



A Rural Fire Protection District, Tigard, Oregon

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2012

Prepared by:

The Finance Department

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Tualatin Valley Fire and Rescue
Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2012

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Introductory Section

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October 17, 2012

**To Board President Wyffels 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, 2012. 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 auditor's opinion has been included at the front of the financial section of this report.

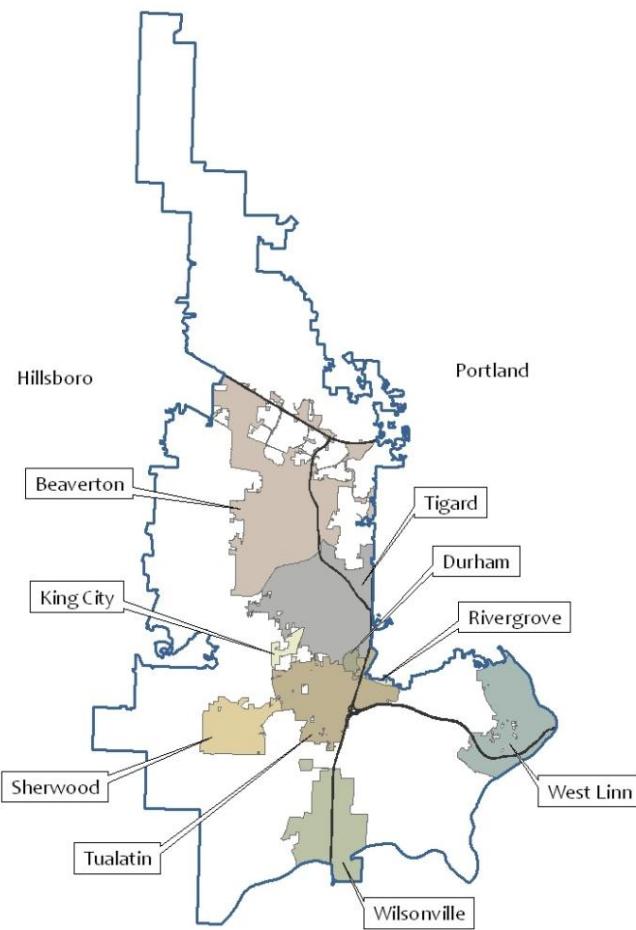
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Tualatin Valley Fire and Rescue

Letter of Transmittal

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. Since that time, the District has expanded through the mergers of two additional fire districts, Multnomah County Rural Fire Protection District Nos. 4 and 20, and the annexation of the Valley View Water District on July 1, 1995. The District continued to grow by the annexation of the City of Beaverton to the District's service territory effective July 1, 1996. The most recent annexation was the City of West Linn, which was legally annexed on July 1, 2004.

The District currently operates 21 career and volunteer fire stations with a complement of fire engines, ladder trucks, aerial pumper, hazardous materials response units, technical rescue units, one heavy CBRNE

unit, water tenders, brush rigs, and several other pieces of equipment, including medics, response cars, water rescue units, a mobile command unit, and an additional fleet utilized to supplement response needs. District employees - 441 in 2012 - were supplemented by approximately 50 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 in order to accomplish its strategic goals.

Tualatin Valley Fire and Rescue

Letter of Transmittal

The District serves northeast Washington County, northwest Clackamas County, and the western edge of Multnomah County. The District is a special service district supported by the property owners within its boundaries.

The District serves a population of an estimated 443,997 people. 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 on assessed valuation. Increases in assessed valuation result in increased tax revenue to the District. Assessed valuation increased from \$41.4 billion in 2010-11 to approximately \$42.5 billion in the 2011-12 fiscal year. In addition, the District depends upon an additional local option levy of 25 cents per thousand to supplement the permanent levy rate. The District's voters firmly supported the third renewal of the 25 cent levy for an additional five years at the November 2008 election. This levy will provide funding for operations through June 30, 2015.

Capital funding for the next several years will continue to be provided from a series of general obligation bond sales. The authority to issue up to \$77.5 million of bonds was strongly supported by the District's voters at the November 2006 election to provide funding for new stations, significant seismic reconstruction of existing stations, a command center, and for emergency response apparatus throughout the District. The District has sold a total of \$72.5 million in four issuances. A final issuance is planned for 2016.

The area served, which includes the cities of Beaverton, Durham, King City, Rivergrove, Tigard, Tualatin, Sherwood, West Linn, and Wilsonville, lies within one of the fastest growing regions of the state. The District is an area encompassing densely populated suburbs, rural farmlands, retail and commercial establishments, and growing industrial complexes.

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 urban growth, as well as actual and planned traffic conditions to determine the best station sites to optimize response times.

As a result of the high quality of services provided, training standards, equipment, staffing, and related support functions, the District is among the leaders in the State of Oregon in obtaining a favorable insurance classification, class 2, according to the standards set forth by the Insurance Services Office, Inc. To the property owners in the District, this classification results in very low premium rates for fire insurance.

The District is a multi-service district with services and programs tailored to meet the needs of the community. The District is committed to creating safer communities through education, prevention, preparedness, and emergency response. Emergency response services include fire suppression, emergency medical services, water dive, high

Tualatin Valley Fire and Rescue

Letter of Transmittal

angle, and heavy rescue. For several years, the District has served as a Regional Hazardous Material Response provider for the State of Oregon, with a service response area ranging from the City of Portland boundary on the east to the Pacific Ocean on the west and from the District's northern boundary in Multnomah County southerly to Marion County.

The District's Integrated 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. Over 56% or 175 of the District's professional line firefighters are certified as Advanced Life Support Paramedics, while 100% of the remaining fire suppression personnel are certified at either the Basic or Intermediate Emergency Medical Technician life support levels. Under the guidance of physician advisors, emergency medical service personnel (all of whom are firefighters) maintain high skill levels through several specialized programs.

Modern training facilities, including 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, provide personnel with constant training to keep their skills at the highest level. The TVF&R 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 District-employers requiring specialized training.

Economic Condition and Outlook

The District, through its broad geographic base, serves a relatively strong area of Oregon's economic base. The average weekly wage (\$1,085) of workers in Washington County ranks 50th out of the nation's 322 major counties and independent cities with workforces of more than 75,000 and the county also ranked 14th in the nation by percent change of average weekly wages, with a 1.4% change in fourth quarter weekly wages as compared to the nation's decline of 1.7%. The other two counties of which the District serves a portion include Multnomah with an average weekly wage of \$969 (93rd in nation) and Clackamas (176th in nation).⁽¹⁾⁽²⁾ The District's assessed

(1) Bureau of Labor Statistics, Western Information Office, County Employment and Wages in Oregon – Fourth Quarter 2011, <http://www.bls.gov/ro9/qcewor.htm>

(2) Bureau of Labor Statistics, Western Information Office, County Employment and Wages in Oregon – Fourth Quarter 2011, Table 1, <http://www.bls.gov/ro9/qcewor.htm#table1>

Tualatin Valley Fire and Rescue

Letter of Transmittal

valuation continues to grow although real market value has declined for the fourth year in a row from approximately \$67 billion dollars in 2009 to \$56 billion dollars in 2012. The District embarked upon an intensive analysis of properties in its service area and while most properties have the ability to grow the assessed value by the 3% allowed growth, a growing number of properties' real market values have declined sufficiently to dampen the overall expected growth rate of the District's assessed value. The 2012-13 and future financial forecasts include a continuation of this economic trend through approximately 2013-14, with a very slow and gradual recovery of real estate prices after that time. The District monitors this issue closely and has begun work with regional officials to monitor trends and forecasts of this critical revenue source and county assessors to closely analyze property type trends. Assessed valuation of existing property is limited to three percent increases a year; and growth in the District's assessed valuation is largely expected to come from legally allowed increases in assessed valuation, which is at 75% of market value, District-wide. For 2011-12, the assessed value of the District grew 2.74% to over \$42.5 billion dollars. The District has projected an overall increase between 2.1% to 2.4% for 2012-13.

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.

This area serves as the home to internationally recognized companies such as Nike, Mentor Graphics, and Tektronix. Top metropolitan area employers include Intel, Fred Meyer, Inc., Frontier Communications, Portland General Electric, IBM, Kaiser Permanente, Providence Health System, U.S. Bank, and Maxim Integrated Products, among others. Nike's world headquarters complex houses thousands of employees in office buildings bordering a seven-acre manmade lake and five acres of wetlands. Intel has continued to invest in multi-million dollar facility expansions to manufacture state-of-the-art computer chips, largely in the neighboring City of Hillsboro.

Major Initiatives

For the Year and For the Future

In fiscal year 2012, the District focused on two significant areas. The station construction and project management of the capital projects being funded through the bond program impacts almost every division within the District and will continue to do so through at least 2020 as bond proceeds are managed. 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. Staff has reviewed standardized station designs to incorporate

Tualatin Valley Fire and Rescue

Letter of Transmittal

seismic structural improvements, reduce overall square footage of future projects, and include environmental considerations. The District's efforts in 2012 have been toward the construction of one fire station and one combined fire station and South Operating Center facility, and the design and planning for the 2013-14 seismic upgrades of two fire stations and a reconstruction of another. In addition, the District has worked significantly to address challenges in updating building codes and working with appropriate land use agencies in order to facilitate the construction of Station 68 and other stations in the future.

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2012, all divisions and departments of the District contributed toward the accomplishments of the 2012 strategic goals. These goals, as outlined in the District's 2012 Strategic Plan are:

- *Reduce the number and severity of emergency incidents.*
- *Increase the communities' participation in their safety and preparedness, and knowledge and support of the District's services.*
- *Enhance preparedness for catastrophic and unforeseen events.*
- *Foster an environment conducive to the health and safety of all members.*
- *Develop and enhance a workforce that understands and respects individual and group differences, and builds trust in the communities we serve.*
- *Promote craftsmanship, innovation, and excellence throughout the organization.*
- *Leverage use of existing resources and seek efficiencies for the greatest community good.*
- *Ensure ongoing financial and business operations stability and predictability.*

Accomplishment during the fiscal year ended June 30, 2012 as a result of these goals include implementation of a hands-free CPR program in a local school with over 1,000 residents trained by students, continued station implementation of community risk reduction programs and services unique to their service areas, and continued enhancements to our deployments and training to meet our response and strategic goals

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, 2011. This was the 24rd consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an

Tualatin Valley Fire and Rescue

Letter of Transmittal

easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted, in the United States of America 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 another certificate.

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, 2012. 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 24th year the District received the award.

Acknowledgments

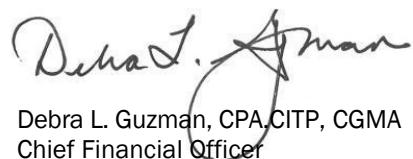
We express our sincere gratitude to the personnel of the Finance Division who assisted and contributed to this report. We also would like to extend our appreciation to the Board of Directors, managers, employees, and citizens of the District whose continuing support is vital to the financial and community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

