

TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF NET ASSETS**  
 JUNE 30, 2005

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 25,962,014
Investments	8,869,090
Receivables, net:	
Property taxes receivable	1,829,053
Accounts receivable	474,431
Supplies inventory	204,312
Capital assets, not being depreciated:	
Land and work in progress	4,853,204
Capital assets, net of accumulated depreciation:	
Buildings and improvements	10,754,489
Fire apparatus and other vehicles	11,192,227
Furniture, fixtures and equipment	1,952,284
Total assets	66,091,104
<b>LIABILITIES</b>	
Accounts payable	1,024,744
Accrued salaries and benefits payable	2,316,585
Accrued interest payable	110,664
Accrued compensated absences	4,039,919
Unearned revenue	6,274
Bonds and notes payable, net of unamortized premium/discount:	
Due within one year	1,180,268
Due in more than one year	4,108,549
Total liabilities	12,787,003
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	23,463,387
Restricted for:	
Debt service	1,031,033
Unrestricted	28,809,681
Total net assets	\$ 53,304,101

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

TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF ACTIVITIES**  
 JUNE 30, 2005

	<b>Governmental Activities</b>
<b>EXPENSES</b>	
Public safety - fire protection	\$ 53,100,610
Interest on long-term debt	280,733
Loss on sale of capital assets	77,030
Total program expenses	53,458,373
<b>PROGRAM REVENUES</b>	
Charges for services	704,506
Operating grants and contributions	1,794,138
Total program revenues	2,498,644
Net program expenses	50,959,729
<b>GENERAL REVENUES</b>	
Property taxes	55,233,714
Investment earnings	875,339
Insurance refunds	148,656
Miscellaneous	76,822
Total general revenues	56,334,531
Change in net assets	5,374,802
Net assets, July 1, 2004	47,929,299
Net assets, June 30, 2005	\$ 53,304,101

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TUALATIN VALLEY FIRE AND RESCUE

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

JUNE 30, 2005

	<u>General Fund</u>	<u>Property and Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,940,178	\$ 4,245,179	\$ 4,098,741	\$ 25,284,098
Investments	8,869,090			8,869,090
Receivables:				
Property taxes receivable	1,778,940		50,113	1,829,053
Accounts receivable	241,841		232,590	474,431
Due from other funds	36,744			36,744
Supplies inventory	204,312			204,312
Total assets	<u>\$ 28,071,105</u>	<u>\$ 4,245,179</u>	<u>\$ 4,381,444</u>	<u>\$ 36,697,728</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 842,759	\$ 20,798	\$ 161,187	\$ 1,024,744
Accrued salaries and benefits payable	2,314,707		1,878	2,316,585
Accrued compensated absences	1,022,150			1,022,150
Due to other funds			36,744	36,744
Deferred revenue	1,468,467		40,667	1,509,134
Total liabilities	<u>5,648,083</u>	<u>20,798</u>	<u>240,476</u>	<u>5,909,357</u>
Fund balances:				
Reserved for supplies inventory	204,312			204,312
Reserved for retiree medical insurance			308,244	308,244
Reserved for debt service			1,031,033	1,031,033
Unreserved, reported in:				
General fund	22,218,710			22,218,710
Special revenue funds			2,801,691	2,801,691
Capital projects fund		4,224,381		4,224,381
Total fund balances	<u>22,423,022</u>	<u>4,224,381</u>	<u>4,140,968</u>	<u>30,788,371</u>
Total liabilities and fund balances	<u>\$ 28,071,105</u>	<u>\$ 4,245,179</u>	<u>\$ 4,381,444</u>	<u>\$ 36,697,728</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, 2005

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<b>Total fund balances</b>		\$ 30,788,371
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 51,542,705	
Accumulated depreciation	<u>(22,790,501)</u>	28,752,204
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.		1,488,113
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.		14,747
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.		677,916
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.		(3,017,769)
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.		(5,288,817)
Accrued interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		<u>(110,664)</u>
<b>Total net assets</b>		<u><u>\$ 53,304,101</u></u>

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TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2005

