Proceeds on sale of surplus property	-	149,090	149,090
Total other financing sources	<u>3,159,802</u>	<u>3,308,892</u>	<u>149,090</u>
Net change in fund balance	<u>(13,983,462)</u>	<u>(7,498,199)</u>	<u>6,485,263</u>
Fund balance - June 30, 2019	16,411,556	15,502,243	(909,313)
Fund balance - June 30, 2020	<u>\$ 2,428,094</u>	<u>\$ 8,004,044</u>	<u>\$ 5,575,950</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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 5,000	\$ 14,765	\$ 9,765
Insurance refunds	-	5,405	5,405
Total revenues	<u>5,000</u>	<u>20,170</u>	<u>15,170</u>
Expenditures			
Materials and services	<u>585,000</u>	<u>15,521</u>	<u>569,479</u>
Excess (deficiency) of revenues over (under) expenditures	(580,000)	4,649	584,649
Fund balance - June 30, 2019	580,000	669,721	89,721
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ 674,370</u>	<u>\$ 674,370</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, 2020

	General Fund	Apparatus Fund	Capital Improvements Fund	Pension Fund	Volunteer LOSAP Fund	Eliminations	Total General Fund
Assets							
Cash and cash equivalents	\$ 48,202,256	\$ 4,617,556	\$ 5,130,761	\$ 1,512	\$ 16,226	\$ -	\$ 57,968,311
Investments	18,996,923	-	-	-	391,537	-	19,388,460
Receivables:							
Property taxes receivable	2,455,967	-	-	-	-	-	2,455,967
Accounts receivable (net of allowances)	735,672	-	-	-	-	-	735,672
Due from other funds	6,145	-	-	-	-	(6,145)	-
Supplies inventory	436,012	-	-	-	-	-	436,012
Total assets	\$ 70,832,975	\$ 4,617,556	\$ 5,130,761	\$ 1,512	\$ 407,763	\$ (6,145)	\$ 80,984,422
Liabilities							
Accounts payable	\$ 2,185,382	\$ -	\$ 127,876	\$ -	\$ -	\$ -	\$ 2,313,258
Due to other funds	-	-	-	-	6,145	(6,145)	-
Accrued salaries and benefits payable	8,906,227	-	-	1,512	-	-	8,907,739
Total liabilities	11,091,609	-	127,876	1,512	6,145	(6,145)	11,220,997
Deferred Inflows of Resources							
Unavailable revenue - property taxes	2,455,965	-	-	-	-	-	2,455,965
Unavailable revenue - transport services	221,794	-	-	-	-	-	221,794
Unavailable revenue - other	116,110	-	-	-	-	-	116,110
Total deferred inflows of resources	2,793,869	-	-	-	-	-	2,793,869
Fund Balances							
Nonspendable	436,012	-	-	-	-	-	436,012
Committed	-	4,617,556	5,002,885	-	401,618	-	10,022,059
Assigned	4,772,760	-	-	-	-	-	4,772,760
Unassigned	51,738,725	-	-	-	-	-	51,738,725
Total fund balances	56,947,497	4,617,556	5,002,885	-	401,618	-	66,969,556
Total liabilities, deferred inflows of resources, and fund balances	\$ 70,832,975	\$ 4,617,556	\$ 5,130,761	\$ 1,512	\$ 407,763	\$ (6,145)	\$ 80,984,422

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, 2020

	General Fund	Apparatus Fund	Capital Improvements Fund	Pension Fund	Volunteer LOSAP Fund	Eliminations	Total General Fund
Revenues							
Program revenues:							
Charges for services	\$ 4,535,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,535,458
Grants and contributions	4,380,644	-	-	-	-	-	4,380,644
General revenues:	-	-	-	-	-	-	-
Property taxes	121,750,747	-	-	-	-	-	121,750,747
Interest	734,957	91,637	108,736	-	30,004	-	965,334
Insurance dividends and refunds	556,497	-	-	-	-	-	556,497
Miscellaneous	272,648	-	1,074	-	-	-	273,722
Total revenues	<u>132,230,951</u>	<u>91,637</u>	<u>109,810</u>	<u>-</u>	<u>30,004</u>	<u>-</u>	<u>132,462,402</u>
Expenditures							
Current:							
Public safety:							
Personnel services	110,913,321	-	-	147,375	9,300	-	111,069,996
Materials and services	16,249,966	-	-	-	-	-	16,249,966
Capital outlay	-	208,153	1,468,234	-	-	-	1,676,387
Total expenditures	<u>127,163,287</u>	<u>208,153</u>	<u>1,468,234</u>	<u>147,375</u>	<u>9,300</u>	<u>-</u>	<u>128,996,349</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,067,664</u>	<u>(116,516)</u>	<u>(1,358,424)</u>	<u>(147,375)</u>	<u>20,704</u>	<u>-</u>	<u>3,466,053</u>
Other Financing Sources (Uses)							
Transfers in	-	1,000,000	1,500,000	147,375	-	(2,647,375)	
Transfers out	(5,974,537)	-	-	-	-	2,647,375	(3,327,162)
Proceeds on sale of surplus property	21,859	3,962	50,579	-	-	-	76,400
Total Other Financing Sources (Uses)	<u>(5,952,678)</u>	<u>1,003,962</u>	<u>1,550,579</u>	<u>147,375</u>	<u>-</u>	<u>-</u>	<u>(3,250,762)</u>
Net change in fund balances	<u>(885,014)</u>	<u>887,446</u>	<u>192,155</u>	<u>-</u>	<u>20,704</u>	<u>-</u>	<u>215,291</u>
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>
Fund balances - June 30, 2020	<u>\$ 56,947,497</u>	<u>\$ 4,617,556</u>	<u>\$ 5,002,885</u>	<u>\$ -</u>	<u>\$ 401,618</u>	<u>\$ -</u>	<u>\$ 66,969,556</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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 87,785	\$ 91,637	\$ 3,852
Expenditures			
Capital outlay	2,848,100	208,153	2,639,947
Operating contingency	250,000	-	250,000
Total expenditures	<u>3,098,100</u>	<u>208,153</u>	<u>2,889,947</u>
Deficiency of revenues under expenditures	<u>(3,010,315)</u>	<u>(116,516)</u>	<u>2,893,799</u>
Other Financing Sources			
Transfers in	1,000,000	1,000,000	-
Proceeds on sale of surplus property	2,500	3,962	1,462
Total other financing sources	<u>1,002,500</u>	<u>1,003,962</u>	<u>1,462</u>
Net change in fund balance	<u>(2,007,815)</u>	<u>887,446</u>	<u>2,895,261</u>
Fund balance - June 30, 2019	5,063,014	3,730,110	(1,332,904)
Fund balance - June 30, 2020	<u>\$ 3,055,199</u>	<u>\$ 4,617,556</u>	<u>\$ 1,562,357</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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 92,789	\$ 108,736	\$ 15,947
Miscellaneous	-	1,074	1,074
Total revenues	<u>92,789</u>	<u>109,810</u>	<u>17,021</u>
Expenditures			
Capital outlay	2,663,691	1,468,234	1,195,457
Operating contingency	437,500	-	437,500
Total expenditures	<u>3,101,191</u>	<u>1,468,234</u>	<u>1,632,957</u>
Deficiency of revenues under expenditures	(3,008,402)	(1,358,424)	1,649,978
Other Financing Sources			
Transfers in	1,500,000	1,500,000	-
Proceeds on sale of surplus property	2,500	50,579	48,079
Total other financing sources	<u>1,502,500</u>	<u>1,550,579</u>	<u>48,079</u>
Net change in fund balance	(1,505,902)	192,155	1,698,057
Fund balance - June 30, 2019	4,884,961	4,810,730	(74,231)
Fund balance - June 30, 2020	<u>\$ 3,379,059</u>	<u>\$ 5,002,885</u>	<u>\$ 1,623,826</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, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Expenditures			
Personnel services	\$ 282,654	\$ 147,375	\$ 135,279
Deficiency of revenues under expenditures	(282,654)	(147,375)	135,279
Other Financing Sources			
Transfers in	<u>282,654</u>	<u>147,375</u>	<u>(135,279)</u>
Fund balance - June 30, 2019	-	-	-
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tualatin Valley Fire and Rescue