Respectfully submitted,

Tualatin Valley Fire and Rescue



Michael R. Duyck
Fire Chief



Debra L. Guzman, CPA, CITP, CGMA
Chief Financial Officer

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

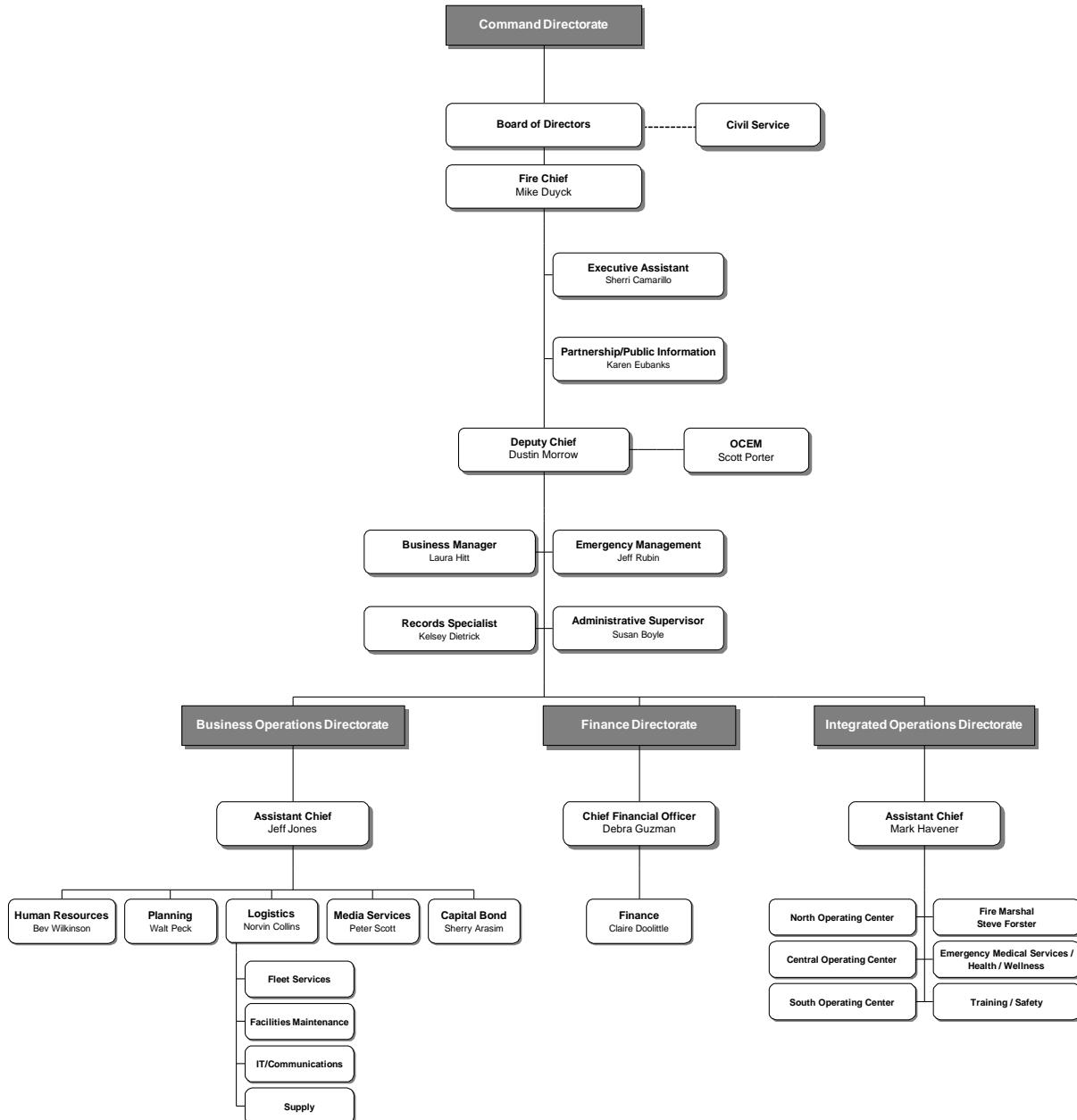
Jeffrey P. Evans

Executive Director

Tualatin Valley Fire and Rescue

Organizational Chart

June 30, 2012



Tualatin Valley Fire and Rescue
List of Elected and Appointed Officials

June 30, 2012

Board of Directors

Term Expires

Clark I. Balfour, President.....	June 30, 2013
Robert C. Wyffels, Vice-President (President-elect).....	June 30, 2013
Brian J. Clopton, Secretary-Treasurer.....	June 30, 2015
Gordon L. Hovies, Member (Secretary-Treasurer-elect)	June 30, 2013
Randy J. Lauer, Member (Vice-President-elect).....	June 30, 2015

Budget Committee

Term Expires

Angie Fong.....	June 30, 2015
Paul A. Leavy.....	June 30, 2015
James W. Petrizzi.....	June 30, 2014
Michael D. Smith	June 30, 2013
Jon R. Walsh.....	June 30, 2013

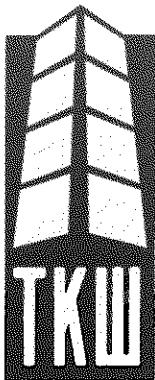
Administrative Offices
11945 SW 70th Avenue
Tigard, OR 97223

Registered Agent
Michael R. Duyck
Fire Chief

Legal Counsel
Jordan Schrader Ramis PC

Financial Section

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Talbot, Korvola
& Warwick, LLP

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT

October 16, 2012

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon

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, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position and the cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Funding Progress presented as required supplementary information 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.

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 supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us or other auditors, and accordingly, we do not express an opinion or provide any assurance on it.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountant

By 
Robert G. Moody, Jr., Partner

Management's Discussion and Analysis

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Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

As management of Tualatin Valley Fire & 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, 2012. 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 of the District exceeded its liabilities at June 30, 2012 by \$86,786,812. Of this amount, \$30,618,980 represents the District's investment in capital assets, net of related debt; \$1,604,149 is restricted for debt service; \$71,895 is restricted under grant awards for staffing, and the balance of \$54,491,788 will be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$3,661,957 for the year ended June 30, 2012. Unrestricted net assets increased by \$3,190,199, net assets invested in capital assets increased by \$107,996, and restricted net assets for debt service increased by \$363,762.
- As of June 30, 2012, the District's governmental funds reported combined ending fund balances of \$80,066,505, a decrease of \$2,245,284 in comparison with the prior year. Planned expenditures on projects funded through Capital Projects Fund resulted in a \$5,537,299 reduction in ending fund balance offset by net increases of \$2,133,719 in the General Fund balance and of \$1,158,296 in non-major funds.
- At June 30, 2012, unassigned fund balance for the General Fund was \$39,379,808. A portion of the General Fund unassigned fund balance is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$6,490,633. The remaining unassigned fund balance of \$32,889,175 represents 46.5% of total General Fund expenditures and the continuing achievement of meeting District policy to maintain five months of budgeted operating expenditures as ending fund balance each year. This policy is in place because the majority of District revenue is provided from property taxes which are not received until the end of the fifth month of each succeeding fiscal year. Currently, nine firefighting positions are funded through a two-year grant through May 11, 2013 and the District is preparing to continue their funding after the grant period ends.
- The District's total debt decreased by \$3,477,585 during the current fiscal year. This was due to principal and interest payments on the District's outstanding bond issues.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

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 supplemental 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 Assets* and the *Statement of Activities*.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 include general government and public safety, and are principally supported by property taxes and charges for services.

The combined government-wide and governmental fund financial statements can be found on pages 33 through 35 of this report.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Fund financial statements

The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, internal service fund, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial information focuses on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* are reconciled to the government-wide *Statement of Net Assets* and *Statement of Activities* in the combined presentation.

The District maintains five individual governmental funds for reporting purposes. Information is presented separately in the governmental funds' *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from three of these governmental funds are combined into a separate aggregated presentation. Individual fund data for each of these 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

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

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 basic internal service fund financial statements can be found on pages 38 through 40 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting basis used for fiduciary funds is much like that used for internal service funds. The basic fiduciary fund financial statements can be found on pages 41 and 42 of this report.

Notes to the basic 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 43 through 69 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 progress in funding its obligation to provide pension benefits to past employees and volunteer firefighters. Required supplementary information can be found on page 73 of this report.

Combining and individual fund statements and schedules can be found on pages 77 through 95 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 96 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$86,786,812 at June 30, 2012. A significant portion of the District's net assets (35 percent) reflects its 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 services to citizens; consequently, these assets are *not* available for future spending. The remaining assets consist mainly of cash and cash equivalents, investments, and property taxes receivable which are used to meet the District's ongoing obligations to its citizens.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Net Assets	Governmental Activities		Increase (Decrease) from Fiscal 2011
	2012	2011	
Current and other assets	\$ 92,248,106	\$ 93,241,597	\$ (993,491)
Capital assets	73,007,397	70,747,745	2,259,652
Total assets	165,255,503	163,989,342	1,266,161
Current liabilities	15,706,249	13,587,042	2,119,207
Long-term debt	62,762,442	67,277,445	(4,515,003)
Total liabilities	78,468,691	80,864,487	(2,395,796)
Net assets:			
Invested in capital assets, net of related debt	30,618,980	30,510,984	107,996
Restricted for debt service	1,604,149	1,240,387	363,762
Restricted for staffing	71,895	71,895	
Unrestricted	54,491,788	51,301,589	3,190,199
Total net assets	\$ 86,786,812	\$ 83,124,855	\$ 3,661,957

The District's largest liability (80 percent) is for the repayment of general obligation bonds. Current liabilities of the District consist largely of accounts payable, accrued salaries, benefits payable and accrued compensated absences.

During the current fiscal year, the District's net assets increased by \$3,661,957 mostly due to the District's efforts to build assets identified for future capital asset investments. The District seeks to ensure the net assets of the District are sufficient to support operational costs in future years. Interest revenue in future years is expected to remain marginal and the growth rate of property tax collections is expected to continue to be at low levels in 2012-13 and future years as new development and property reinvestment are curtailed due to the slowed economy. Because of forecasted future low revenue growth levels due to lack of property development and lingering economic concerns, forecasted pension and health care cost increases and the District's desire to manage taxpayer resources prudently; we have continued to focus on planning for and implementing strategies in order to achieve our strategic goal of financial stability.

Governmental activities. Governmental activities increased the District's net assets in the current year by \$3,661,957. Property taxes increased by 6 percent or \$4,397,814, reflecting an increase in taxes levied of \$4,204,283 of which \$2,026,856 related to an increase in the debt service levy for the repayment of bonds sold during the preceding fiscal year. Earnings on investments increased during the year ended June 30, 2012 due to interest earned on the bond proceeds in Capital Projects Fund; these proceeds were received at the end of the prior fiscal year. Expenses for public safety increased by 6%, reflecting personnel cost increases in

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

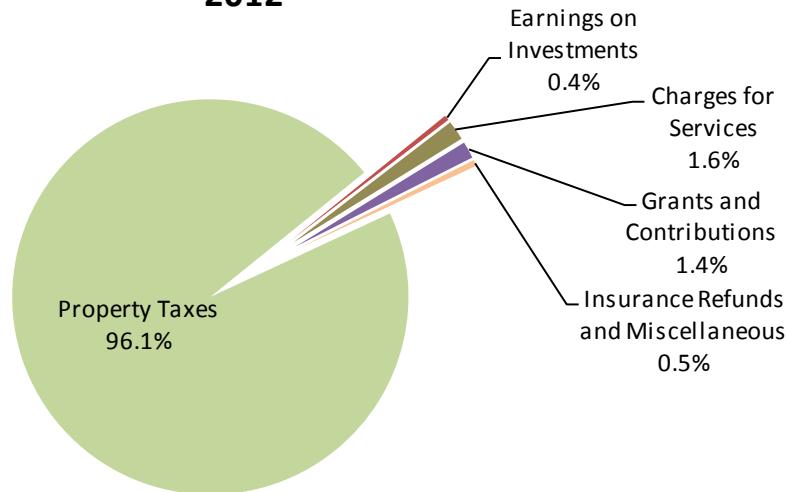
wages and benefits and additional depreciation. Expenses were managed to ensure that net assets as of year-end increased proportionately to the cost of annual operations.