	<b>General Fund</b>	<b>Property and Building Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 53,897,852		\$ 1,535,690	\$ 55,433,542
Interest	693,100	\$ 78,406	89,414	860,920
Charges for services	604,925	97,993		702,918
Insurance refunds	142,632			142,632
Grants and donations	99,540		1,157,187	1,256,727
Miscellaneous	70,635			70,635
Total revenues	<u>55,508,684</u>	<u>176,399</u>	<u>2,782,291</u>	<u>58,467,374</u>
<b>EXPENDITURES</b>				
Current				
Public safety	48,991,010		631,069	49,622,079
Debt service:				
Principal	472,100		1,110,000	1,582,100
Interest	11,132		276,400	287,532
Capital outlay		120,092	4,501,985	4,622,077
Total expenditures	<u>49,474,242</u>	<u>120,092</u>	<u>6,519,454</u>	<u>56,113,788</u>
Excess (deficiency) of revenues	<u>6,034,442</u>	<u>56,307</u>	<u>(3,737,163)</u>	<u>2,353,586</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sales of surplus property			32,886	32,886
Transfers in		1,512,000	2,490,535	4,002,535
Transfers out	(4,002,535)			(4,002,535)
Total other financing sources (uses)	<u>(4,002,535)</u>	<u>1,512,000</u>	<u>2,523,421</u>	<u>32,886</u>
Net change in fund balances	2,031,907	1,568,307	(1,213,742)	2,386,472
Fund balances - July 1, 2004	20,391,115	2,656,074	5,354,710	28,401,899
Fund balances - June 30, 2005	<u>\$ 22,423,022</u>	<u>\$ 4,224,381</u>	<u>\$ 4,140,968</u>	<u>\$ 30,788,371</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 TO STATEMENT OF ACTIVITIES**  
 FOR THE YEAR ENDED JUNE 30, 2005

<b>Net change in fund balances</b>	\$ 2,386,472
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 outlay (\$4,322,237) exceeds depreciation expense (\$2,345,843).	1,976,394
In the Statement of Activities, only the loss on the sale of capital assets of \$77,030 is reported, whereas in the governmental funds, the entire proceeds of \$32,886 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.	(109,730)
Fixed assets transferred in from the City of West Linn annexation.	537,411
Fire apparatus exchange in fixed assets.	(645,000)
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.	1,582,100
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.	(199,828)
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.	1,589
Amortization of refinancing loan issuance costs.	(7,187)
Amortization of bond issuance costs.	(9,732)
Accrued interest payable on bonds and financing loan through June 30, 2005.	23,718
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 earned.	(165,483)
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.	4,078
<b>Change in net assets</b>	<b>\$ 5,374,802</b>

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, 2005**

	<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	\$ 50,697,390	\$ 50,697,390	\$ 52,686,909	\$ 1,989,519
Prior years' levies	980,570	980,570	1,180,350	199,780
Taxes in lieu of property taxes	12,796	12,796	30,593	17,797
Interest on unsegregated property taxes	11,592	11,592	24,739	13,147
Interest on taxes	8,501	8,501	5,451	(3,050)
Interest on investments	353,350	353,350	662,910	309,560
Contracted services	122,575	122,575	245,699	123,124
Special service charges	270,995	270,995	147,951	(123,044)
Maintenance services	173,680	173,680	123,397	(50,283)
Rental income	89,265	89,265	82,450	(6,815)
Plan review fees			5,428	5,428
Insurance refunds			142,632	142,632
Grants and donations			99,540	99,540
Miscellaneous	57,000	57,000	70,635	13,635
Total revenues	<u>52,777,714</u>	<u>52,777,714</u>	<u>55,508,684</u>	<u>2,730,970</u>
<b>EXPENDITURES</b>				
Current				
Public Safety:				
<b>Non-organizational:</b>				
Materials and services	<u>68,961</u>	<u>68,961</u>	<u>60,825</u>	<u>8,136</u>
<b>Administration Division:</b>				
Personal services	525,264	550,764	506,216	44,548
Materials and services	<u>325,358</u>	<u>390,358</u>	<u>348,484</u>	<u>41,874</u>
<b>Total Administration Division</b>	<u>850,622</u>	<u>941,122</u>	<u>854,700</u>	<u>86,422</u>
<b>Emergency Operations Division:</b>				
Personal services	38,307,916	38,426,166	35,965,026	2,461,140
Materials and services	<u>2,324,899</u>	<u>2,344,898</u>	<u>2,011,517</u>	<u>333,381</u>
<b>Total Emergency Operations Division</b>	<u>40,632,815</u>	<u>40,771,064</u>	<u>37,976,543</u>	<u>2,794,521</u>
<b>Finance Division:</b>				
Personal services	751,481	753,981	687,334	66,647
Materials and services	<u>816,054</u>	<u>831,054</u>	<u>674,145</u>	<u>156,909</u>
<b>Total Finance Division</b>	<u>1,567,535</u>	<u>1,585,035</u>	<u>1,361,479</u>	<u>223,556</u>
<b>Community Services Division:</b>				
Personal services	3,285,512	3,280,619	3,097,272	183,347
Materials and services	<u>420,344</u>	<u>439,987</u>	<u>350,203</u>	<u>89,784</u>
<b>Total Community Services Division</b>	<u>3,705,856</u>	<u>3,720,606</u>	<u>3,447,475</u>	<u>273,131</u>