Volunteer LOSAP Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues			
Interest	\$ 15,200	\$ 30,004	\$ 14,804
Expenditures			
Personnel services	378,740	9,300	369,440
Excess (deficiency) of revenues over (under) expenditures	(363,540)	20,704	384,244
Fund balance - June 30, 2019	363,540	380,914	17,374
Fund balance - June 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ 401,618</u></u>	<u><u>\$ 401,618</u></u>

Tualatin Valley Fire and Rescue

Schedule of Property Tax Transactions and Outstanding Balances
for the fiscal year ended June 30, 2020

	Taxes Uncollected June 30, 2019	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deduct) Collections	Taxes Uncollected June 30, 2020
2019-20	\$ 131,557,299	\$ (3,004,652)	\$ 22,722	\$ (958,505)	\$ (126,047,012)	\$ 1,569,852	
2018-19	1,474,875		560	36,994	(33,599)	(922,597)	556,233
2017-18	483,247		156	20,491	(29,134)	(216,108)	258,652
2016-17	270,451		(93)	26,256	(21,126)	(182,598)	92,890
2015-16	112,013		(152)	14,384	(14,951)	(84,159)	27,135
2014-15	33,560		(144)	2,276	(4,443)	(14,025)	17,224
2014 and prior	124,874		(771)	5,275	(6,115)	(49,673)	73,590
	2,499,020		(444)	105,676	(109,368)	(1,469,160)	1,025,724
Total	\$ 2,499,020	\$ 131,557,299	\$ (3,005,096)	\$ 128,398	\$ (1,067,873)	\$ (127,516,172)	\$ 2,595,576
					General Fund	Debt Service Fund	Total
Reconciliation to tax revenues on basic financial statements:							
Property tax collections above				\$ 121,486,795	\$ 6,029,377	\$ 127,516,172	
Taxes in lieu of property taxes				16,635	814	17,449	
Forest revenues				247,317			247,317
Tax revenues				\$ 121,750,747	\$ 6,030,191	\$ 127,780,938	
				Property Taxes	Taxes in Lieu of	Forest	Taxes Uncollected
				Current Levy	Property Taxes	Revenues	June 30, 2020
DISTRIBUTED AS FOLLOWS:						Total	
General Fund	\$ 120,095,682	\$ 1,391,113	\$ 16,635	\$ 247,317	\$ 121,750,747	\$ 2,455,967	
Debt Service Fund	5,951,330	78,047	814		6,030,191		139,609
Total	\$ 126,047,012	\$ 1,469,160	\$ 17,449	\$ 247,317	\$ 127,780,938	\$ 2,595,576	

Statistical Section



This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends: These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	111
Revenue Capacity: These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	115
Debt Capacity: These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	119
Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	122
Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	124