Changes in Net Assets	Governmental Activities		Increase (Decrease) from Fiscal 2011	
	2012	2011		
Revenues:				
Program revenues				
Charges for services	\$ 1,322,635	\$ 738,164	\$ 584,471	
Operating grants and contributions	1,086,330	278,408	807,922	
Capital grants	48,450		48,450	
General revenues:				
Property taxes	79,303,750	74,905,936	4,397,814	
Earnings on investments	343,772	299,393	44,379	
Insurance refunds	188,074	655,797	(467,723)	
Miscellaneous	224,532	113,632	110,900	
Total revenues	82,517,543	76,991,330	5,526,213	
Expenditures/expenses:				
Public safety-fire protection	76,438,386	71,961,409	4,476,977	
Interest on long-term debt	2,417,200	1,761,449	655,751	
Total expenses	78,855,586	73,722,858	5,132,728	
Change in net assets	3,661,957	3,268,472	393,485	
Net assets - July 1	83,124,855	79,856,383	3,268,472	
Net assets - June 30	\$ 86,786,812	\$ 83,124,855	\$ 3,661,957	

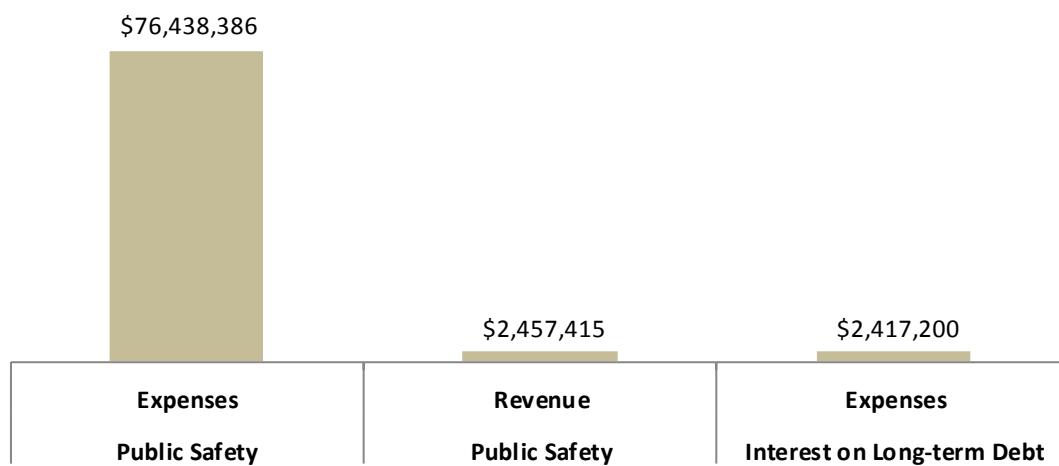
Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

**Revenue Sources - Governmental Activities Fiscal Year
2012**



**Expenses and Program Revenues - Governmental
Activities Fiscal Year 2012**



Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Financial Analysis of the Government's 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 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, 2012, the District's governmental funds reported combined ending fund balances of \$80,066,505, a decrease of \$2,245,284 in comparison with the prior year. A large portion of this total amount (49.2 percent) constitutes *unassigned fund balance*, which is a measure of the District's liquidity; it is available for spending at the District's discretion. The remainder of fund balance is either non-spendable (.4 percent), restricted by external parties (28.0 percent), committed by the Board (13.5 percent) or assigned to a specific purpose such as capital projects (8.9 percent).

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2012, unassigned fund balance of the General Fund was \$39,379,808, while total fund balance reached \$50,502,350. 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 56 percent of total General Fund expenditures and the total fund balance represents 72 percent of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$2,133,719, or approximately 4.4 percent during the current fiscal year; most of this increase was due to receiving \$1,352,463 more in tax revenue over the prior year and controlling the rate of expenditure growth.

Capital Projects Fund. The Capital Projects Fund accounts for the accumulation of resources for building site acquisitions and construction costs for new and existing facilities. As of June 30, 2012, the ending fund balance of the Capital Projects Fund was \$20,872,868 and was restricted for capital projects. This fund accounts for the proceeds of debt issuances to fund construction, land and apparatus purchases.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

General Fund Budgetary Highlights

There was one budget transfer resolution to the General Fund during the year which was the result of increasing expenditures that were higher than anticipated. Property tax collections exceeded budget due to stronger than expected collections during the economic slowdown, and historical ratios of expenditures to budget were maintained allowing a continued strong ending fund balance.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2012, the District had invested \$73,007,397 in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2011
	2012	2011	
Land	\$ 12,877,726	\$ 11,425,560	\$ 1,452,166
Buildings and improvements	36,482,252	37,621,184	(1,138,932)
Fire apparatus and other vehicles	13,104,312	15,030,668	(1,926,356)
Furniture, fixtures and equipment	3,423,075	3,946,197	(523,122)
Construction in progress	7,120,032	2,724,136	4,395,896
Total	\$ 73,007,397	\$ 70,747,745	\$ 2,259,652

During the year, the District's investment in capital assets increased by \$2,259,652, reflecting assets of \$6,695,732 added during the year, offset by \$4,100,518 of depreciation and \$335,562 of disposals. The District's construction in progress includes three fire stations and related land improvements as well as the construction of a burn prop to be used for training purposes.

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.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt of \$63,951,633, consisting of general obligation bonds and unamortized premiums. Reduction of outstanding debt reflects

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

scheduled principal payments made during the fiscal year. The District has been given an "Aaa" rating from Moody's Investors Service. The State of Oregon mandates a general obligation debt limit of 1.25 percent of true cash value of assessed property. The District's legal debt margin is approximately \$644 million. Additional information on the District's long-term debt can be found in note III.E.1 on page 54 of this report.

Economic Factors and Next Year's Budget

The District anticipates increased property tax revenues in future years based upon projected assessed value increases which by law may increase 3% a year unless assessed value exceeds real market value. While the local economy is experiencing continued lack of new construction, and market value has declined an additional 3.4% under prior year values, for the majority of properties assessed value still remains below market value, with a District-wide assessed value ratio of 75.41% of market value on June 30, 2012. The District embarked upon an intensive analysis of property tax trends and valuation issues in the fiscal year and began sharing the information to District governments and statewide.⁽¹⁾ The District monitors its property tax collection rates for declines due to the economy and has prepared for both growth rate and collection rate declines in the next few years. Additionally, property tax revenue is negatively impacted when our cities and counties utilize urban renewal measures to develop new or existing areas. Accordingly, we continue to be very involved in this issue, both locally and at the state level. The District lost approximately \$1.1 million dollars of its property tax levy to urban renewal areas in fiscal year 2012 which equates to a loss of approximately 2.4 cents of our \$1.5252 permanent tax rate.

Because of poor investment returns, the state's pension system for its public employees, OPERS, has adopted higher employer contributions rates for the 2013-15 biennium, and forecasted additional increases for the 2015-17 biennium and thereafter. The District's employer contribution rates will increase between 4.25% and 4.63% of payroll depending upon employee class and OPERS plan. The District intends to begin utilizing a portion of net assets identified and accumulated for the purposes of mitigating OPERS rate increases to allow the District to effectively more slowly implement the significant rate increases in this time of lowered projected property tax increases. The District continually prepares financial forecasts, contingency plans and various planning efforts to ensure flexibility and adaptability to meet the difficult economic times while preserving core services to our citizens.

⁽¹⁾ Katherine Driessen, "TVFR warns local governments property tax compression will continue hurting budgets," *Oregonian*, October 1, 2012, http://www.oregonlive.com/washingtoncounty/index.ssf/2012/10/tvfr.warns_local_governments_p.html

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

The District's \$.25 local option levy allows the continued funding of 33 firefighters and associated support staff through June 30, 2015, as we were strongly supported by our voters at the November 4, 2008 election to continue to fund this levy. This provides a welcome measure of financial stability in the years ahead. Significant planning efforts will occur in 2013 for the next levy vote to determine whether we should seek the same or an increased levy rate.

Requests for Information

This financial report is designed to provide a general overview of Tualatin Valley Fire & Rescue's finances for all those with an interest in the District'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 & Rescue, 11945 SW 70th Avenue, Tigard, Oregon 97223.

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Basic Financial Statements

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Tualatin Valley Fire and Rescue
Governmental Funds Balance Sheet/
Statement of Net Assets
June 30, 2012

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Assets
Assets						
Cash and cash equivalents	\$ 55,083,452		\$ 8,422,950	\$ 63,506,402	\$ 639,921	\$ 64,146,323
Receivables:						
Property taxes receivable	3,875,062		286,887	4,161,949		4,161,949
Accounts receivable	197,705	\$ 291,254	223,467	712,426		712,426
Prepays			18,670	18,670	1,121,509	1,140,179
Supplies inventory	275,878			275,878		275,878
Net pension asset						-
Bond issuance costs					215,549	215,549
Other post employment benefit					32,586	32,586
Restricted assets:						
Cash and cash equivalents		21,563,216		21,563,216		21,563,216
Capital assets, not being depreciated:						
Land					12,877,726	12,877,726
Construction in progress					7,120,032	7,120,032
Capital assets, net of accumulated depreciation:						
Buildings and improvements					36,482,252	36,482,252
Fire apparatus and other vehicles					13,104,312	13,104,312
Furniture, fixtures, and equipment					3,423,075	3,423,075
Total assets	<u>\$ 59,432,097</u>	<u>\$ 21,854,470</u>	<u>\$ 8,951,974</u>	<u>\$ 90,238,541</u>	<u>\$ 75,016,962</u>	<u>\$ 165,255,503</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 738,367	\$ 981,602		\$ 1,719,969		\$ 1,719,969
Accrued salaries and benefits payable		4,632,680		4,632,680		4,632,680
Accrued interest payable					\$ 387,707	387,707
Deferred revenue	3,558,700		\$ 260,687	3,819,387	(3,819,387)	
Accrued compensated absences, Due within one year					5,463,308	5,463,308
Due in more than one year					1,659,649	1,659,649
OPEB obligation due in more than one year						
Net pension obligation due in more than one year					653,745	653,745
Bonds payable, net of unamortized premium/discount:						
Due within one year					3,502,585	3,502,585
Due in more than one year					60,449,048	60,449,048
Total liabilities	<u>8,929,747</u>	<u>981,602</u>	<u>260,687</u>	<u>10,172,036</u>	<u>68,296,655</u>	<u>78,468,691</u>

(Continued)

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

Tualatin Valley Fire and Rescue
Governmental Funds Balance Sheet/
Statement of Net Assets (continued)
June 30, 2012

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Statement of Net Assets
				Adjustments	
Fund balances:					
Non-spendable	275,878		18,670	294,548	(294,548)
Restricted for capital projects		20,872,868		20,872,868	(20,872,868)
Restricted for grant staffing			71,895	71,895	(71,895)
Restricted for debt service			1,604,149	1,604,149	(1,604,149)
Committed to capital purchases	10,722,918			10,722,918	(10,722,918)
Committed to postemployment health benefits	123,746			123,746	(123,746)
Assigned for grant staffing match			200,000	200,000	(200,000)
Assigned to capital projects			6,796,573	6,796,573	(6,796,573)
Unassigned	39,379,808			39,379,808	(39,379,808)
Total fund balances	50,502,350	20,872,868	8,691,287	80,066,505	(80,066,505)
balances	\$ 59,432,097	\$ 21,854,470	\$ 8,951,974	\$ 90,238,541	
Net Assets:					
Invested in capital assets, net of related debt					\$ 30,618,980
Restricted for:					
Debt service					1,604,149
Staffing					71,895
Unrestricted					54,491,788
Total net assets	\$ 86,786,812				\$ 86,786,812

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,
and Changes in Fund Balances/Statement of Activities
For the Year Ended June 30, 2012

