

BASIC FINANCIAL STATEMENTS

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TUALATIN VALLEY FIRE AND RESCUE
STATEMENT OF NET ASSETS
 JUNE 30, 2006

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 26,789,763
Investments	9,700,669
Receivables, net:	
Property taxes receivable	1,755,476
Accounts receivable	498,171
Supplies inventory	225,511
Capital assets, not being depreciated:	
Land and work in progress	6,500,940
Capital assets, net of accumulated depreciation:	
Buildings and improvements	10,161,508
Fire apparatus and other vehicles	13,061,190
Furniture, fixtures and equipment	2,323,801
Total assets	71,017,029
LIABILITIES	
Accounts payable	595,804
Accrued salaries and benefits payable	2,373,514
Accrued interest payable	85,915
Accrued compensated absences	4,077,828
Unearned revenue	6,875
Bonds and notes payable, net of unamortized premium/discount:	
Due within one year	1,270,268
Due in more than one year	2,838,281
Total liabilities	11,248,485
NET ASSETS	
Invested in capital assets, net of related debt	27,938,890
Restricted for:	
Debt service	1,165,747
Unrestricted	30,663,907
Total net assets	\$ 59,768,544

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, 2006

	Governmental Activities
EXPENSES	
Public safety - fire protection	\$ 56,652,973
Interest on long-term debt	210,432
Total program expenses	56,863,405
PROGRAM REVENUES	
Charges for services	818,382
Operating grants and contributions	606,864
Capital grants and contributions	1,453,268
Total program revenues	2,878,514
Net program expenses	53,984,891
GENERAL REVENUES	
Property taxes	58,118,393
Investment earnings	1,645,622
Insurance refunds	450,318
Gain on sale of capital assets	42,130
Miscellaneous	192,871
Total general revenues	60,449,334
Change in net assets	6,464,443
Net assets, July 1, 2005	53,304,101
Net assets, June 30, 2006	\$ 59,768,544

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, 2006

	<u>General Fund</u>	<u>Property and Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 18,287,367	\$ 3,884,295	\$ 3,936,636	\$ 26,108,298
Investments	9,700,669			9,700,669
Receivables:				
Property taxes receivable	1,708,917		46,559	1,755,476
Accounts receivable	316,415	9	181,747	498,171
Due from other funds	60,270			60,270
Supplies inventory	225,511			225,511
Total assets	<u>\$ 30,299,149</u>	<u>\$ 3,884,304</u>	<u>\$ 4,164,942</u>	<u>\$ 38,348,395</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 522,875	\$ 1,508	\$ 71,421	\$ 595,804
Accrued salaries and benefits payable	2,373,514			2,373,514
Accrued compensated absences	7,091			7,091
Due to other funds			60,270	60,270
Unearned revenue	1,433,099		81,624	1,514,723
Total liabilities	<u>4,336,579</u>	<u>1,508</u>	<u>213,315</u>	<u>4,551,402</u>
Fund balances:				
Reserved for supplies inventory	225,511			225,511
Reserved for retiree medical insurance			262,871	262,871
Reserved for debt service			1,165,747	1,165,747
Unreserved, reported in:				
General fund	25,737,059			25,737,059
Special revenue funds			2,523,009	2,523,009
Capital projects fund		3,882,796		3,882,796
Total fund balances	<u>25,962,570</u>	<u>3,882,796</u>	<u>3,951,627</u>	<u>33,796,993</u>
Total liabilities and fund balances	<u>\$ 30,299,149</u>	<u>\$ 3,884,304</u>	<u>\$ 4,164,942</u>	<u>\$ 38,348,395</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, 2006

Total fund balances		\$ 33,796,993
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 56,276,518	
Accumulated depreciation	<u>(24,229,079)</u>	32,047,439
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.		
		1,466,833
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.		
		41,014
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.		
		681,466
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.		
		(4,070,737)
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.		
		(4,108,549)
Accrued interest payable on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		
		<u>(85,915)</u>
Total net assets		<u><u>\$ 59,768,544</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, 2006