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

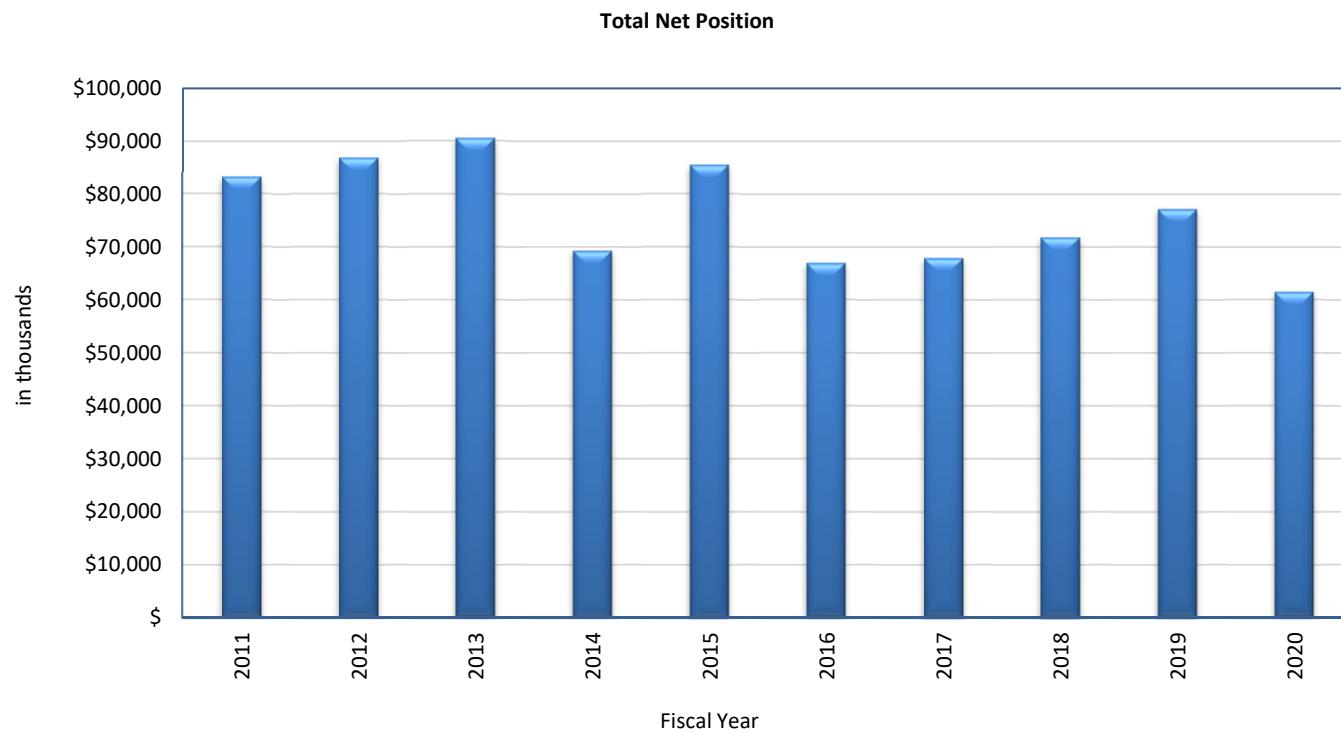


Tualatin Valley Fire and Rescue

Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities:										
Net investment in										
capital assets	\$ 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	\$ 81,401,630
Restricted	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	1,581,069
Unrestricted	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	(21,560,353)
Total net position	<u><u>\$ 83,124,855</u></u>	<u><u>\$ 86,786,812</u></u>	<u><u>\$ 90,542,229</u></u>	<u><u>\$ 69,225,975</u></u>	<u><u>\$ 85,412,669</u></u>	<u><u>\$ 66,861,182</u></u>	<u><u>\$ 67,846,571</u></u>	<u><u>\$ 71,788,507</u></u>	<u><u>\$ 77,105,286</u></u>	<u><u>\$ 61,422,346</u></u>



Tualatin Valley Fire and Rescue

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenues										
Governmental activities:										
Charges for services ^{(1), (2), (3)}	\$ 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	\$ 4,938,862
Operating grants and contributions	278,408	1,086,330	1,161,457	168,769	699,265	384,686	710,090	1,473,000	957,222	4,414,344
Capital grants and contributions	-	48,450	-	-	-	-	2,823,077	108,161	-	774,417
Total primary government program revenues	<u>1,016,579</u>	<u>2,457,415</u>	<u>2,544,856</u>	<u>2,108,434</u>	<u>2,882,774</u>	<u>3,208,094</u>	<u>15,708,392</u>	<u>12,331,878</u>	<u>6,482,320</u>	<u>10,127,623</u>
General Revenues										
Property taxes ⁽³⁾	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	127,879,924
Investment earnings	299,393	343,772	336,512	276,632	276,125	349,882	620,167	972,980	1,577,729	1,360,504
Insurance dividends and refunds	655,797	188,074	527,435	882,340	551,766	443,628	424,645	535,576	566,185	561,902
Special item	-	-	-	-	-	-	-	-	7,873,937	-
Miscellaneous	113,625	224,532	400,202	91,807	353,105	114,426	176,892	310,252	505,740	311,177
Total primary government general revenue	<u>75,974,751</u>	<u>80,060,128</u>	<u>81,117,254</u>	<u>83,928,360</u>	<u>86,763,413</u>	<u>101,173,700</u>	<u>104,989,195</u>	<u>113,270,409</u>	<u>132,907,713</u>	<u>130,113,507</u>
Expenses										
Governmental activities:										
Public safety - fire protection	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	155,501,062
Interest on long-term debt	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	423,008
Total primary government expenses	<u>73,722,858</u>	<u>78,855,586</u>	<u>80,457,997</u>	<u>83,179,260</u>	<u>71,714,444</u>	<u>123,437,035</u>	<u>118,046,671</u>	<u>122,606,766</u>	<u>135,780,787</u>	<u>155,924,070</u>
Total primary government net revenue/expense	<u>3,268,472</u>	<u>3,661,957</u>	<u>3,204,113</u>	<u>2,857,534</u>	<u>17,931,743</u>	<u>(19,055,241)</u>	<u>2,650,916</u>	<u>2,995,521</u>	<u>3,609,246</u>	<u>(15,682,940)</u>
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	<u>\$ 3,268,472</u>	<u>\$ 3,661,957</u>	<u>\$ 3,755,417</u>	<u>\$ 3,440,884</u>	<u>\$ 18,026,246</u>	<u>\$ (18,551,487)</u>	<u>\$ 3,647,350</u>	<u>\$ 3,083,322</u>	<u>\$ 3,609,246</u>	<u>\$ (15,682,940)</u>

⁽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.