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Activities
Revenues						
Program Revenues:						
Charges for services	\$ 1,308,643			\$ 1,308,643	\$ 13,992	\$ 1,322,635
Operating grants and contributions	670	\$ 291,254	\$ 780,975	1,072,899	13,431	1,086,330
Capital grants						
Capital grants					48,450	48,450
General Revenues:						
Taxes	72,127,769		6,262,284	78,390,053	913,697	79,303,750
Interest	224,992	66,018	49,379	340,389	3,383	343,772
Insurance refunds	179,479			179,479	8,595	188,074
Gain on sale of capital assets						
Miscellaneous	214,367	8,186		222,553	1,979	224,532
Total revenues	<u>74,055,920</u>	<u>365,458</u>	<u>7,092,638</u>	<u>81,514,016</u>	<u>1,003,527</u>	<u>82,517,543</u>
Expenditures/expenses						
Current:						
Public Safety	69,725,620		780,975	70,506,595	5,931,791	76,438,386
Debt service:						
Principal			3,395,000	3,395,000	(3,395,000)	
Interest			2,520,412	2,520,412	(103,212)	2,417,200
Capital outlay	1,269,273	5,902,757	437,955	7,609,985	(7,609,985)	
Total expenditures	<u>70,994,893</u>	<u>5,902,757</u>	<u>7,134,342</u>	<u>84,031,992</u>	<u>(5,176,406)</u>	<u>78,855,586</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>3,061,027</u>	<u>(5,537,299)</u>	<u>(41,704)</u>	<u>(2,517,976)</u>	<u>6,179,933</u>	<u>3,661,957</u>
Other Financing Sources (Uses)						
Proceeds on sale of surplus						
Gain on sale of capital assets						
Transfers in						
property	272,692			272,692	(272,692)	
Transfers in			1,200,000	1,200,000	(1,200,000)	
Transfers out	(1,200,000)			(1,200,000)	1,200,000	
Total other financing sources (uses)	<u>(927,308)</u>		<u>1,200,000</u>	<u>272,692</u>	<u>(272,692)</u>	
Net change in fund balances/net assets	<u>2,133,719</u>	<u>(5,537,299)</u>	<u>1,158,296</u>	<u>(2,245,284)</u>	<u>5,907,241</u>	<u>3,661,957</u>
Fund balances/net assets:						
Beginning of the year	48,368,631	26,410,167	7,532,991	82,311,789		83,124,855
End of the year	<u>\$ 50,502,350</u>	<u>\$ 20,872,868</u>	<u>\$ 8,691,287</u>	<u>\$ 80,066,505</u>		<u>\$ 86,786,812</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, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Property taxes:				
Current year's levy	\$ 69,824,412	\$ 69,824,412	\$ 71,036,470	\$ 1,212,058
Prior years' levies	1,691,863	1,691,863	1,078,128	(613,735)
Taxes in lieu of property taxes	12,852	12,852	13,171	319
Interest on unsegregated property taxes	23,282	23,282	13,123	(10,159)
Interest on taxes	17,892	17,892	3,159	(14,733)
Interest on investments	165,651	165,651	162,637	(3,014)
Special service charges	1,008,148	1,008,148	1,125,703	117,555
Rental income	118,350	118,350	176,220	57,870
Plan review fees	2,250	2,250	6,720	4,470
Insurance refunds	68,000	68,000	179,479	111,479
Grants and donations			670	670
Miscellaneous	2,500	2,500	214,828	212,328
Total revenues	72,935,200	72,935,200	74,010,308	1,075,108
Expenditures				
Current				
Public Safety				
Command Directorate:				
Personnel services	2,086,601	2,086,601	2,084,304	2,297
Materials and services	872,094	872,094	685,592	186,502
Total Command Directorate	2,958,695	2,958,695	2,769,896	188,799
Integrated Operations Directorate:				
Personnel services	55,796,618	55,796,618	52,864,112	2,932,506
Materials and services	3,797,070	3,827,070	2,959,142	867,928
Total Integrated Operations Directorate	59,593,688	59,623,688	55,823,254	3,800,434
Finance Directorate:				
Personnel services	1,217,409	1,217,409	1,006,128	211,281
Materials and services	443,828	458,828	398,986	59,842
Total Finance Directorate	1,661,237	1,676,237	1,405,114	271,123
Business Operations Directorate:				
Personnel services	6,436,041	6,436,041	5,785,898	650,143
Materials and services	4,120,443	4,120,443	3,465,468	654,975
Total Business Operations Directorate	10,556,484	10,556,484	9,251,366	1,305,118
Total Public Safety	74,770,104	74,815,104	69,249,630	5,565,474
Operating contingency	5,647,643	5,602,643		5,602,643
Total expenditures	80,417,747	80,417,747	69,249,630	11,168,117
Excess (deficiency) of revenues over (under) expenditures	(7,482,547)	(7,482,547)	4,760,678	12,243,225

(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 (continued)**
For the Year Ended June 30, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
Other Financing Uses				
Transfers out	(5,981,422)	(5,981,422)	(5,469,475)	511,947
Total other financing uses	(5,981,422)	(5,981,422)	(5,469,475)	511,947
Net change in fund balances	(13,463,969)	(13,463,969)	(708,797)	12,755,172
Fund balances - July 1, 2011	32,402,422	32,402,422	33,873,850	1,471,428
Fund balances - June 30, 2012	<u>\$ 18,938,453</u>	<u>\$ 18,938,453</u>	<u>\$ 33,165,053</u>	<u>\$ 14,226,600</u>

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

Fund Balance:

Budgetary Fund Balance:	\$ 33,165,053
Advanced recognition of retirement obligation not a GAAP expense	<u>6,490,633</u>
GAAP Fund Balance	<u><u>\$ 39,655,686</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
Internal Service Fund
June 30, 2012

	Governmental Activities - Internal Service Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 639,921
Total assets	<u>639,921</u>
 Net Assets	
Unrestricted total net assets	<u>\$ 639,921</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, 2012

	Governmental Activities - Internal Service Fund
Operating Revenue	
Insurance refunds	<u>\$ 8,595</u>
Operating Expense	
Insurance claims	<u>11,169</u>
Operating loss	(2,574)
Nonoperating Revenue	
Interest income	<u>3,383</u>
Change in net assets	809
Net assets, June 30, 2011	<u>639,112</u>
Net assets, June 30, 2012	<u>\$ 639,921</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, 2012

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Received from insurance reimbursements	\$ 8,595
Paid for insurance claims	(13,374)
Net cash from operating activities	<u><u>(4,779)</u></u>
Cash Flows From Investing Activities	
Interest received on investments	<u><u>3,383</u></u>
Net decrease in cash and cash equivalents	(1,396)
Cash and cash equivalents, June 30, 2011	<u><u>641,317</u></u>
Cash and cash equivalents, June 30, 2012	<u><u>\$ 639,921</u></u>
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (2,574)
Decrease in accounts payable	(2,205)
Net cash from operating activities	<u><u>\$ (4,779)</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, 2012

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 97,603
Investments, mutual funds at fair value	<u>518,324</u>
Total assets	<u><u>615,927</u></u>
Net Assets	
Held in trust for pension benefits	<u><u>\$ 615,927</u></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, 2012

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 380,111
Investment earnings	<u>12,594</u>
	<u>392,705</u>
Deductions	
Benefits	<u>701,324</u>
Change in net assets	(308,619)
Total net assets, June 30, 2011	<u>924,546</u>
Total net assets, June 30, 2012	<u><u>\$ 615,927</u></u>

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

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

I. Summary of significant accounting policies

A. Reporting entity

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

The power and authority given to the District is vested in a Board of Directors, each member being 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. The responsibility and accountability over all funds and fiscal matters are vested in the Board of Directors. The District is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit from nor imposes a financial burden on the District.

The Board of Directors appoints the Fire Chief of the District. The activities under the purview of the Fire Chief are within the scope of the reporting entity and the Fire Chief is accountable to the Board of Directors for the activities being managed.

The District is the primary, special purpose government responsible for all fire protection within its service area. As a result, all significant activities have been included in the government-wide financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

B. Government-wide and fund financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The entity-wide statements and governmental fund statements have been combined as allowed for single-purpose governmental activities. The Statement of Net Assets and the Governmental Funds 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,

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

Expenditures, 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.

Separate financial statements are provided for the Internal Service Fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial information (Statement of Net Assets and Statement of Activities) is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the internal service fund and fiduciary 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 of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. The governmental fund types 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, except for: (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.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

The District considers revenues available if they are collected within 60 days of year-end, with the exception of investment interest, which is recognized when earned. The most significant revenue source, which is measurable and available under the modified accrual basis of accounting, is property tax revenue.

For the Internal Service Fund, a proprietary fund type, the District reports insurance refunds received and claims paid as operating revenues and expenses, respectively. Other amounts are reported as non-operating.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. 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 source of funds is primarily transfers from the General Fund.
- The *Capital Projects Fund*; a capital projects fund type, accounts for the general obligation bond debt issuances and the related site acquisitions and construction costs for new and existing facilities, as well as the purchase of public safety emergency response apparatus. The principal resources are proceeds from debt issuance.

Additionally, the District reports the following fund types:

- Non-major governmental funds, including special revenue, debt service and other capital projects funds are reported in the aggregate.
- The *internal service fund* type includes the District's *Insurance Fund* and 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.
- The *fiduciary funds* account for assets held by the District in a trustee capacity under the terms of formal trust agreements. The District's trust funds are two pension trust funds, the *Pension Trust Fund*, and the *Volunteer Length of Service Award Plan (LOSAP) Fund*. The *Pension Trust Fund* accounts for the resources for the District's pension plan for employees who retired prior to July 16, 1981, and for the payments to

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

these retirees and beneficiaries thereunder. Compensation levels and years of service were frozen as of June 30, 1981, for purposes of computing plan benefits. The principal revenue source is employer contributions. The *Volunteer LOSAP Fund* accounts for the accumulation of resources for the District's Length of Service Award Plan for volunteer firefighters. The principal sources of revenue are employer contributions and earnings on investments.

Private sector standards of accounting and reporting issued prior to December 1, 1989, generally are followed in internal service fund financial statements to the extent that these standards do not conflict with or contradict the guidance of the Governmental Accounting Standards Board (GASB). The District has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial information.

D. Assets, liabilities, and net assets or fund balances

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, when purchased, 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. Short-term investments classified as cash equivalents are carried at amortized cost.

2. Investments

Investments are carried at fair value. Fair value is based on current market prices. Changes in the fair value of investments are recognized as revenue.

3. Receivables

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

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

considered delinquent. Accounts are periodically reviewed for collectability. At June 30, 2012, no allowance for doubtful accounts is considered necessary.

4. Supplies inventory and prepaid items

Inventory of supplies is valued at cost. In the governmental fund statements, expenditures are recognized when inventories are 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. One exception is in the Grants Fund, where prepaid insurance is recorded in the governmental statements based on the consumption method.

5. Restricted assets

Proceeds from the District's general obligation bonds are classified as restricted assets on the Balance Sheet/Statement of Net Assets because their use is limited by applicable bond covenants. The Capital Projects Fund is used to report proceeds of bond issuances that are restricted for use in construction. Similarly, amounts in the Debt Service Fund are restricted for payment of principal and interest on District obligations. Where both restricted and unrestricted resources are available, it is the District's policy to expend restricted resources first, then unrestricted as necessary.

6. Capital assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market 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. Replacements, which improve or extend the life of property, are capitalized. Interest incurred during construction is not capitalized as a capital asset. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures/expenses as incurred and are not capitalized.

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	4 - 17 years
Furniture, fixtures, and equipment	4 - 10 years

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

7. Liabilities for compensated absences

Accumulated accrued compensated absences for vacation and personal leave benefits are accrued when incurred in the Statement of Net Assets and Statement of Activities. A liability for those amounts is reported in governmental funds only if they have matured as a result of employee retirements or resignations. Accumulated sick leave does not vest and is, therefore, recorded when leave is taken.

8. Long-term debt

Long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, 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, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund balances

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. Those classifications are:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and 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

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

the governing body. Both the Fire Chief and the Chief Financial Officer have been given this authority by the Board.

- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any residual deficit fund balance as unassigned.

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 to be a balance sufficient to meet five months of operating costs in the General Fund.

E. Revenues

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 on November 15. Citizens who pay in full by November 15th receive a 3 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 fleet maintenance and occupational health services provided to external agencies and 2) grants and contributions that are restricted to meeting the District's operational or capital requirements of the public safety function.

F. Retirement plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). Contributions to OPERS are made on a current basis as required by the plan and are charged as expenses/expenditures.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

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 has a volunteer Length of Service Award Plan (LOSAP) benefiting its volunteer firefighters. Actuarially determined contributions to the LOSAP are funded annually by the District.

II. Stewardship, compliance, and accountability

A. 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 Trust, and Volunteer LOSAP Funds, which are budgeted on the accrual basis of accounting. The General Fund and its sub-funds are budgeted as five individual funds. They are combined in the Other Supplementary Information of this report.

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, and transfers out and contingencies are the levels of control established by the resolution with the exception of the General Fund, where those same appropriation levels are defined by directorate levels. The detailed budget document, however, contains more specific detailed 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 through the use of 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 in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board of Directors. The District adopted one budget transfer resolution during the year ended June 30, 2012. Appropriations lapse at year-end.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

III. Detailed notes on all accounts

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, 2012 was \$41,007,354 and the total bank balance was \$41,286,356. The District's demand deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC). Any amounts in excess of FDIC insurance would be secured in accordance with Oregon Revised Statutes 295 under 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, bank depositories are required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized, 25 percent if they are adequately capitalized or 110 percent of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110 percent by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

At June 30, 2012, the District's cash, cash equivalents, and investments are comprised of the following:

Cash on hand	\$ 891
Cash with county assessors	329,453
Deposits with financial institutions	41,007,354
State of Oregon Local Government Investment Pool	44,469,444
Investments:	
Open-ended mutual funds	518,324
	<hr/> <u>\$ 86,325,466</u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

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

	Governmental Activities	Fiduciary Funds
Cash and cash equivalents:		
Unrestricted	\$ 64,146,323	\$ 97,603
Restricted	21,563,216	
Investments:		518,324
Total cash, cash equivalents, and investments	<u>\$ 85,709,539</u>	<u>\$ 615,927</u>

The Oregon State Treasury Finance Division administers the 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 had 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, 2012, 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.

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

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

agreements, and the State of Oregon LGIP. The Pension Trust funds maintain a separate investment policy following fiduciary and trust investment guidelines and that allow investment in mutual funds in addition to the above investment types.