	<u>General Fund</u>	<u>Property and Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 56,624,113		\$ 1,515,560	\$ 58,139,673
Interest	1,238,814	\$ 215,721	159,673	1,614,208
Charges for services	728,058	103,056		831,114
Insurance refunds	383,678			383,678
Grants and donations	77,912		528,952	606,864
Miscellaneous	181,377			181,377
Total revenues	<u>59,233,952</u>	<u>318,777</u>	<u>2,204,185</u>	<u>61,756,914</u>
EXPENDITURES				
Current				
Public safety	52,625,701		454,352	53,080,053
Debt service:				
Principal			1,190,000	1,190,000
Interest			225,450	225,450
Capital outlay		2,226,931	3,221,237	5,448,168
Total expenditures	<u>52,625,701</u>	<u>2,226,931</u>	<u>5,091,039</u>	<u>59,943,671</u>
Excess (deficiency) of revenues	<u>6,608,251</u>	<u>(1,908,154)</u>	<u>(2,886,854)</u>	<u>1,813,243</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of surplus property			173,229	173,229
Transfers in		1,566,569	2,524,284	4,090,853
Transfers out	(4,090,853)			(4,090,853)
Total other financing sources (uses)	<u>(4,090,853)</u>	<u>1,566,569</u>	<u>2,697,513</u>	<u>173,229</u>
Net change in fund balances	<u>2,517,398</u>	<u>(341,585)</u>	<u>(189,341)</u>	<u>1,986,472</u>
Fund balances - July 1, 2005, as previously reported	22,423,022	4,224,381	4,140,968	30,788,371
Restatement	1,022,150			1,022,150
Fund balances - July 1, 2005, as restated	<u>23,445,172</u>	<u>4,224,381</u>	<u>4,140,968</u>	<u>31,810,521</u>
Fund balances - June 30, 2006	<u>\$ 25,962,570</u>	<u>\$ 3,882,796</u>	<u>\$ 3,951,627</u>	<u>\$ 33,796,993</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, 2006

Net change in fund balances	\$	1,986,472
 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 asset additions (\$6,163,391) exceeds depreciation expense (\$2,709,553).		3,453,838
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.		(158,604)
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.		1,190,000
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.		(21,280)
Accounts receivable that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds.		26,267
Amortization of bond issuance costs.		(9,732)
Accrued interest payable on bonds through June 30, 2006.		24,750
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.		(30,818)
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.		3,550
Change in net assets	\$	<u>6,464,443</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, 2006**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes:				
Current year's levy	\$ 54,037,785	\$ 54,037,785	\$ 55,585,747	\$ 1,547,962
Prior years' levies	1,409,809	1,409,809	1,030,301	(379,508)
Taxes in lieu of property taxes	16,236	16,236	8,065	(8,171)
Interest on unsegregated property taxes	18,137	18,137	56,844	38,707
Interest on taxes	6,135	6,135	12,090	5,955
Interest on investments	441,803	441,803	1,169,880	728,077
Contracted services	127,395	127,395	285,073	157,678
Special service charges	150,540	150,540	204,916	54,376
Maintenance services	169,050	169,050	137,777	(31,273)
Rental income	75,700	75,700	95,227	19,527
Plan review fees			5,065	5,065
Insurance refunds	95,000	95,000	383,678	288,678
Grants and donations			77,912	77,912
Miscellaneous	20,000	20,000	181,377	161,377
Total revenues	<u>56,567,590</u>	<u>56,567,590</u>	<u>59,233,952</u>	<u>2,666,362</u>
EXPENDITURES				
Current				
Public Safety:				
Non-organizational:				
Materials and services	<u>8,961</u>	<u>8,961</u>	<u></u>	<u>8,961</u>
Administration Division:				
Personal services	546,646	548,531	493,430	55,101
Materials and services	<u>279,606</u>	<u>279,606</u>	<u>191,864</u>	<u>87,742</u>
Total Administration Division	<u>826,252</u>	<u>828,137</u>	<u>685,294</u>	<u>142,843</u>
Emergency Operations Division:				
Personal services	39,214,800	40,033,416	38,390,456	1,642,960
Materials and services	<u>2,258,996</u>	<u>2,271,060</u>	<u>1,916,453</u>	<u>354,607</u>
Total Emergency Operations Division	<u>41,473,796</u>	<u>42,304,476</u>	<u>40,306,909</u>	<u>1,997,567</u>
Finance Division:				
Personal services	761,688	764,542	698,973	65,569
Materials and services	<u>747,675</u>	<u>747,675</u>	<u>634,990</u>	<u>112,685</u>
Total Finance Division	<u>1,509,363</u>	<u>1,512,217</u>	<u>1,333,963</u>	<u>178,254</u>
Community Services Division:				
Personal services	3,360,531	3,435,262	3,155,318	279,944
Materials and services	<u>556,405</u>	<u>556,405</u>	<u>413,286</u>	<u>143,119</u>
Total Community Services Division	<u>3,916,936</u>	<u>3,991,667</u>	<u>3,568,604</u>	<u>423,063</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, 2006**