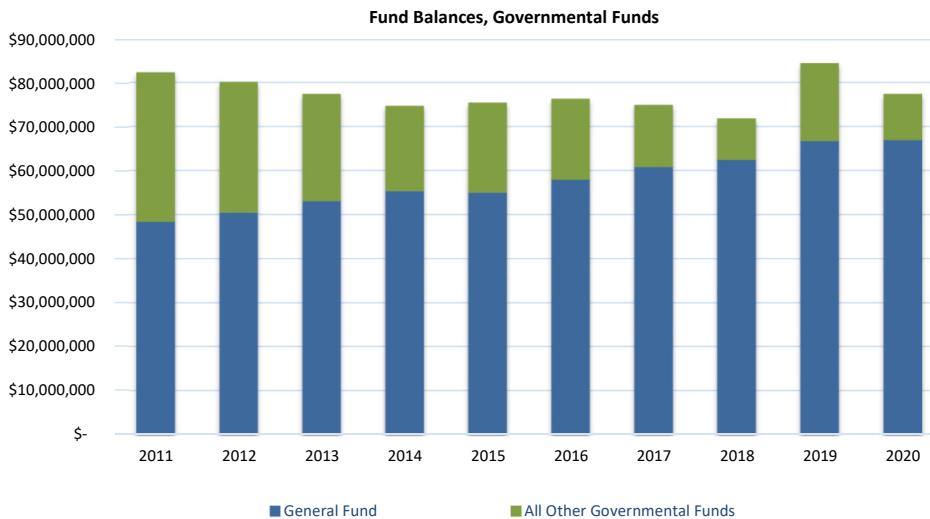
⁽³⁾ Beginning in 2019, the District completed the government combinations with the City of Newberg and Newberg Rural Fire Protection District.

Tualatin Valley Fire and Rescue

Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Non-spendable	\$ 283,918	\$ 275,878	\$ 323,981	\$ 305,764	\$ 341,601	\$ 318,368	\$ 375,861	\$ 434,579	\$ 410,673	\$ 436,012
Committed	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	10,022,059
Assigned	-	-	-	-	-	-	-	-	-	4,772,760
Unassigned	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	51,738,725
Total general fund	\$ 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	\$ 66,969,556
All Other Governmental Funds										
Non-spendable	\$ 18,670	\$ 18,670	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	425,594
Committed	-	-	-	-	-	-	-	-	1,194,953	1,480,203
Assigned	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	8,004,044
Unassigned	-	-	-	-	-	-	(30,773)	-	-	-
Total all other governmental funds	\$ 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	\$ 10,420,868



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

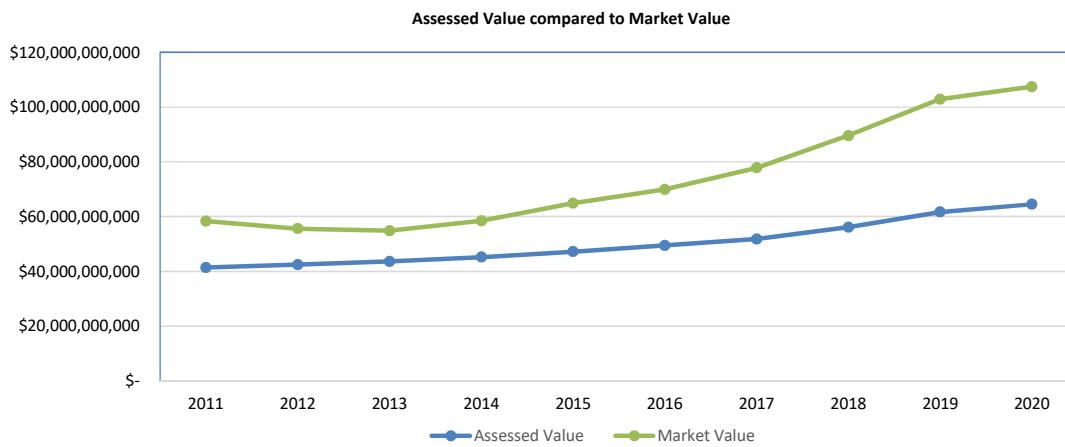
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property taxes	\$ 75,053,455	\$ 78,390,053	\$ 80,009,514	\$ 82,532,795	\$ 85,708,409	\$ 99,609,614	\$ 103,447,697	\$ 111,212,130	\$ 125,244,153	\$ 127,780,938
Interest	296,086	340,389	332,825	273,181	272,757	346,112	613,384	961,803	1,562,138	1,345,739
Charges for services and fees	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	4,842,189
Insurance dividends and refunds	655,797	179,479	526,133	881,244	520,569	380,216	381,105	497,665	502,168	556,497
Grants and contributions	156,951	1,072,899	864,502	167,099	699,265	365,956	1,582,731	1,581,161	957,222	4,414,344
Miscellaneous	93,638	222,553	385,023	75,499	335,836	101,911	167,090	274,389	275,993	282,299
Total revenues	<u>77,019,012</u>	<u>81,514,016</u>	<u>83,524,779</u>	<u>85,868,755</u>	<u>89,563,345</u>	<u>103,483,602</u>	<u>118,396,376</u>	<u>125,292,564</u>	<u>134,191,351</u>	<u>139,222,006</u>
Expenditures										
Current:										
Public safety	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	127,515,274
Capital outlay	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	12,776,141
Debt service:										
Principal	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	4,925,000
Interest	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	1,357,006
Total expenditures	<u>84,882,483</u>	<u>84,031,992</u>	<u>87,159,364</u>	<u>89,162,732</u>	<u>94,944,333</u>	<u>103,252,665</u>	<u>120,835,507</u>	<u>132,726,900</u>	<u>131,076,986</u>	<u>146,573,421</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,863,471)</u>	<u>(2,517,976)</u>	<u>(3,634,585)</u>	<u>(3,293,977)</u>	<u>(5,380,988)</u>	<u>230,937</u>	<u>(2,439,131)</u>	<u>(7,434,336)</u>	<u>3,114,365</u>	<u>(7,351,415)</u>
Other Financing Sources (Uses)										
Bonds issued	23,500,000	-	-	-	14,905,000	-	-	12,310,000	-	14,920,000
Premium on bonds issued	1,249,264	-	-	-	1,636,038	-	-	2,271,850	-	50,719
Proceeds on sale of surplus property	25,190	272,692	951,489	627,966	156,522	623,556	1,031,900	576,648	229,747	225,490
Special item - proceeds on sale of campus	-	-	-	-	-	-	-	-	8,535,600	-
Payment to refunded bond escrow agent	-	-	-	-	(10,905,290)	-	-	(14,409,383)	-	(14,799,496)
Transfers in	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	3,327,162
Transfers out	<u>(3,185,885)</u>	<u>(1,200,000)</u>	<u>(500,000)</u>	<u>(1,149,113)</u>	<u>(1,153,922)</u>	<u>(4,101,085)</u>	<u>(5,512,967)</u>	<u>(6,869,209)</u>	<u>(3,771,427)</u>	<u>(3,327,162)</u>
Total other financing sources (uses) and special item	<u>24,774,454</u>	<u>272,692</u>	<u>951,489</u>	<u>627,966</u>	<u>5,792,270</u>	<u>623,556</u>	<u>1,031,900</u>	<u>749,115</u>	<u>8,765,347</u>	<u>396,713</u>
Net change in fund balances	<u>\$ 16,910,983</u>	<u>\$ (2,245,284)</u>	<u>\$ (2,683,096)</u>	<u>\$ (2,666,011)</u>	<u>\$ 411,282</u>	<u>\$ 854,493</u>	<u>\$ (1,407,231)</u>	<u>\$ (6,685,221)</u>	<u>\$ 11,879,712</u>	<u>\$ (6,954,702)</u>
Debt service as a percentage of noncapital expenditures	5.92%	7.74%	7.39%	7.08%	6.29%	6.74%	5.81%	5.56%	5.24%	4.70%