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company, and approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

B. Capital assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Increases	Decreases	Balance June 30, 2012
Governmental activities:				
Non-depreciable capital assets				
Land	\$ 11,425,560	\$ 1,452,166		\$ 12,877,726
Construction in progress	2,724,136	5,763,064	\$ (1,367,168)	7,120,032
Total capital assets, not being depreciated	<u>14,149,696</u>	<u>7,215,230</u>	<u>(1,367,168)</u>	<u>19,997,758</u>
Depreciable capital assets				
Buildings and improvements	52,940,839	562,010		53,502,849
Fire apparatus and other vehicles	27,424,412	7,505	(795,231)	26,636,686
Furniture, fixtures, and equipment	9,057,668	278,155	(601,910)	8,733,913
Total depreciable capital assets	<u>89,422,919</u>	<u>847,670</u>	<u>(1,397,141)</u>	<u>88,873,448</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,319,655)	(1,700,942)		(17,020,597)
Fire apparatus and other vehicles	(12,393,744)	(1,610,128)	471,498	(13,532,374)
Furniture, fixtures, and equipment	(5,111,471)	(789,448)	590,081	(5,310,838)
Total accumulated depreciation	<u>(32,824,870)</u>	<u>(4,100,518)</u>	<u>1,061,579</u>	<u>(35,863,809)</u>
Total capital assets being depreciated, net	<u>56,598,049</u>	<u>(3,252,848)</u>	<u>(335,562)</u>	<u>53,009,639</u>
Total capital assets, net of depreciation	<u>\$ 70,747,745</u>	<u>\$ 3,962,382</u>	<u>\$ (1,702,730)</u>	<u>\$ 73,007,397</u>

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

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

C. Interfund receivables, payables, and transfers

Interfund transfers for the year ended June 30, 2012 were as follows:

	Transfer In	Transfer Out
General Fund		\$ 1,200,000
Nonmajor governmental funds	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>

The District made transfers from the General Fund to the nonmajor governmental funds in the amount of \$1,200,000 to accumulate resources to fund emergency apparatus and vehicles, firefighting and emergency medical service equipment, and acquisition and construction costs for new or existing facilities.

For the year ended June 30, 2012, \$380,111 was paid into the District' Pension Trust and Volunteer LOSAP Funds (fiduciary funds). This expenditure in the Governmental Statement of Revenues, Expenditures and Changes in Fund Balance was reported as a transfer from the General Fund on a budgetary basis.

D. Operating Leases

The District leases copiers under non-cancelable operating leases. The total cost for these leases amounted to approximately \$66,500 for the year ended June 30, 2012. Future payments are due as follows:

Ending June 30,	Amount
2013	\$ 71,440
2014	68,305
2015	43,357
2016	<u>14,536</u>
	<u>\$ 197,638</u>

E. Long-term obligations

1. 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 \$20,000,000 issuance of 20-year bonds dated April 11, 2007, with stated interest rates on specific maturities ranging from 4.0 percent to 5.0

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

percent, the \$14,000,000 issuance of 15-year bonds dated March 17, 2009, with stated interest rates ranging from 3.0 percent to 4.375 percent, the \$15,000,000 issuance of 20-year bonds dated June 16, 2009, with stated interest rates ranging from 3.0 percent to 4.25 percent and the \$23,500,000 issuance of 20-year bonds dated June 2, 2011, with stated interest rates ranging from 2.0 percent to 5.0 percent. All these bond issues were for purposes of funding station construction and command center projects, seismic improvements, and to purchase land and fire apparatus. Interest rates vary by respective maturities. The District has no variable rate debt. At June 30, 2012, the District had \$5,000,000 of remaining authority to issue bonds.

Annual debt service requirements to maturity for the bonds are as follows:

Issue Dates	Original Issues	Principal			Outstanding at June 30, 2012	Due Within One Year	Interest Rates
		Outstanding at June 30, 2011	Additions	Reductions			
<u>General Obligation Bonds:</u>							
April 11, 2007	\$ 20,000,000	\$ 16,000,000		\$ (1,000,000)	\$ 15,000,000	\$ 1,000,000	4.00 - 4.250%
March 17, 2009	14,000,000	12,480,000		(960,000)	11,520,000	960,000	3.00 - 4.375
June 16, 2009	15,000,000	13,885,000		(570,000)	13,315,000	580,000	3.00 - 4.250
June 2, 2011	23,500,000	23,500,000		(865,000)	22,635,000	880,000	2.00 - 5.000
Total General Obligation Bonds	65,865,000			(3,395,000)	62,470,000	3,420,000	
Unamortized Premium	1,564,218			(82,585)	1,481,633	82,585	
Total	\$ 67,429,218			\$ (3,477,585)	\$ 63,951,633	\$ 3,502,585	
Outstanding issues are callable as follows:							
April 11, 2007 - at par plus accrued interest beginning April 1, 2017							
March 17, 2009 - at par plus accrued interest beginning March 1, 2019							
June 16, 2009 - at par plus accrued interest beginning June 15, 2019							
June 2, 2011 - at par plus accrued interest beginning June 1, 2021							

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

Future bond maturities are as follows:

Ending June 30,	Principal	Interest	Total
2013	\$ 3,420,000	\$ 2,419,635	\$ 5,839,635
2014	3,450,000	2,315,835	5,765,835
2015	3,485,000	2,211,285	5,696,285
2016	3,525,000	2,105,885	5,630,885
2017	3,565,000	1,990,785	5,555,785
2018-2022	18,720,000	7,888,425	26,608,425
2023-2027	17,910,000	3,938,669	21,848,669
2028-2032	8,395,000	793,027	9,188,027
	<u><u>\$ 62,470,000</u></u>	<u><u>\$ 23,663,546</u></u>	<u><u>\$ 86,133,546</u></u>

2. Compensated absences

Compensated absences activity for the year ended June 30, 2012, was as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Current Portion
Governmental activities:					
Compensated absences	<u><u>\$ 6,206,825</u></u>	<u><u>\$ 6,839,282</u></u>	<u><u>\$ (5,923,150)</u></u>	<u><u>\$ 7,122,957</u></u>	<u><u>\$ 5,463,308</u></u>

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, 2012, is recorded on the balance sheet. The entire balance is reported on the Statement of Net Assets. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

F. Reconciliation of Governmental Fund Statements to Entity-wide Statements of Net Assets and Activities

Governmental fund balances differ from net assets as presented in the Statement of Net Assets 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 assets in the Statement of Net Assets through consideration of the following:

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

Fund balance in the Governmental Fund Balance Sheet	\$ 80,066,505
 Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Net pension asset	
Prepaid items	1,121,509
Other post-employment benefit	32,586
Capital assets, net	73,007,397
Deferred revenue recognized on full accrual basis	3,819,387
Accrued compensated absences	(7,122,957)
Accrued interest payable on long-term debt	(387,707)
Long-term bond debt	(63,951,633)
Unamortized bond issuance costs	215,549
Net pension obligation	(653,745)
Net assets of Internal Service Funds combined with total governmental activities	<u>639,921</u>
Net assets in the Statement of Net Assets	<u><u>\$ 86,786,812</u></u>

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

Net changes in fund balances	\$ (2,245,284)
 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:	
Net increases in capital assets (\$6,360,170) less depreciation for the year (\$4,100,518)	
	2,259,652
Property taxes not meeting the measurable and available criteria	913,697
Expenditures in the Statement of Activities that do not require the use of current financial resources, and therefore, are not reported reported as expenditures in governmental funds.	28,411
Certain revenues recognized as measurable and available in the current year	13,939
Net increase in accrued compensated absences	(916,132)
Other post employment benefit	1,572
Net increase in net pension obligations	121,062
Payments on long-term debt and related expenses	3,484,231
 Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:	
Change in net assets of Internal Service fund combined with total governmental activities	<u>809</u>
Net change in net assets	<u><u>\$ 3,661,957</u></u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

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 \$100,000. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The District's industrial accident insurance policies allow a three-year retrospective annual premium adjustment until claims experience becomes available. Alternatively, the District may annually elect to close out one or more of the open claim years. Claim years for fiscal 2009, 2010, 2011 and 2012 remain open. The District's maximum liability for premiums related to these four open claim years is approximately \$1.5 million which represents the difference between the maximum possible premium less the premium paid. If the claims experience for any of these open claim years is favorable, the District could receive a refund of a portion of the premiums paid.

B. Related party transactions

The District contracts with Washington County Consolidated Communications Agency (WCCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2012, the District paid \$1,515,371 to WCCCA for dispatch fees and \$1,901 for equipment maintenance charges.

C. Deferred compensation plan

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, participating employees, who meet length of service requirements, receive a District matching contribution in an amount ranging from 3.5 percent to 5.0 percent of base wages. The District makes a similar match of 3.5 percent for non-bargaining employees. The District's contribution during fiscal year 2012 was \$1,149,307, of which \$864,573 was made for the bargaining unit employees.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

D. Employee retirement systems and pension plans

1. Oregon Public Employees Retirement System (PERS)

Plan Description - The Oregon Public Employees Retirement System (PERS or “the System”) provides statewide defined benefit and defined contribution retirement plans for units of state government, political subdivisions, community colleges, and school districts. For the District and state agencies, community colleges, school districts, and political subdivisions that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, Chapter 283A, and Internal Revenue Code 401(a) by the Public Employees Retirement Board. The Board has the authority under state statutes to amend the Plan's benefits and contribution rates. PERS issues financial reports, available to the public, that include financial statements and required supplementary information. The reports can be obtained from the Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, or by calling 503-598-7377.

The Plans offer retirement and disability benefits, post-employment healthcare benefits, annual cost of living increases, and death benefits to Plan members and beneficiaries. Benefits differ depending upon employee entry date. PERS Tier One and Tier Two plans, and the Oregon Public Service Employee's Retirement Plan (OPSRP) established for public employees hired after August 29, 2003, are established by state statutes to provide benefits for state and local governments and their employees. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature.

Funding Policy - The required employee contribution of six percent is paid by the District as a result of a collective bargaining agreement. The employee's six percent contribution is required to be remitted to the Individual Account Program (IAP) for all eligible employees under the ORS 238A Individual Account Program plan. The District also contributes the remaining amounts necessary to pay benefits when due. The employer rate adopted by the PERS board based on the December 31, 2009 actuarial valuation for the District for fiscal year 2011-12 was 15.11 percent for Tier One and Tier Two employees. For OPSRP employees, the District remitted contributions based on employee class. The OPSRP contribution rates were 6.67 percent for general service employees and 9.38 percent for police and fire employees.

Annual Pension Cost - The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees. The District's contributions to PERS were approximately \$8,015,000 for 2012, \$6,446,000 for 2011, and \$6,148,000 for 2010, equal to the required contributions each year.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

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. Administrative costs are paid with plan assets and consist primarily of professional services.

The Plan is maintained for three retired employees and three 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. Investments consist primarily of investments in the Oregon Local Government Investment Pool and open-end mutual funds.

Actuarial Methods and Assumptions - The total actuarial present value of accumulated plan benefits as of June 30, 2012, the date of the latest actuarial valuation, was \$2,803,775. All benefits are vested. Significant actuarial assumptions used in the valuation included (a) rate of return of 2.0% (reduced from 3.5% in the previous valuation), (b) cost of living increases of 2% percent for the 1976 Plan retirees and 2.0% to 3.5% percent for 1973 Plan retirees, and (c) mortality based upon static table pursuant to IRS Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2012. Because all pension participants are retired, the actuarial valuation of liabilities was performed by discounting expected future cash flows at the assumed rate of interest earned by assets. Assets are actuarially valued at market value. Unfunded liabilities are amortized over a 9-year open amortization period.

Funded Status - Based on the June 30, 2012 actuarial valuation, the annual pension costs are \$259,220. The Net Pension Obligation (NPO) as of June 30, 2012 is estimated at \$706,834. Pension benefits for retirees and beneficiaries for future years will be made on a pay-as-you-go basis. As benefits are paid over the remaining lifetime of the current participants, it is expected that the Net Pension Obligation will trend toward zero over the remaining lifetime of the current participants.

