

Tualatin Valley Fire and Rescue  
**Statement of Net Assets**  
June 30, 2007

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 43,413,749
Investments	2,546,353
Receivables, net:	
Property taxes receivable	1,963,902
Accounts receivable	312,520
Supplies inventory	236,315
Restricted assets:	
Cash and cash equivalents	16,666,551
Capital assets, not being depreciated:	
Land and work in progress	8,235,413
Capital assets, net of accumulated depreciation:	
Buildings and improvements	9,571,516
Fire apparatus and other vehicles	12,391,334
Furniture, fixtures and equipment	1,658,159
Total assets	96,995,812
<b>Liabilities</b>	
Accounts payable	992,948
Accrued salaries and benefits payable	2,845,072
Accrued interest payable	264,546
Unearned revenue	8,351
Accrued compensated absences, due within one year	4,041,246
Bonds and notes payable, net of unamortized premium/discount:	
Due within one year	2,362,293
Due in more than one year	20,417,235
Total liabilities	30,931,691
<b>Net Assets</b>	
Invested in capital assets, net of related debt	25,440,690
Restricted for:	
Debt service	1,273,796
Unrestricted	39,349,635
Total net assets	\$ 66,064,121

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

Tualatin Valley Fire and Rescue  
**Statement of Activities**  
 For the Year Ended June 30, 2007

	<b>Governmental Activities</b>
<b>Expenses</b>	
Public safety - fire protection	\$ 58,872,384
Interest on long-term debt	359,307
Total program expenses	59,231,691
<b>Program Revenues</b>	
Charges for services	852,678
Operating grants and contributions	583,497
Total program revenues	1,436,175
Net program expenses	57,795,516
<b>General Revenues</b>	
Property taxes	61,211,437
Investment earnings	2,504,630
Insurance refunds	273,161
Gain on sale of capital assets	20,567
Miscellaneous	81,298
Total general revenues	64,091,093
Change in net assets	6,295,577
Net assets, July 1, 2006	59,768,544
Net assets, June 30, 2007	\$ 66,064,121

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

Tualatin Valley Fire and Rescue  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2007

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 30,903,662	\$16,666,551	\$ 11,813,951	\$ 59,384,164
Investments	2,546,353			2,546,353
Receivables:				
Property taxes receivable	1,913,655		50,247	1,963,902
Accounts receivable	161,531		150,594	312,125
Due from other funds	44,393			44,393
Supplies inventory	236,315			236,315
Total assets	<u>\$ 35,805,909</u>	<u>\$16,666,551</u>	<u>\$ 12,014,792</u>	<u>\$ 64,487,252</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 629,013	\$ 302,755	\$ 61,180	\$ 992,948
Accrued salaries and benefits payable	2,845,072			2,845,072
Due to other funds			44,393	44,393
Unearned revenue	1,637,026		103,945	1,740,971
Total liabilities	<u>5,111,111</u>	<u>302,755</u>	<u>209,518</u>	<u>5,623,384</u>
Fund balances:				
Reserved for supplies inventory	236,315			236,315
Reserved for retiree medical insurance			231,045	231,045
Reserved for debt service			1,273,796	1,273,796
Reserved for capital projects		16,363,796		16,363,796
Unreserved, reported in:				
General fund	30,458,483			30,458,483
Special revenue funds			4,451,489	4,451,489
Capital projects funds			5,848,944	5,848,944
Total fund balances	<u>30,694,798</u>	<u>16,363,796</u>	<u>11,805,274</u>	<u>58,863,868</u>
Total liabilities and fund balances	<u>\$ 35,805,909</u>	<u>\$16,666,551</u>	<u>\$ 12,014,792</u>	<u>\$ 64,487,252</u>

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

Tualatin Valley Fire and Rescue  
**Reconciliation of Governmental Funds - Balance Sheet to Statement of Net Assets**  
For the Year Ended June 30, 2007