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		
2020	\$ 61,002,393,183	\$ 103,589,744,670	\$ 1,664,860,925	\$ 1,753,549,687	\$ 328,304,274	\$ 461,473,633	\$ 1,520,814,700	\$ 1,588,530,425	\$ 64,516,373,082	\$ 107,393,298,415	60.07 %	\$ 2.07
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	1.92
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	1.89

Source of information: Washington, Clackamas, Yamhill, 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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	\$ 12.51	\$ 12.59	\$ 12.55	\$ 13.23	\$ 13.10	\$ 12.98	\$ 13.16	\$ 13.00	\$ 11.78	\$ 11.63
	\$ to 19.10	\$ to 19.59	\$ to 19.72	\$ to 21.06	\$ to 20.99	\$ to 20.81	\$ to 20.99	\$ to 22.33	\$ to 22.61	\$ to 22.69
Tualatin Valley Fire and Rescue	\$ 1.89	\$ 1.93	\$ 1.92	\$ 1.91	\$ 1.89	\$ 2.11	\$ 2.10	\$ 2.08	\$ 2.08	\$ 2.07
Permanent rate	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252	1.5252
Local Option Levy	0.2500	0.2500	0.2500	0.2500	0.2500	0.4500	0.4500	0.4500	0.4500	0.4500
Bonded Debt	0.1101	0.1553	0.1402	0.1320	0.1170	0.1326	0.1218	0.1047	0.1087	0.0973
Other Overlapping Governments										
Washington County	2.98	2.97	2.97	2.97	2.84	2.84	2.96	2.95	2.95	2.95
Clackamas County	2.98	3.22	2.86	2.96	2.95	2.95	2.95	2.96	2.95	2.94
Yamhill County	-	-	-	-	-	-	-	-	2.58	2.58
City of Beaverton	4.20	4.83	4.24	4.37	4.38	4.33	4.31	4.35	4.32	4.30
City of Durham	1.81	1.82	1.84	1.85	1.83	1.69	1.64	1.66	1.12	0.49
City of King City	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08
City of Newberg	-	-	-	-	-	-	-	-	2.50	2.58
City of North Plains	-	-	-	-	-	-	-	-	1.82	1.82
City of Sherwood	4.00	3.96	3.48	3.43	3.46	3.62	3.42	3.47	3.46	3.12
City of Tigard	2.72	3.80	2.94	2.93	2.92	2.92	2.88	2.87	2.85	2.82
City of Tualatin	2.53	2.56	2.56	2.55	2.53	2.52	2.51	2.50	2.89	2.87
City of West Linn	2.45	2.42	2.56	2.56	2.55	2.54	2.54	2.54	2.12	2.12
City of Wilsonville	2.69	2.69	2.12	2.14	2.13	2.10	1.97	2.52	2.52	2.05
Tualatin Hills Parks & Recreation District	1.74	1.74	1.73	1.74	1.72	1.62	1.62	1.61	1.62	1.61
Enhanced Sheriff Patrol	1.27	1.25	1.23	1.32	1.32	1.32	1.32	1.32	1.32	1.32
Portland Community College	0.64	0.60	0.67	0.73	0.72	0.59	0.68	0.61	0.69	0.69
Clackamas Community College	0.72	0.70	0.70	0.71	0.70	0.74	0.74	0.74	0.55	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	7.03
Beaverton School District	6.78	6.86	6.77	8.05	8.04	7.96	7.92	8.05	8.02	7.91
Canby School District	6.88	4.58	6.74	6.90	6.87	6.82	6.81	6.78	4.58	4.58
Hillsboro School District	7.58	7.47	7.50	7.40	7.42	7.22	7.20	7.15	7.14	7.18
Lake Oswego School District	6.90	6.85	6.85	6.84	6.81	6.79	6.81	7.95	7.93	8.14
Newberg School District	8.33	7.46	7.44	7.42	7.51	7.92	7.88	7.80	6.05	5.47
Portland School District	6.53	7.27	7.27	8.36	8.35	8.36	8.33	9.69	9.76	9.67
Sherwood School District	8.88	9.84	8.82	8.82	8.82	8.53	8.68	9.14	8.95	8.79
Tigard-Tualatin School District	7.37	7.85	7.41	7.41	7.46	7.46	7.45	7.77	7.75	7.70
West Linn / Wilsonville School District	9.34	9.36	9.38	9.32	9.25	9.24	9.23	9.07	9.19	9.33