The Plan does not issue stand-alone financial reports.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 259,220	126.0%	\$ 706,834
2011	341,918	99.0	774,259
2010	330,355	0.0	770,000

Annual Pension Cost and Net Pension Obligation, June 30, 2012:

	Pension Trust Fund
Annual Required Contribution	\$ 336,733
Interest on NPO	15,485
Adjustment for NPO	<u>(92,998)</u>
Annual Pension Cost	259,220
Contributions - actuarially projected	<u>(326,645)</u>
Increase (decrease) in Net Pension Obligation	<u>(67,425)</u>
Net Pension Obligation - beginning of year	774,259
Net Pension Obligation - end of year	<u><u>\$ 706,834</u></u>

Condensed Statement of Net Assets, June 30, 2012:

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 307
NET ASSETS	
Held in trust for pension benefits	<u><u>\$ 307</u></u>

Changes in Net Assets for the year ended June 30, 2012:

	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 326,500
DEDUCTIONS	
Benefits	<u>326,645</u>
Change in net assets	(145)
Total net assets, July 1, 2011	452
Total net assets, June 30, 2012	<u><u>\$ 307</u></u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

3. Volunteer Length of Service Award Program (LOSAP)

Plan Description - The District adopted two *Volunteer Length of Service Award Programs* (known as the LOSAP plan) effective July 1, 1992, and July 1, 1998, for its volunteer firefighters. The District Finance Division administers investments and the investment mix consists primarily of investments in the Oregon Local Government Investment Pool and open-end mutual funds. The “1998 Program” was closed during the 2011-12 fiscal year and all eligible benefits were paid to the participants. The “1992 Program” was closed for crediting of additional future benefits on July 1, 1998.

The remaining “1992 Program” is accounted for as a single employer defined benefit plan and provides length of service award benefits of a lump sum amount based upon years of service. The Fire Chief, as the Plan Administrator, administers the plan and the Board of Directors provides oversight. Amendments to the plan 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.

Actuarial Methods and Assumptions - The June 30, 2012 actuarial valuation, the latest available, included rate of return of five percent and mortality based upon a static table for annuitants described in Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2012. Because the Plan no longer has active participants, and therefore no normal cost, the Entry age Normal was the sole method used in the current valuation. Assets are actuarially valued at market value. Under this method, the actuarial gains or losses, as they occur, reduce or increase the Unfunded Actuarial Accrued Liability while leaving the Normal Cost unchanged.

The actuarially determined annual required contribution in fiscal year 2012 was \$0, which was less than the actual contribution of \$53,611. There is no explicit assumption for future inflation, as benefits are not tied to inflation.

Funded Status and Funding Progress - As of June 30, 2012, the District's actuarial accrued liability (AAL) for benefits was \$538,315 and the actuarial value of assets was \$615,620, resulting in an unfunded actuarial accrued asset of \$(77,305). The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

The plan does not issue stand-alone financial reports.

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	\$ (26)	N/A	\$ (53,089)
2011	61,426	64%	548
2010	61,254	64%	(21,604)

Annual Pension Cost and Net Pension Obligation, June 30, 2012:

	Volunteer LOSAP Fund
Annual Required Contribution	
Interest on NPO	\$ 27
Adjustment for NPO	(53)
Annual Pension Cost	(26)
Contributions	<u>(53,611)</u>
Increase (decrease) in Net Pension Obligation (Asset)	(53,637)
Net Pension Obligation - beginning of year	<u>548</u>
Net Pension Obligation (Asset) - end of year	<u>\$ (53,089)</u>

Condensed Statement of Net Assets, June 30, 2012:

	Volunteer LOSAP Fund
ASSETS	
Cash and cash equivalents	\$ 97,296
Investments	<u>518,324</u>
Total assets	<u>615,620</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 615,620</u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

Condensed Statement of Changes in Net Assets, for the year ended June 30, 2012:

	Volunteer LOSAP Fund
ADDITIONS	
Contributions:	
Employer	<u>\$ 53,611</u>
Investment earnings:	
Net increase in the fair value of investments	<u>12,593</u>
Total additions	<u>66,204</u>
DEDUCTIONS	
Benefits	<u>374,678</u>
Total deductions	<u>374,678</u>
Change in net assets	(308,474)
Total net assets, July 1, 2011	<u>924,094</u>
Total net assets, June 30, 2012	<u>\$ 615,620</u>

E. Other post-employment benefits (OPEB)

1. Health Benefit Retiree Program

Plan Description - The District's Health Benefit Retiree Program was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The District accounts for the resources and expenditures associated with funding this single-employer program through the Retiree Medical Insurance Stipend Fund. The District's Health Benefit Retiree Program has two components: the Explicit Benefit Plan and the Self-Pay Health Plan. The Explicit Benefit Plan is comprised of several agreements made between the District and various employees and employee groups. Under the plan, certain union and non-union retirees are eligible for an explicit benefit in the form of a monthly stipend. This plan is closed to current active employees. The Self-Pay Health Plan is provided in accordance with ORS 243.303, which requires that retirees, including those ineligible for an explicit benefit, be allowed to continue their health care coverage at their own expense. Since union actives continue their coverage through the Union Trust, only non-union actives are eligible to continue their

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

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.

Funding Policy – Under the Explicit Benefit Plan, based upon past contractual arrangements with the District's bargaining unit, the District currently pays amounts for medical insurance for retirees until they reach 65 years of age. This benefit is determined by the retiring employee's years of service and ranges from \$50 to \$100 per month. A similar arrangement was extended to the retired non-bargaining employees. Under the Self-Pay Health Plan, the District makes no contributions. As of June 30, 2011, the date of the most recent actuarial valuation, there were 109 active employees and 61 retirees and surviving spouses included in the Health Benefit Retiree Program.

Annual OPEB Cost and Net OPEB Obligation - The District's annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance within the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

	Retiree Medical Insurance Stipend Fund
Annual Required Contribution	\$ 148,553
Interest on NPO	(930)
Adjustment for NPO	<u>1,582</u>
Annual OPEB Cost	<u>149,205</u>
Expected Contributions	<u>(150,777)</u>
Increase (Decrease) in Net Pension Obligation	(1,572)
Net Pension Obligation (Asset) - beginning of year	<u>(31,014)</u>
Net Pension Obligation (Asset) - end of year	<u><u>\$ (32,586)</u></u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2012 were as follows:

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2012	\$ 149,205	101.05%	\$ (32,586)
2011	148,455	124.01	(31,014)
2010	135,015	93.57	4,636

Funded Status and Funding Progress - As of June 30, 2012, the District's actuarial accrued liability (AAL) for benefits was \$1,766,057, and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,766,057 on a covered payroll of \$8,460,763. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For the governmental activities, OPEBs are generally liquidated by the General Fund.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about the future employment, mortality, claim cost, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial cost method used to determine the Annual Required Contribution (ARC) for this plan was the Entry Age Normal (EAN) method. Under this method, the District adopted the Level Dollar alternative to apply the EAN method, where the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants in such a way that annual costs are expected to remain level. The actuarial assumptions included a discount rate of three percent and a 55 percent assumption of participants who elect medical coverage at retirement; ten percent of whom will also elect to continue dental coverage at retirement. They also assume medical and vision premiums would increase at 8.5 percent inflation for the current year, grading down to an annual rate of five percent after eight years, which is consistent with expectations for long-term health care cost inflation. An open period was used for the medical portion of the plan and a closed period was used to amortize the unfunded liability

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

attributed to the stipend. There is no explicit assumption for future inflation, as benefits are not tied to inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS.

2. PERS Retirement Health Insurance Account (RHIA)

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statutes (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR 97281-37400.

Funding Policy – Given that RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount up to \$60 shall be paid from the RHIA toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the 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. 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.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes .59 percent of annual covered Tier 1 and Tier 2 payroll and .50 percent of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

for the years ended June 30, 2012, 2011, and 2010 were approximately \$236,000, \$112,000, and \$102,500 respectively.

3. Retiree Health Plan for Local 1660 Members

Plan Description – The District contributes to the IAFF Local 1660 Union Health Trust, a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by Local 1660. The Health Trust provides medical benefits to retired employees of participating fire districts. The authority to establish and amend benefit provisions remains with Local 1660. The Health Trust issues a publicly available financial report that includes financial statements and required supplementary information for the retiree health plan. That report may be obtained by writing to Mr. Rocky L. Hanes, President, IAFF Local 1660, P.O. Box 1904, Lake Oswego, OR 97035.

Funding Policy - Local 1660 sets the contribution requirements for the retirees of the participating employers and they may be amended by the Local 1660 board of trustees. Currently, retirees must self-pay for their retiree health coverage and health coverage is only available until attainment of age 65. Retired members and beneficiaries receiving benefits contribute an average of \$1,169 and \$142 per month for medical and dental coverage, respectively to age 65.

Participating fire districts are contractually required to contribute at a monthly per employee rate negotiated with Local 1660. The negotiated per employee rate reflects the on-going net claims costs for retired members, but is not directly based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The District's contributions to the Union Health Trust specifically for retiree benefits for the plan years ended June 30, 2012, 2011 and 2010 were \$5,460, \$8,940, and \$9,540 respectively, which equaled the required contributions as negotiated for each year.

F. Commitments and contingencies

As of June 30, 2012, the District is committed under various accepted bid agreements and contracts for approximately \$5,739,000 for goods, services and construction of facilities.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2012

On August 28, 2012, the Board voted to authorize the District to enter into a purchase agreement for the purchase of two water tender apparatus in the amount of \$638,685. The construction of these apparatus will be completed in June, 2013.

The District receives funding for the majority of costs of nine firefighter positions through a two-year grant which requires the District provide a third year match by requiring the District to fully fund the nine positions a year beyond the two year grant period ending May 1, 2013. The District's commitment for these firefighting positions is estimated at approximately \$1,200,000.

The District has been named in litigation regarding property damage during a fire. The District's Oregon Tort liability limits are limited to \$50,000 for property damage and the District's insurance company is vigorously defending the merits of the claim. The District expects the risk of any loss to be negligible.

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Required Supplementary Information

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Tualatin Valley Fire and Rescue
Required Supplementary Information

June 30, 2012

**Schedule of Funding Progress
Single-Employer Defined Benefit Pension Plan**

Actuarial		Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	(UAAL) ⁽⁴⁾	Percent Funded	Covered Payroll
2012	\$ 307	\$ 2,803,775	\$ (2,803,468)		0.00%	N/A	
2010	2,191	2,921,875	(2,919,684)		0.00	N/A	
2008	1,002,973	2,603,541	(1,600,568)		39.00	N/A	

**Schedule of Funding Progress
Volunteer Length of Service Award Plan**

Actuarial		Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	FAAL/ (UAAL) ⁽⁴⁾	Percent Funded	Covered Payroll
2012	\$ 615,620	\$ 538,315	\$ 77,305		114.36%	N/A	
2010	801,161	982,436	(181,275)		81.55	N/A	
2008	823,021	939,824	(116,803)		87.57	N/A	

**Schedule of Funding Progress
Health Benefit Retiree Program**

Actuarial		Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	(UAAL) ⁽⁴⁾	Percent Funded	Covered Payroll	UAAL ⁽³⁾
2011		\$ 1,806,831	\$ (1,806,831)		0.00%	\$ 8,460,763		21.36%
2009		1,721,578	(1,721,578)		0.00	7,450,107		23.11%

⁽¹⁾ Actuarial Value of Assets

⁽²⁾ Actuarial Accrued Liability

⁽³⁾ As a Percentage of Covered Payroll

⁽⁴⁾ Funded/Unfunded Actuarial Accrued Liability

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Other Supplementary Information

**Combining and Individual
Fund Financial Statements and
Schedules**

Tualatin Valley Fire and Rescue
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 65,230	\$ 66,018	\$ 788
Grant revenue		291,254	291,254
Miscellaneous	95,068	8,186	(86,882)
Total revenues	160,298	365,458	205,160
Expenditures			
Capital outlay	13,706,217	5,902,757	7,803,460
Operating contingency	1,844,150		1,844,150
Total expenditures	15,550,367	5,902,757	9,647,610
Excess (deficiency) of revenues over (under) expenditures	(15,390,069)	(5,537,299)	9,852,770
 Fund balance - July 1, 2011	 26,092,306	 26,410,167	 317,861
Fund balance - June 30, 2012	\$ 10,702,237	\$ 20,872,868	\$ 10,170,631

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 Fund

Grants Fund – accounts for the resources used for the acquisition of items approved through awarded grants

Debt Service Fund

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

Capital Projects Fund

Property and Building Fund – accounts for the proceeds of general obligation bond issue and expenditures to be funded with those proceeds, such as construction costs for new and existing facilities