<b>Total fund balances</b>		\$ 58,863,868
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 57,764,246	
Accumulated depreciation	<u>(25,907,824)</u>	31,856,422
The portion of the taxes receivable collected after year-end that is not available soon enough to pay for the current year's operations, is not reported as revenue in the governmental funds.		
		1,671,075
The portion of the accounts receivable collected after year-end and not available soon enough to pay for the current year's operations, is not reported as revenue in the governmental funds.		
		61,545
The internal service fund for insurance is used by management for managing the costs of insurance claims and risk management. These assets and liabilities are included in the Statement of Net Assets.		
		696,531
The amount of compensated absences liability that will not be paid from resources of the current year's operations is not reported as a fund liability of the governmental funds.		
		(4,041,246)
Debt service payments not payable in the current year, as well as the unamortized portion of bond and loan issuance costs are not reported as governmental fund liabilities. This consists of bonds payable, net of unamortized issuance costs.		
		(22,779,528)
Accrued interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		<u>(264,546)</u>
<b>Total net assets</b>		<u><u>\$ 66,064,121</u></u>

---

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

Tualatin Valley Fire and Rescue  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2007

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 59,491,470		\$ 1,515,726	\$ 61,007,196
Interest	1,880,410	\$ 171,219	418,307	2,469,936
Charges for services	821,745		26,400	848,145
Insurance refunds	239,646			239,646
Grants and donations	6,480		223,919	230,399
Miscellaneous	73,987			73,987
Total revenues	<u>62,513,738</u>	<u>171,219</u>	<u>2,184,352</u>	<u>64,869,309</u>
<b>Expenditures</b>				
Current				
Public safety	55,182,077	59,497	246,214	55,487,788
Debt service:				
Principal			1,280,000	1,280,000
Interest			170,200	170,200
Capital outlay		2,023,995	1,002,123	3,026,118
Total expenditures	<u>55,182,077</u>	<u>2,083,492</u>	<u>2,698,537</u>	<u>59,964,106</u>
Excess (deficiency) of revenues	<u>7,331,661</u>	<u>(1,912,273)</u>	<u>(514,185)</u>	<u>4,905,203</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from debt issuance		18,276,069	1,723,931	20,000,000
Proceeds from sales of surplus property	4,824		156,848	161,672
Transfers in			2,604,257	2,604,257
Transfers out	(2,604,257)			(2,604,257)
Total other financing sources (uses)	<u>(2,599,433)</u>	<u>18,276,069</u>	<u>4,485,036</u>	<u>20,161,672</u>
Net change in fund balances	<u>4,732,228</u>	<u>16,363,796</u>	<u>3,970,851</u>	<u>25,066,875</u>
Fund balances - July 1, 2006	<u>25,962,570</u>		<u>7,834,423</u>	<u>33,796,993</u>
Fund balances - June 30, 2007	<u>\$ 30,694,798</u>	<u>\$ 16,363,796</u>	<u>\$ 11,805,274</u>	<u>\$ 58,863,868</u>

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

Tualatin Valley Fire and Rescue  
**Reconciliation of Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Governmental Funds - to Statement of Activities**  
 For the Year Ended June 30, 2007

<b>Net change in fund balances</b>	\$ 25,066,875
The change in net assets in the Statement of Activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions (\$2,676,005) is less than depreciation expense (\$2,717,229).	(41,224)
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sales are reported as a financial resource. Thus the change in net assets differs from the change in fund balance by the cost of capital assets sold.	(149,793)
Payment of bond and loan long-term debt principal payments are recorded as expenditures in the governmental funds but reduce the liability in the Statement of Net Assets.	1,280,000
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities, property taxes are recognized as revenue when levied.	204,241
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	20,533
Amortization of bond issuance costs.	(10,476)
Accrued interest payable on bonds through June 30, 2007	(178,631)
Bonds payable, net of unamortized issuance costs	(19,940,503)
Compensated absences are recognized as an expenditure in the governmental funds when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expenditure when incurred.	29,490
The internal service fund for insurance is used by management for managing the costs of insurance claims and risk management. The increase in net assets is included in the Statement of Activities.	15,065
<b>Change in net assets</b>	<u>\$ 6,295,577</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 and Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2007