(Continued)

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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, 2005**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>EXPENDITURES, Continued</b>				
<b>Support Resources Division:</b>				
Personal services	4,214,634	4,298,520	3,856,156	442,364
Materials and services	3,236,060	3,264,052	2,758,228	505,824
<b>Total Support Resources Division</b>	<b>7,450,694</b>	<b>7,562,572</b>	<b>6,614,384</b>	<b>948,188</b>
Total Public Safety	54,276,483	54,649,360	50,315,406	4,333,954
Debt service:				
Principal	472,100	472,100	472,100	
Interest	11,331	11,331	11,132	199
Operating contingency	2,115,725	1,742,847		1,742,847
Total expenditures	56,875,639	56,875,638	50,798,638	6,077,000
Excess (deficiency) of revenues over (under) expenditures	(4,097,925)	(4,097,924)	4,710,046	8,807,970
<b>OTHER FINANCING USES</b>				
Transfers out	(4,006,736)	(4,006,736)	(4,002,535)	4,201
Total other financing uses	(4,006,736)	(4,006,736)	(4,002,535)	4,201
Net change in fund balances	(8,104,661)	(8,104,660)	707,511	8,812,171
Fund balances - July 1, 2004	19,335,044	19,335,044	19,103,193	(231,851)
Fund balances - June 30, 2005	<u>\$ 11,230,383</u>	<u>\$ 11,230,384</u>	<u>\$ 19,810,704</u>	<u>\$ 8,580,320</u>

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

Net change in fund balance - budgetary basis	\$ 707,511
Funding of retirement contribution pending litigation, not GAAP expenditures/expense	<u>1,324,396</u>
Net change in fund balance - GAAP basis	<u>\$ 2,031,907</u>

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TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUND**  
JUNE 30, 2005

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	<b>Governmental Activities - Internal Service Fund</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 677,916
Total assets	<u>677,916</u>
<b>NET ASSETS</b>	
Unrestricted	<u>677,916</u>
Total net assets	<u>\$ 677,916</u>

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TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**  
**INTERNAL SERVICE FUND**  
 FOR THE YEAR ENDED JUNE 30, 2005

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	<b>Governmental Activities - Internal Service Fund</b>
<b>OPERATING REVENUE</b>	
Insurance refunds	\$ 6,024
Total operating revenues	6,024
<b>OPERATING EXPENSE</b>	
Insurance claims	16,365
Total operating expenses	16,365
Operating loss	(10,341)
<b>NONOPERATING REVENUE</b>	
Interest income	14,419
Total nonoperating revenue	14,419
Change in net assets	4,078
Total net assets, July 1, 2004	673,838
Total net assets, June 30, 2005	\$ 677,916

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TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
FOR THE YEAR ENDED JUNE 30, 2005

	<b>Governmental Activities - Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from insurance reimbursements	\$ 8,624
Paid for insurance claims	(16,365)
Net cash used in operating activities	(7,741)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received on investments	14,419
Net cash provided by investing activities	14,419
Net increase in cash and cash equivalents	6,678
Cash and cash equivalents, July 1, 2004	671,238
Cash and cash equivalents, June 30, 2005	\$ 677,916
<b>Reconciliation of operating loss to net cash used in operating activities</b>	
Operating loss	\$ (10,341)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Changes in assets and liabilities:	
Accounts receivable	2,600
Total adjustments	2,600
Net cash used in operating activities	\$ (7,741)

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TUALATIN VALLEY FIRE AND RESUCE  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
FOR THE YEAR ENDED JUNE 30, 2005

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	<b>Governmental Activities - Pension Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 520,648
Investments:	
Certificate of Deposit	70,193
Corporate Notes	163,214
Mutual Fund	1,569,794
Interest receivable	4,665
Total assets	<u>2,328,514</u>
<b>LIABILITIES</b>	
Accounts payable	<u>67</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 2,328,447</u>

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TUALATIN VALLEY FIRE AND RESCUE  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2005

	<b>Governmental Activities - Pension Trust Funds</b>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 60,000
Total contributions	60,000
Investment earnings:	
Interest	31,080
Dividends	26,971
Net increase in the fair value of investments	70,446
Net investment earnings	128,497
Total additions	188,497
<b>DEDUCTIONS</b>	
Benefits	344,640
Administration expenses	1,008
Total deductions	345,648
Change in net assets	(157,151)
Total net assets, July 1, 2004	2,485,598
Total net assets, June 30, 2005	\$ 2,328,447

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