Tualatin Valley Fire and Rescue
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	<i>Special</i>			
	Revenue Fund Type	Debt Service Fund Type	Capital Projects Fund Type	
			Property and Building Fund	Total Nonmajor Governmental Funds
	Grants Fund	Debt Service Fund		
Assets				
Cash and cash equivalents	\$ 48,428	\$ 1,577,949	\$ 6,796,573	\$ 8,422,950
Receivables:				
Property taxes receivable		286,887		286,887
Accounts receivable	223,467			223,467
Prepaid expenses	18,670			18,670
Total assets	<u>\$ 290,565</u>	<u>\$ 1,864,836</u>	<u>\$ 6,796,573</u>	<u>\$ 8,951,974</u>
Liabilities and Fund Balances				
Liabilities:				
Deferred revenue		\$ 260,687		\$ 260,687
Total liabilities	<u></u>	<u>\$ 260,687</u>	<u></u>	<u>\$ 260,687</u>
Fund balances:				
Non-spendable	\$ 18,670			18,670
Restricted	71,895	1,604,149		1,676,044
Assigned	200,000		\$ 6,796,573	6,996,573
Total fund balances	<u>\$ 290,565</u>	<u>1,604,149</u>	<u>\$ 6,796,573</u>	<u>8,691,287</u>
Total liabilities and fund balances	<u>\$ 290,565</u>	<u>\$ 1,864,836</u>	<u>\$ 6,796,573</u>	<u>\$ 8,951,974</u>

Tualatin Valley Fire and Rescue
**Combining Statement of Revenues,
 Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds**
 For the Year Ended June 30, 2012

	Special Revenue Fund Type	Debt Service Fund Type	Capital Projects Fund Type	Total Nonmajor Governmental Funds
	Grants Fund	Debt Service Fund	Property and Building Fund	
Revenues				
Taxes		\$ 6,262,284		\$ 6,262,284
Interest		16,890	\$ 32,489	49,379
Grants and donations	\$ 780,975			780,975
Total revenues	<u>780,975</u>	<u>6,279,174</u>	<u>32,489</u>	<u>7,092,638</u>
Expenditures				
Current				
Public safety:				
Personnel services	765,678			765,678
Materials and services	15,297			15,297
Debt service:				
Principal		3,395,000		3,395,000
Interest		2,520,412		2,520,412
Capital outlay			437,955	437,955
Total expenditures	<u>780,975</u>	<u>5,915,412</u>	<u>437,955</u>	<u>7,134,342</u>
Excess (deficiency) of revenues over (under) expenditures		363,762	(405,466)	(41,704)
Other Financing Sources				
Transfers in	200,000		1,000,000	1,200,000
Net change in fund balances	200,000	363,762	594,534	1,158,296
Fund balances - July 1, 2011	90,565	1,240,387	6,202,039	7,532,991
Fund balances - June 30, 2012	<u>\$ 290,565</u>	<u>\$ 1,604,149</u>	<u>\$ 6,796,573</u>	<u>\$ 8,691,287</u>

Tualatin Valley Fire and Rescue
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Grants and donations	\$ 1,103,314	\$ 780,975	\$ (322,339)
Expenditures			
Personnel services	1,114,467	765,678	348,789
Materials and services	32,000	15,297	16,703
Operating contingency	247,402		247,402
Total expenditures	<u>1,393,869</u>	<u>780,975</u>	<u>612,894</u>
Excess (deficiency) of revenues over (under) expenditures	(290,555)		(935,232)
Other Financing Sources			
Transfers in	<u>200,000</u>	<u>200,000</u>	<u></u>
Net change in fund balances	(90,555)	200,000	290,555
Fund balance - July 1, 2011	<u>90,555</u>	<u>90,565</u>	<u>10</u>
Fund balance - June 30, 2012	<u>\$ 290,565</u>	<u>\$ 290,565</u>	<u>\$ 290,565</u>

Tualatin Valley Fire and Rescue

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 6,289,693	\$ 6,262,284	\$ (27,409)
Interest	9,320	16,890	7,570
Total revenues	<u>6,299,013</u>	<u>6,279,174</u>	<u>(19,839)</u>
Expenditures			
Debt service:			
Principal	3,395,000	3,395,000	
Interest	2,520,413	2,520,412	1
Total expenditures	<u>5,915,413</u>	<u>5,915,412</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	383,600	363,762	(19,838)
Fund balance - July 1, 2011	<u>826,218</u>	<u>1,240,387</u>	<u>414,169</u>
Fund balance - June 30, 2012	<u>\$ 1,209,818</u>	<u>\$ 1,604,149</u>	<u>\$ 394,331</u>

Tualatin Valley Fire and Rescue
Property and Building Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 32,826	\$ 32,489	\$ (337)
Expenditures			
Capital outlay	625,000	437,955	187,045
Operating contingency	1,924,248		1,924,248
Total expenditures	<u>2,549,248</u>	<u>437,955</u>	<u>2,111,293</u>
Excess (deficiency) of revenues over (under) expenditures	(2,516,422)	(405,466)	2,110,956
Other Financing Sources			
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u></u>
Net change in fund balances	(1,516,422)	594,534	2,110,956
Fund balance - July 1, 2011	6,077,010	6,202,039	125,029
Fund balance - June 30, 2012	<u>\$ 4,560,588</u>	<u>\$ 6,796,573</u>	<u>\$ 2,235,985</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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 3,432	\$ 3,383	\$ (49)
Insurance refunds		8,595	8,595
Total revenues	<u>3,432</u>	<u>11,978</u>	<u>8,546</u>
Expenditures			
Materials and services	<u>638,772</u>	<u>11,169</u>	<u>627,603</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(635,340)	809	636,149
Fund balance - July 1, 2011	635,340	639,112	3,772
Fund balance - June 30, 2012	<u>\$</u> <u>639,921</u>	<u>\$</u> <u>639,921</u>	<u>\$</u> <u>639,921</u>

Tualatin Valley Fire and Rescue
Combining Statement of Net Assets
Fiduciary Funds
June 30, 2012

	Pension Trust Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 307	\$ 97,296	\$ 97,603
Investments, mutual funds at fair value		518,324	518,324
Total assets	<u>307</u>	<u>615,620</u>	<u>615,927</u>
Net Assets			
Held in trust for pension benefits	<u><u>\$ 307</u></u>	<u><u>\$ 615,620</u></u>	<u><u>\$ 615,927</u></u>

Tualatin Valley Fire and Rescue
Combining Statement of Changes in Net Assets
Fiduciary Funds
 For the Year Ended June 30, 2012

	Pension Trust Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Additions			
Contributions:			
Employer	\$ 326,500	\$ 53,611	\$ 380,111
Investment earnings:		12,594	12,594
Total additions	<u>326,500</u>	<u>66,205</u>	<u>392,705</u>
Deductions			
Benefits	<u>326,645</u>	<u>374,679</u>	<u>701,324</u>
Change in net assets	(145)	(308,474)	(308,619)
Total net assets, July 1, 2011	<u>452</u>	<u>924,094</u>	<u>924,546</u>
Total net assets, June 30, 2012	<u>\$ 307</u>	<u>\$ 615,620</u>	<u>\$ 615,927</u>

**Tualatin Valley Fire and Rescue
Pension Trust Fund**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures			
Personnel services	\$ 367,916	\$ 326,645	\$ 41,271
Materials and services	10,000		10,000
Total expenditures	<u>377,916</u>	<u>326,645</u>	<u>51,271</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(377,916)	(326,645)	51,271
Other Financing Sources			
Transfers in	<u>377,916</u>	<u>326,500</u>	<u>(51,416)</u>
Net change in fund balances		(145)	(145)
Fund balance - July 1, 2011		452	452
Fund balance - June 30, 2012	<u>\$</u>	<u>\$</u> 307	<u>\$</u> 307

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, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ 44,740	\$ 12,594	\$ (32,146)
Expenditures			
Personnel services	<u>992,346</u>	<u>374,679</u>	<u>617,667</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(947,606)</u>	<u>(362,085)</u>	<u>585,521</u>
Other Financing Sources			
Transfers in	<u>53,611</u>	<u>53,611</u>	<u></u>
Net change in fund balances	(893,995)	(308,474)	585,521
Fund balance - July 1, 2011	<u>893,995</u>	<u>924,094</u>	<u>30,099</u>
Fund balance - June 30, 2012	<u>\$</u> <u>615,620</u>	<u>\$</u> <u>615,620</u>	<u>\$</u> <u>615,620</u>

GENERAL FUND

These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this category roll into the General Fund in the combined basic financial statements and are:

Apparatus Fund – accounts for the accumulation of resources for emergency service apparatus and vehicles

Capital Improvements Fund – accounts for the accumulation of resources for firefighting, emergency medical service, office and fire technology and other equipment

Emergency Management Fund – accounts for resources used in regional emergency preparedness

Retiree Medical Insurance Stipend Fund – accounts for the accumulation of resources to be used for the payment of post-employment health benefits

Tualatin Valley Fire and Rescue
Combining Balance Sheet
General Fund
June 30, 2012

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Stipend Fund	Eliminations	Total General Fund
Assets							
Cash and cash equivalents	\$ 44,107,971	\$ 3,169,272	\$ 7,680,645	\$ 1,818	\$ 123,746		\$ 55,083,452
Receivables:							
Property taxes receivable	3,875,062						3,875,062
Accounts receivable	137,288						197,705
Due from other funds	53,756						
Supplies inventory	275,878						275,878
Total assets	<u>\$ 48,449,955</u>	<u>\$ 3,169,272</u>	<u>\$ 7,686,645</u>	<u>\$ 56,235</u>	<u>\$ 123,746</u>	<u>\$ (53,756)</u>	<u>\$ 59,432,097</u>
90 Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ 602,889			\$ 132,999	\$ 2,479		\$ 738,367
Accrued salaries and benefits payable	4,632,680						4,632,680
Due to other funds	3,558,700			53,756		\$ (53,756)	
Deferred revenue	8,794,269						3,558,700
Total liabilities				<u>132,999</u>	<u>56,235</u>	<u>(53,756)</u>	<u>8,929,747</u>
Fund balances:							
Nonspendable	275,878						275,878
Committed							10,846,664
Unassigned	39,379,808	\$ 3,169,272	7,553,646		\$ 123,746		39,379,808
Total fund balances	<u>39,655,686</u>	<u>3,169,272</u>	<u>7,553,646</u>		<u>123,746</u>		<u>50,502,350</u>
Total liabilities and fund balances	<u>\$ 48,449,955</u>	<u>\$ 3,169,272</u>	<u>\$ 7,686,645</u>	<u>\$ 56,235</u>	<u>\$ 123,746</u>	<u>\$ (53,756)</u>	<u>\$ 59,432,097</u>

Tualatin Valley Fire and Rescue
Combining Schedule of Revenues,
Expenditures and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2012

	General Fund	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Retiree Medical Insurance Spend Fund	Eliminations	Total General Fund
Revenues							
Program Revenues:							
Charges for services	\$ 1,308,643						\$ 1,308,643
Operating grants and contributions		670					670
General Revenues:							
Taxes	72,127,769						72,127,769
Interest	178,919	\$ 11,384	\$ 33,910		\$ 779		224,992
Insurance refunds	179,479						179,479
Miscellaneous	214,367						214,367
Total revenues	<u>74,009,847</u>	<u>11,384</u>	<u>33,910</u>		<u>779</u>		<u>74,055,920</u>
Expenditures							
Current							
Public safety:							
Personnel services	61,740,442			\$ 35,737	56,515	\$ 380,111	62,212,805
Materials and services	7,509,188			3,627			7,512,815
Capital outlay							
Total expenditures	<u>69,249,630</u>	<u></u>	<u>1,269,273</u>	<u>39,364</u>	<u>56,515</u>	<u>380,111</u>	<u>1,269,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,760,217</u>	<u>11,384</u>	<u>(1,235,363)</u>	<u>(39,364)</u>	<u>(55,736)</u>	<u>(380,111)</u>	<u>70,994,893</u>
Other Financing Sources (Uses)							
Transfers in							
Transfers out	(5,469,475)						
Sale of surplus property	461	267,160	5,071			4,269,475	(1,200,000)
Total other financing sources	<u>(5,469,014)</u>	<u>1,367,160</u>	<u>2,755,071</u>	<u>39,364</u>		<u>380,111</u>	<u>272,692</u>
Net change in fund balances	(708,797)	1,378,544	1,519,708		(55,736)		(927,308)
Fund balances - July 1, 2011	40,364,483	1,790,728	6,033,938		179,482		2,133,719
Fund balances - June 30, 2012	<u>\$ 39,655,686</u>	<u>\$ 3,169,272</u>	<u>\$ 7,553,646</u>	<u>\$ 123,746</u>	<u>\$</u>	<u>\$</u>	<u>48,368,631</u>
							<u>\$ 50,502,350</u>