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes:				
Current year's levy	\$ 56,843,196	\$ 56,843,196	\$ 58,538,966	\$ 1,695,770
Prior years' levies	1,252,234	1,252,234	925,881	(326,353)
Taxes in lieu of property taxes	13,888	13,888	26,623	12,735
Interest on unsegregated property taxes	26,706	26,706	85,037	58,331
Interest on taxes	5,884	5,884	19,518	13,634
Interest on investments	896,807	896,807	1,775,855	879,048
Contracted services	232,323	232,323	391,130	158,807
Special service charges	150,260	150,260	171,899	21,639
Maintenance services	127,700	127,700	144,901	17,201
Rental income	79,150	79,150	107,080	27,930
Plan review fees			6,735	6,735
Insurance refunds	95,000	95,000	239,646	144,646
Grants and donations			6,480	6,480
Miscellaneous	39,000	39,000	73,987	34,987
<b>Total revenues</b>	<u>59,762,148</u>	<u>59,762,148</u>	<u>62,513,738</u>	<u>2,751,590</u>
<b>Expenditures</b>				
Current				
Public Safety:				
<b>Non-organizational:</b>				
Materials and services	8,961	8,961		8,961
<b>Administration Division:</b>				
Personal services	750,653	750,653	683,411	67,242
Materials and services	408,206	408,206	327,831	80,375
<b>Total Administration Division</b>	<u>1,158,859</u>	<u>1,158,859</u>	<u>1,011,242</u>	<u>147,617</u>
<b>Emergency Operations Division:</b>				
Personal services	43,036,096	43,062,096	40,402,903	2,659,193
Materials and services	2,382,757	2,401,757	1,924,785	476,972
<b>Total Emergency Operations Division</b>	<u>45,418,853</u>	<u>45,463,853</u>	<u>42,327,688</u>	<u>3,136,165</u>
<b>Finance Division:</b>				
Personal services	797,102	797,102	702,032	95,070
Materials and services	769,575	769,575	673,957	95,618
<b>Total Finance Division</b>	<u>1,566,677</u>	<u>1,566,677</u>	<u>1,375,989</u>	<u>190,688</u>
<b>Community Services Division:</b>				
Personal services	842,912	842,912	800,456	42,456
Materials and services	269,720	269,720	193,602	76,118
<b>Total Community Services Division</b>	<u>1,112,632</u>	<u>1,112,632</u>	<u>994,058</u>	<u>118,574</u>

*(Continued)*

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

Tualatin Valley Fire and Rescue  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
For the Year Ended June 30, 2007

	<u>Budget Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Expenditures, Continued</b>				
<b>Fire Prevention Division:</b>				
Personal services	2,826,331	2,826,331	2,529,662	296,669
Materials and services	292,051	292,051	228,368	63,683
<b>Total Fire Prevention Division</b>	<u>3,118,382</u>	<u>3,118,382</u>	<u>2,758,030</u>	<u>360,352</u>
<b>Support Resources Division:</b>				
Personal services	4,628,312	4,628,312	4,090,939	537,373
Materials and services	4,047,578	4,116,157	3,491,346	624,811
<b>Total Support Resources Division</b>	<u>8,675,890</u>	<u>8,744,469</u>	<u>7,582,285</u>	<u>1,162,184</u>
Total Public Safety	<u>61,060,254</u>	<u>61,173,833</u>	<u>56,049,292</u>	<u>5,124,541</u>
Debt service:				
Principal	472,100	472,100		472,100
Interest	11,331	11,331		11,331
Operating contingency	3,705,778	3,592,199		3,592,199
Total expenditures	<u>65,249,463</u>	<u>65,249,463</u>	<u>56,049,292</u>	<u>9,200,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,487,315)</u>	<u>(5,487,315)</u>	<u>6,464,446</u>	<u>11,951,761</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sales of surplus property			4,824	4,824
Transfers out	<u>(2,872,009)</u>	<u>(2,872,009)</u>	<u>(2,664,257)</u>	<u>207,752</u>
Total other financing sources (uses)	<u>(2,872,009)</u>	<u>(2,872,009)</u>	<u>(2,659,433)</u>	<u>212,576</u>
Net change in fund balances	<u>(8,359,324)</u>	<u>(8,359,324)</u>	<u>3,805,013</u>	<u>12,164,337</u>
Fund balances - July 1, 2006	<u>19,902,987</u>	<u>19,902,987</u>	<u>22,563,333</u>	<u>2,660,346</u>
Fund balances - June 30, 2007	<u>\$ 11,543,663</u>	<u>\$ 11,543,663</u>	<u>\$ 26,368,346</u>	<u>\$ 14,824,683</u>