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, Clackamas and Yamhill County Assessment and Tax Roll Summaries

Tualatin Valley Fire and Rescue

Principal Taxpayers

Current Year and Nine Years Ago

All Washington County Property

	2020				2011			
	Rank ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation		Rank ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation	
			Rank	Value			Rank	Value
Private enterprises:								
Nike, Inc.	1	\$ 965,901,095	1.50 %		1	\$ 420,599,514	1.02 %	
Pacific Realty Associates	3	290,891,484	0.45		4	211,857,303	0.51	
Comcast Corporation	6	206,331,000	0.32		6	165,505,500	0.40	
Nike IHM	5	216,673,430	0.34					
LAM Research Corporation	7	189,916,992	0.29					
Intel Corporation	8	183,672,850	0.28					
BV Centeral LLC	9	151,219,458	0.23		9	116,042,234	0.28	
PPR Washington Square LLC	10	142,104,512	0.22		8	122,805,991	0.30	
Frontier Communications					2	273,159,500	0.66	
Tektronix, Inc.					7	128,221,659	0.31	
PS Business Parks					10	107,572,166	0.26	
Public utilities:								
Portland General Electric	2	364,482,584	0.56		3	234,671,934	0.56	
Northwest Natural Gas Co	4	289,314,300	0.45		5	176,839,120	0.43	
All other taxpayers		61,515,865,377	95.36			39,433,519,887	95.27	
Total Assessed Value ⁽²⁾		\$ 64,516,373,082	100.00 %			\$ 41,390,794,808	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

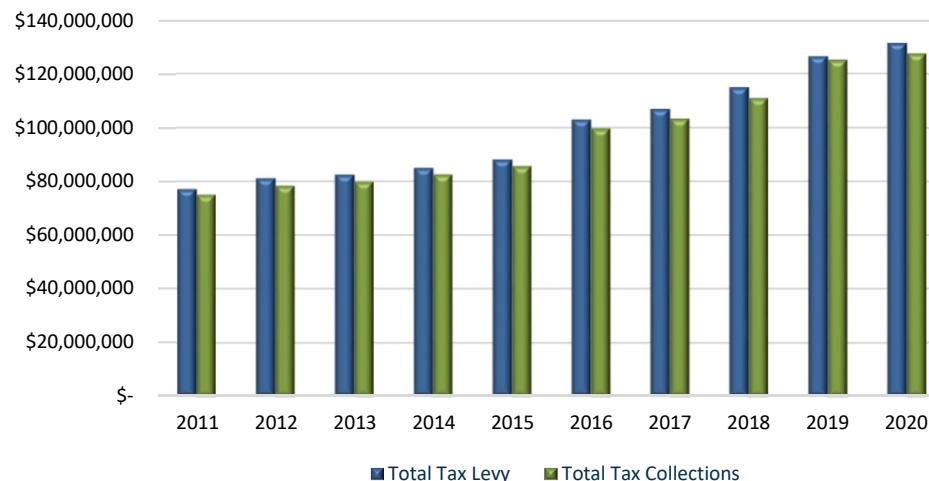
Property Tax Levies and Collections

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
2020	\$ 131,557,299	\$ 126,047,012	95.81%	\$ 1,469,160	\$ 127,516,172	96.93 %
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

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⁾
2020	\$ 64,516,373,082	\$ 36,693,119	\$ 425,594	\$ 36,267,525	0.06 %	\$ 68.39	\$ 67.60	0.11 %							
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	0.15							
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							

Sources:

(1) Washington, Clackamas, Yamhill, 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, 2020

Jurisdiction	Net Direct Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
Chehalem Park & Recreation District	\$ 24,770,000	79.03 %	\$ 19,576,276
Chemekeka Community College	57,087,534	0.04	24,148
City of Beaverton	34,857,325	100.00	34,855,966
City of Cornelius	2,776,938	0.05	1,427
City of Hillsboro	72,075,000	0.10	70,634
City of Newberg	7,972,714	87.07	6,941,587
City of Sherwood	17,879,268	99.99	17,877,015
City of Tigard	21,425,637	100.00	21,424,630
City of Tualatin	21,117,389	99.99	21,115,277
City of West Linn	31,015,000	100.00	31,015,000
Clackamas Community College	88,668,913	23.43	20,774,240
Clackamas County	121,210,000	18.03	21,848,587
Clackamas County ESD	20,636,690	17.77	3,666,975
Clackamas County SD 3J (West Linn/Wilsonville)	360,943,636	100.00	360,942,914
Clackamas County SD 7J (Lake Oswego)	265,745,846	5.91	15,711,426
Clackamas County SD 86 (Canby)	42,583,582	12.55	5,342,408
Clackamas Soil & Water Conservation	6,494,000	18.03	1,170,569
Columbia County SD 1J (Scappoose)	23,120,000	0.20	45,269
Metro Service District	964,085,000	27.25	262,668,815
Multnomah County	322,191,877	0.80	2,589,134
Multnomah County SD 1J (Portland)	1,191,001,582	1.32	15,736,704
Portland Community College	575,107,061	32.65	187,759,803
Rivergrove Water District 14J	503,825	18.43	92,859
Tualatin Hills Park & Recreation District	69,944,234	99.95	69,906,744
Valley View Water District	1,233,398	100.00	1,233,398
Washington County	213,232,118	74.91	159,735,804
Washington County SD 12 (Banks)	10,174,984	0.15	15,130
Washington County SD 1J (Hillsboro 7 Bd)	777,521	25.87	201,172
Washington County SD 1J (Hillsboro)	576,809,671	26.03	150,123,946
Washington County SD 23J (Tigard-Tualatin)	332,910,939	99.90	332,582,689
Washington County SD 48J (Beaverton)	955,103,871	95.04	907,689,649
Washington County SD 88J (Sherwood)	320,905,136	99.98	320,832,611
Willamette ESD	7,700,978	7.56	582,271
Yamhill County	7,039,273	31.91	2,246,225
Yamhill County SD 1 (Yamhill-Carlton)	25,060,794	0.13	33,707
Yamhill County SD 29J (Newberg)	25,554,103	80.00	<u>20,443,615</u>
Subtotal overlapping debt			3,016,878,624
District direct debt			<u>36,693,119</u>
Total direct and overlapping debt			<u><u>\$ 3,053,571,743</u></u>