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES, Continued				
Support Resources Division:				
Personal services	4,596,321	4,613,786	4,074,962	538,824
Materials and services	3,807,385	3,866,462	3,382,888	483,574
Total Support Resources Division	8,403,706	8,480,248	7,457,850	1,022,398
Total Public Safety	56,139,014	57,125,706	53,352,620	3,773,086
Debt service:				
Principal	472,100	472,100		
Interest	11,331	11,331		11,331
Operating contingency	4,046,190	3,059,498		3,059,498
Total expenditures	60,668,635	60,668,635	53,352,620	6,843,915
Excess (deficiency) of revenues over (under) expenditures	(4,101,045)	(4,101,045)	5,881,332	9,510,277
OTHER FINANCING USES				
Transfers out	(4,160,723)	(4,160,723)	(4,150,853)	9,870
Total other financing uses	(4,160,723)	(4,160,723)	(4,150,853)	9,870
Net change in fund balances	(8,261,768)	(8,261,768)	1,730,479	9,992,247
Fund balances - July 1, 2005, as previously reported	19,646,713	19,646,713	19,810,704	163,991
Restatement			1,022,150	1,022,150
Fund balances - July 1, 2005, as restated	19,646,713	19,646,713	20,832,854	1,186,141
Fund balances - June 30, 2006	<u>\$ 11,384,945</u>	<u>\$ 11,384,945</u>	<u>\$ 22,563,333</u>	<u>\$ 11,178,388</u>

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

Net change in fund balance - budgetary basis	\$ 1,730,479
Funding of retirement contribution pending litigation, not GAAP expenditures/expense	<u>786,919</u>
Net change in fund balance - GAAP basis	<u>\$ 2,517,398</u>

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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 NET ASSETS
INTERNAL SERVICE FUND
JUNE 30, 2006

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 681,466
Total assets	<u>681,466</u>
NET ASSETS	
Unrestricted	681,466
Total net assets	<u>\$ 681,466</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, 2006

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUE	
Insurance refunds	\$ 66,640
Total operating revenues	<u>66,640</u>
OPERATING EXPENSE	
Insurance claims	<u>94,504</u>
Total operating expenses	<u>94,504</u>
Operating loss	<u>(27,864)</u>
NONOPERATING REVENUE	
Interest income	<u>31,414</u>
Total nonoperating revenue	<u>31,414</u>
Change in net assets	3,550
Total net assets, July 1, 2005	<u>677,916</u>
Total net assets, June 30, 2006	<u>\$ 681,466</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, 2006

	<u>Governmental Activities - Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from insurance reimbursements	\$ 66,640
Paid for insurance claims	<u>(94,504)</u>
Net cash used in operating activities	<u>(27,864)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	<u>31,414</u>
Net cash provided by investing activities	<u>31,414</u>
Net increase in cash and cash equivalents	3,550
Cash and cash equivalents, July 1, 2005	<u>677,916</u>
Cash and cash equivalents, June 30, 2006	<u>\$ 681,466</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	<u>\$ (27,864)</u>
Net cash used in operating activities	<u>\$ (27,864)</u>

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

TUALATIN VALLEY FIRE AND RESUCE
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
 JUNE 30, 2006

	Governmental Activities - Pension Trust Funds
ASSETS	
Cash and cash equivalents	\$ 457,065
Investments:	
Certificate of Deposit	67,137
Corporate Notes	80,742
Mutual Fund	1,629,042
Total investments	1,776,921
Interest receivable	2,192
Total assets	2,236,178
 NET ASSETS	
Held in trust for pension benefits	\$ 2,236,178

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, 2006

	Governmental Activities - Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 60,000
Total contributions	60,000
Investment earnings:	
Interest	32,353
Dividends	95,671
Net increase in the fair value of investments	45,707
Net investment earnings	173,731
Total additions	233,731
DEDUCTIONS	
Benefits	325,534
Administration expenses	466
Total deductions	326,000
Change in net assets	(92,269)
Total net assets, July 1, 2004	2,328,447
Total net assets, June 30, 2005	\$ 2,236,178

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