**Reconciliation of Budgetary Revenues and  
Expenditures to GAAP Revenues and Expenditures**

Net change in fund balance - budgetary basis	\$ 3,805,013
Funding of retirement contribution pending litigation, not GAAP expenditures/expense	<u>927,215</u>
Net change in fund balance - GAAP basis	<u>\$ 4,732,228</u>

*Continued from page 29*

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

Tualatin Valley Fire and Rescue  
**Statement of Net Assets**  
**Internal Service Fund**  
June 30, 2007

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 696,136
Accounts receivable	395
Total assets	<u>696,531</u>
<b>Net Assets</b>	
Unrestricted	696,531
Total net assets	<u>\$ 696,531</u>

---

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

Tualatin Valley Fire and Rescue  
**Statement of Revenues, Expenses, and Change in Net Assets**  
**Internal Service Fund**  
For the Year Ended June 30, 2007

	<u>Governmental Activities - Internal Service Fund</u>
<b>Operating Revenue</b>	
Insurance refunds	\$ 33,515
Total operating revenues	<u>33,515</u>
<b>Operating Expense</b>	
Insurance claims	53,144
Total operating expenses	<u>53,144</u>
Operating loss	<u>(19,629)</u>
<b>Nonoperating Revenue</b>	
Interest income	34,694
Total nonoperating revenue	<u>34,694</u>
Change in net assets	15,065
Total net assets, July 1, 2006	681,466
Total net assets, June 30, 2007	<u>\$ 696,531</u>

---

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

Tualatin Valley Fire and Rescue  
**Statement of Cash Flows**  
**Internal Service Fund**  
For the Year Ended June 30, 2007

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>	
Received from insurance reimbursements	\$ 33,120
Paid for insurance claims	<u>(53,144)</u>
Net cash used in operating activities	<u>(20,024)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	<u>34,694</u>
Net cash provided by investing activities	<u>34,694</u>
Net increase in cash and cash equivalents	14,670
Cash and cash equivalents, July 1, 2006	<u>681,466</u>
Cash and cash equivalents, June 30, 2007	<u><u>\$ 696,136</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (19,629)
Increase in accounts receivable	<u>(395)</u>
Net cash used in operating activities	<u><u>\$ (20,024)</u></u>

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

Tualatin Valley Fire and Rescue  
**Statement of Net Assets**  
**Fiduciary Funds**  
June 30, 2007

---

	<b>Governmental Activities - Pension Trust Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 481,871
Investments:	1,805,397
Total assets	<u>2,287,268</u>
<b>Net Assets</b>	
Held in trust for pension benefits	<u>\$ 2,287,268</u>

---

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

Tualatin Valley Fire and Rescue  
**Statement of Changes in Net Assets**  
**Fiduciary Funds**  
For the Year Ended June 30, 2007

	<b>Governmental Activities - Pension Trust Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 60,000
Total contributions	60,000
Investment earnings:	
Interest	27,935
Dividends	132,195
Net increase in the fair value of investments	163,890
Net investment earnings	324,020
Total additions	384,020
<b>Deductions</b>	
Benefits	332,394
Administration expenses	535
Total deductions	332,929
Change in net assets	51,091
Total net assets, July 1, 2006	2,236,177
Total net assets, June 30, 2007	\$ 2,287,268

---

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