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

Source: Oregon State Treasury, Debt Management Division

Tualatin Valley Fire and Rescue

Legal Debt Margin Information

June 30, 2020

Real market value of District property	\$ 107,393,298,415
Debt limit under ORS 478.410(2) - (1.25% of the real market value)	1,342,416,230
Amount of debt applicable to debt limit:	\$ 36,693,119
Gross bonded debt outstanding	<u>(425,594)</u>
Assets in Debt Service Fund available for debt service	36,267,525
Total amount of debt applicable to debt limit	<u>\$ 1,306,148,705</u>
Legal debt margin	<u>\$ 1,306,148,705</u>

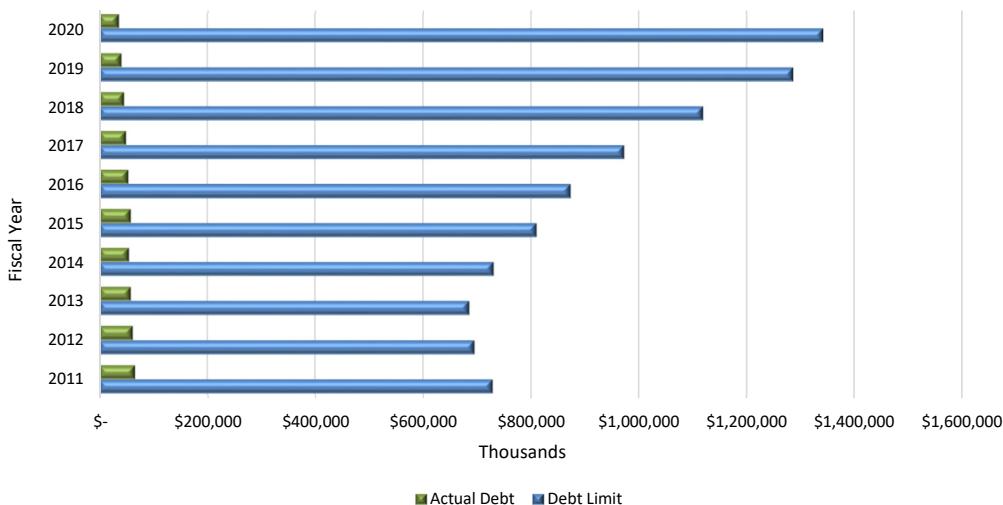
Total net debt applicable to the limit as a percentage of debt limit 2.70%

	2011	2012	2013	2014	2015	2016 ⁽¹⁾	2017	2018	2019	2020
Debt Limit	\$ 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	\$ 1,342,416,230
Total net debt applicable to limit	<u>66,188,831</u>	<u>62,347,484</u>	<u>58,842,339</u>	<u>55,375,290</u>	<u>58,489,014</u>	<u>54,127,655</u>	<u>49,841,082</u>	<u>46,264,742</u>	<u>41,017,613</u>	<u>36,267,525</u>
Legal debt margin	<u>\$ 663,616,241</u>	<u>\$ 633,253,971</u>	<u>\$ 627,250,923</u>	<u>\$ 676,072,725</u>	<u>\$ 752,665,505</u>	<u>\$ 820,123,881</u>	<u>\$ 923,120,668</u>	<u>\$ 1,073,403,805</u>	<u>\$ 1,245,279,052</u>	<u>\$ 1,306,148,705</u>
Total net debt applicable to the limit as a percentage of debt limit	9.07%	8.96%	8.58%	7.57%	7.21%	6.19%	5.12%	4.13%	3.19%	2.70%

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⁾
2020	536,535	390	\$ 60,971	\$ 32,713,075	57,688	9.6 %
2019	530,446	390	\$ 60,971	\$ 32,341,823	57,826	3.4
2018	519,853	390	\$ 60,971	\$ 31,695,957	57,847	3.4
2017	491,376	390	\$ 57,787	\$ 28,395,145	57,592	3.5
2016	459,234	210	\$ 55,017	\$ 25,265,703	56,519	4.2
2015	454,598	210	\$ 53,899	\$ 24,502,378	56,036	4.8
2014	450,008	210	\$ 50,569	\$ 22,756,455	57,221	5.6
2013	445,464	210	\$ 46,757	\$ 20,828,560	57,147	6.3
2012	440,966	210	\$ 47,008	\$ 20,728,930	56,410	7.1
2011	436,513	210	\$ 44,414	\$ 19,387,288	56,768	7.7

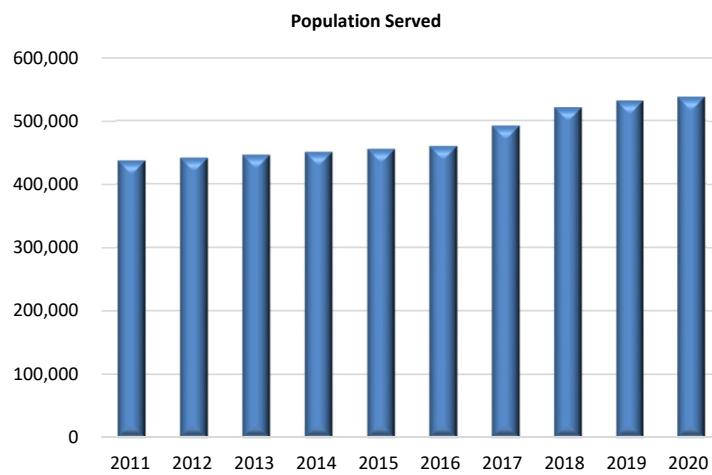
⁽¹⁾ Portland State University/TVFR Planning Department

⁽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

	2020		2011	
	Annual Average ⁽¹⁾	% of Total	Annual Average ⁽¹⁾	% of Total
Natural Resources & Mining	3,172	1%	3,051	1%
Construction	17,387	6%	11,526	5%
Manufacturing				
Food	2,420		1,581	
Wood Products	1,099		1,073	
Plastics and Rubber Products	3,123		1,558	
Fabricated Metal Products	3,762		2,820	
Machinery	5,235		3,574	
Computer and Electronic Products	28,888		26,105	
Other	7,493		6,424	
Total Manufacturing	52,020	17%	43,135	18%
Trade, Transportation, and Utilities				
Wholesale	13,739		16,554	
Retail	31,950		28,122	
Transportation, Warehousing, and Utilities	5,965		3,366	
Total Trade, Transportation, and Utilities	51,654	18%	48,042	19%
Information				
Publishing	3,393		3,322	
Telecommunications	1,624		2,039	
Other (Broadcasting, ISP's, etc.)	2,699		2,669	
Total Information	7,716	2%	8,030	3%
Financial Activities				
Finance and Insurance	10,739		10,454	
Real Estate	4,359		3,075	
Total Financial Activities	15,098	5%	13,529	6%
Professional & Business Services	56,904	19%	36,586	15%
Education	5,698	2%	4,984	2%
Health & Social Assistance	32,200	11%	24,599	10%
Leisure & Hospitality	27,584	9%	20,059	8%
Other Services	10,722	3%	7,468	3%
Private Non-Classified	128	0%	69	0%
Total All Government	22,820	7%	22,116	10%
Total Employment	<u><u>303,103</u></u>	<u><u>100%</u></u>	<u><u>243,194</u></u>	<u><u>100%</u></u>

⁽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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire and Rescue Service	325	330	340	344	359	376	438	454	454	454
Fire Prevention and Training	25	22	23	24	23	23	23	21	22	22
Administrative and Support	93	89	92	90	91	90	94	95	93	99
Total	443	441	455	458	473	489	555 ⁽¹⁾	570	569	575
	=====	=====	=====	=====						

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Code Enforcement										
Inspections (not including night)	3,788	3,023	2,470	3,906 ⁽²⁾	4,657	4,169	4,891	4,394	3,727	3,674
Re-Inspections	2,661	1,739	1,483	2,371	2,882	2,612	2,696	3,252	1,769	1,859
Night inspections	165	111	122	211	174	337	198	246	175	242
Violations Found	4,232	2,852	2,571	4,021	4,918	4,290	4,209	2,679	2,168	2,985
Incident Response										
Dispatched as:										
1 - Fire, Explosion	3,564	3,293	3,282	3,597	3,460	3,776	4,111	4,423	4,688	4,630
3 - EMS/Rescue Call	24,671	25,539	27,119	28,737	29,829	32,067	36,191	40,688	39,542	41,025
4 - Hazardous Condition	543	526	630	662	783	767	941	1,227	343 ⁽³⁾	278
5 - Service Call	918	937	1,081	1,209	1,260	1,334	1,567	2,048	4,721 ⁽³⁾	5,327
6 - Good Intent	266	154	271	342	304	386	196	272	-	-
9 - Other Situation	422	435	443	539	497	551	509	553	43 ⁽³⁾	35
Total Responses	30,384	30,884	32,826	35,086	36,133	38,881	43,515	49,211	49,337	51,295
Situations found:										
1 - Fire, Explosion	784	880	987	1,028	999	1,294	1,199	1,362	1,359	1,301
2 - Overpressure	47	63	87	86	59	28	41	21	40	30
3 - EMS/Rescue Call	19,288	19,516	21,160	22,244	23,460	26,236	29,693	33,390	33,663	34,556
4 - Hazardous Condition	747	757	805	915	1,113	1,065	1,274	1,500	1,267	1,482
5 - Service Call	1,851	2,021	1,984	2,567	2,496	2,502	3,058	3,625	3,447	3,644
6 - Good Intent	5,457	5,855	5,918	6,156	6,013	5,681	5,867	6,676	6,897	7,438
7 - False Call	2,178	1,749	1,846	2,050	1,942	2,058	2,366	2,611	2,654	2,840
8 - Natural Condition	2	5	4	7	23	10	7	21	1	3
9 - Other Situation	30	38	35	33	28	7	10	5	9	1
Total Responses	30,384	30,884	32,826	35,086	36,133	38,881	43,515	49,211	49,337	51,295

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.

⁽³⁾ Reclassification of call types for the Standards of Cover occurred in 2018

Tualatin Valley Fire and Rescue

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Number of Stations	23	21 ⁽¹⁾	21	21	21	22 ⁽³⁾	22	24 ⁽⁵⁾	27 ⁽⁶⁾	28 ⁽⁷⁾
Equipment: ⁽¹⁾										
Aerial/Truck/Platform	5	3	4	4	4	4	5	5	5	5
Antique Fire Equipment	3	2	3	3	5	6	6	6	6	6
Brush Rig	9	8	9	12	9	9	11 ⁽⁴⁾	12	15	15
Cars	4	4	4	4	7 ⁽²⁾	7	8	8	8	8
Elevated Waterway	3	3	3	3	3	3	3	3	3	3
HazMat	3	5	5	5	5	5	5	5	5	5
Medic Unit	4	3	4	10	10	10	10	10	14	14
Mobile Command Unit	1	1	1	1	1	1	1	1	1	1
Pumper/Engine	30	30	30	30	28	28	32 ⁽⁴⁾	32	38	38
Rehab Unit	4	3	2	2	2	2	2	2	2	2
Technical Rescue	6	7	7	7	7	7	9	9	9	9
Tiller						1	2	2	3	3
Water Tender	7	6	9	9	7	7	11 ⁽⁴⁾	9	11	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.

⁽⁶⁾ Station 55 opened in August of 2018.

⁽⁷⁾ New station 39 opened in January of 2020.

**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**





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**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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

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*.

**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, Kovola & Warwick, LLP

Portland, Oregon
October 23, 2020



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TualatinValleyFireandRescue



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TualatinValleyFire

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