Tualatin Valley Fire and Rescue
Apparatus Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	<u>\$ 9,392</u>	<u>\$ 11,384</u>	<u>\$ 1,992</u>
Expenditures			
Operating contingency	500,000	500,000	500,000
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,608)</u>	<u>11,384</u>	<u>501,992</u>
Other Financing Sources			
Transfers in	1,186,737	1,100,000	(86,737)
Sales of surplus property	<u>267,160</u>	<u>267,160</u>	<u>267,160</u>
Total other financing sources	<u>1,186,737</u>	<u>1,367,160</u>	<u>180,423</u>
Net change in fund balances	696,129	1,378,544	682,415
Fund balance - July 1, 2011	1,790,991	1,790,728	(263)
Fund balance - June 30, 2012	<u>\$ 2,487,120</u>	<u>\$ 3,169,272</u>	<u>\$ 682,152</u>

Tualatin Valley Fire and Rescue
Capital Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 32,187	\$ 33,910	\$ 1,723
Expenditures			
Capital outlay	2,628,742	1,269,273	1,359,469
Operating contingency	2,683,160		2,683,160
Total expenditures	<u>5,311,902</u>	<u>1,269,273</u>	<u>4,042,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,279,715)</u>	<u>(1,235,363)</u>	<u>4,044,352</u>
Other Financing Sources			
Transfers in	3,109,354	2,750,000	(359,354)
Sale of surplus property		5,071	5,071
Total other financing sources	<u>3,109,354</u>	<u>2,755,071</u>	<u>(354,283)</u>
Net change in fund balances	(2,170,361)	1,519,708	3,690,069
Fund balance - July 1, 2011	5,507,962	6,033,938	525,976
Fund balance - June 30, 2012	<u>\$ 3,337,601</u>	<u>\$ 7,553,646</u>	<u>\$ 4,216,045</u>

Tualatin Valley Fire and Rescue
Emergency Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures			
Current			
Public safety:			
Personnel services	\$ 44,743	\$ 35,737	\$ 9,006
Materials and services	9,061	3,627	5,434
Total expenditures	<u>53,804</u>	<u>39,364</u>	<u>14,440</u>
Other Financing Sources			
Transfers in	53,804	39,364	(14,440)
Net change in fund balances			
Fund balance - July 1, 2011			
Fund balance - June 30, 2012	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>

Tualatin Valley Fire and Rescue
Retiree Medical Insurance Stipend Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2012

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 708	\$ 779	\$ 71
Expenditures			
Current:			
Personnel services	74,661	56,515	18,146
Total expenditures	<u>74,661</u>	<u>56,515</u>	<u>18,146</u>
Excess (deficiency) of revenues over (under) expenditures	(73,953)	(55,736)	18,217
Fund balance - July 1, 2011	173,360	179,482	6,122
Fund balance - June 30, 2012	<u>\$ 99,407</u>	<u>\$ 123,746</u>	<u>\$ 24,339</u>

Tualatin Valley Fire and Rescue
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2012

Tax Year	Taxes		Add		(Deduct)		Taxes			
	Uncollected	Add Levy as	(Deduct)	Add	Cancellations	(Deduct)	Uncollected			
	June 30,	Extended by	Discounts	Interest	and	Adjustments	June 30,			
Tax Year	2011	Assessor	Allowed	Received		Adjustments	Collections	2012		
2011-12	-	\$ 81,106,617	\$ (2,062,976)	\$ 27,308	\$ 49,095	\$ (76,988,839)	\$ 2,131,205			
2010-11	\$ 1,933,009		12,265	82,854	(43,905)	(843,234)	1,140,989			
2009-10	818,922		8,084	69,301	(41,177)	(185,328)	669,802			
2008-09	404,412		32	75,247	(11,678)	(334,885)	133,128			
2007-08	109,398		12	25,578	(4,439)	(97,228)	33,321			
2006-07	28,680		10	2,977	(2,285)	(9,087)	20,295			
2005-06 and prior	48,280			3,456	(6,537)	(11,990)	33,209			
Total prior	3,342,701		20,403	259,413	(110,021)	(1,481,752)	2,030,744			
Total	\$ 3,342,701	\$ 81,106,617	\$ (2,042,573)	\$ 286,721	\$ (60,926)	\$ (78,470,591)	\$ 4,161,949			
<hr/>										
Reconciliation to tax revenues on combined financial statements:										
Property tax collections above				\$ 72,209,667	\$ 6,260,924	\$ 78,470,591				
Property taxes susceptible to accrual at June 30, 2012				340,361	26,200	366,561				
Property taxes susceptible to accrual at June 30, 2011				(435,430)	(25,579)	(461,009)				
Taxes in lieu of property taxes				13,171	739	13,910				
Tax revenues (page 35)				\$ 72,127,769	\$ 6,262,284	\$ 78,390,053				
<hr/>										
DISTRIBUTED AS FOLLOWS:										
Property Taxes										
Current										
Levy										
Prior										
Years										
Taxes in Lieu of										
Property										
Taxes										
Uncollected										
June 30,										
2012										
General Fund	\$ 71,036,469	\$ 1,078,128	\$ 13,171	\$ 72,127,769	\$ 3,875,062					
Debt Service Fund	6,203,390	58,155	739	6,262,284	286,887					
Total	\$ 77,239,860	\$ 1,136,283	\$ 13,910	\$ 78,390,053	\$ 4,161,949					

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 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.	99
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	103
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.	107
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.	110
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.	112
Sources Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

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Tualatin Valley Fire and Rescue
Net Assets by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

Governmental Activities:	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Invested in capital assets, net of related debt	\$ 18,050,203	\$ 19,494,131	\$ 23,463,387	\$ 27,938,890	\$ 25,440,690	\$ 26,022,160
Restricted	993,589	858,636	1,031,033	1,165,747	1,273,796	1,321,652
Unrestricted	26,115,793	27,576,532	28,809,681	30,663,907	39,349,635	46,748,396
Total primary government net assets	<u>\$ 45,159,585</u>	<u>\$ 47,929,299</u>	<u>\$ 53,304,101</u>	<u>\$ 59,768,544</u>	<u>\$ 66,064,121</u>	<u>\$ 74,092,208</u>

Tualatin Valley Fire and Rescue
Changes in Net Assets
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
Public safety - fire protection	\$ 47,918,975	\$ 50,656,606	\$ 53,100,610	\$ 56,652,973	\$ 58,872,384	\$ 61,874,697
Interest on long-term debt	426,663	342,004	280,733	210,432	359,307	921,830
Loss on sale of capital assets			77,030			38,671
Total primary government expenses	48,345,638	50,998,610	53,458,373	56,863,405	59,231,991	62,835,198
Program Revenues						
Governmental activities:						
Charges for services (1)	5,403,408	3,767,913	704,506	818,382	852,678	916,859
Operating grants and contributions	65,000	197,112	1,794,138	606,864	583,497	277,094
Capital grants and contributions				1,453,268		68,535
Total primary government program revenues	5,468,408	3,965,025	2,498,644	2,878,514	1,436,175	1,262,488
Total primary government net expense	(42,877,230)	(47,033,585)	(50,959,729)	(53,984,891)	(57,795,516)	(61,572,710)
General Revenues and Other						
Changes in Net Assets						
Property taxes	47,122,028	48,961,590	55,233,714	58,118,393	61,211,437	66,146,305
Investment earnings	549,532	484,643	875,339	1,645,622	2,504,630	2,755,890
Gain on sale of capital assets	193,733	204,634		42,130	20,567	
Insurance refunds	234,107	119,642		148,656	450,318	273,161
Miscellaneous	199,856	32,790		76,822	192,871	81,298
Total primary government	48,299,276	49,803,299	56,334,531	60,449,334	64,091,093	69,600,797
Change in Net Assets						
Total primary government	\$ 5,422,046	\$ 2,769,714	\$ 5,374,802	\$ 6,464,443	\$ 6,295,577	\$ 8,028,087

⁽¹⁾ In 2005, the annexation of the City of West Linn replaced charges for services revenue with property tax revenue.

Tualatin Valley Fire and Rescue
Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting⁽²⁾)

	Fiscal Year						2011	2012
	2003	2004	2005	2006	2007	2008		
General Fund								
Reserved	\$ 198,660	\$ 177,847	\$ 204,312	\$ 225,511	\$ 236,315	\$ 272,292	\$ 302,466	
Unreserved	\$ 20,516,145	\$ 20,213,268	\$ 22,218,710	\$ 25,737,059	\$ 30,458,483	\$ 34,934,854	\$ 36,809,276	\$ 275,878
Non-spendable								
Restricted								
Committed								
Assigned								
Total general fund	<u>\$ 20,714,805</u>	<u>\$ 20,391,115</u>	<u>\$ 22,423,022</u>	<u>\$ 25,962,570</u>	<u>\$ 30,694,798</u>	<u>\$ 35,207,146</u>	<u>\$ 37,111,742</u>	<u>\$ 40,080,565</u>
All Other Governmental Funds								
Reserved	\$ 1,261,284	\$ 1,235,280	\$ 1,339,277	\$ 1,428,618	\$ 17,868,637	\$ 11,340,917	\$ 22,908,804	
Unreserved, reported in								
Special revenue funds	\$ 3,870,283	\$ 4,119,430	\$ 2,801,691	\$ 2,523,009	\$ 4,451,489	\$ 6,706,623	\$ 7,343,692	
Capital projects fund	\$ 1,820,528	\$ 2,656,074	\$ 4,224,381	\$ 3,882,796	\$ 5,848,944	\$ 5,982,171	\$ 5,959,548	
Non-spendable								
Restricted								
Committed								
Assigned								
Unassigned								
Total all other governmental funds	<u>\$ 6,952,095</u>	<u>\$ 8,010,784</u>	<u>\$ 8,365,349</u>	<u>\$ 7,834,423</u>	<u>\$ 28,169,070</u>	<u>\$ 24,029,711</u>	<u>\$ 36,212,044</u>	<u>\$ 33,943,158</u>

⁽¹⁾Fiscal years 2005 and prior were not restated for compensated absences.

⁽²⁾GASB 54 was implemented in fiscal year 2011. Fund balances were restated for fiscal year 2010 forward.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 47,084,315	\$ 48,939,210	\$ 55,433,542	\$ 58,139,673	\$ 61,007,196	\$ 65,684,260	\$ 67,581,260	\$ 72,431,406	\$ 75,053,455	\$ 78,390,053
Interest	539,707	476,100	860,920	1,614,208	2,469,936	2,720,574	992,093	402,132	296,086	340,389
Charges for services	5,416,815	3,767,482	702,918	831,114	848,145	895,648	728,156	583,312	763,085	1,308,643
Insurance refunds	68,090	92,129	142,632	383,678	239,646	641,668	230,599	415,446	655,797	179,479
Grants and donations	284,765	197,112	1,256,727	606,864	230,399	190,593	81,762	225,052	156,951	1,072,899
Miscellaneous		82,602	70,635	181,377	73,987	47,083	89,484	104,552	93,638	222,553
Total revenues	<u>53,393,692</u>	<u>53,554,635</u>	<u>58,467,374</u>	<u>61,756,914</u>	<u>64,869,309</u>	<u>70,179,826</u>	<u>69,703,284</u>	<u>74,161,900</u>	<u>77,019,012</u>	<u>81,514,016</u>
Expenditures										
Current										
Public safety	44,450,102	48,012,106	49,622,079	53,080,053	55,487,788	58,494,214	61,873,639	65,697,931	67,630,668	70,506,595
Capital outlay	2,805,918	3,331,000	4,622,077	5,448,168	3,026,118	8,163,030	19,875,402	13,007,737	12,993,142	7,609,985
Debt service:										
Principal	2,835,000	1,520,000	1,582,100	1,190,000	1,280,000	2,375,000	2,475,000	2,115,000	2,520,000	3,395,000
Interest	435,485	345,908	287,532	225,450	170,200	931,892	841,575	1,798,179	1,738,673	2,520,412
Total expenditures	<u>50,526,205</u>	<u>53,209,014</u>	<u>56,113,788</u>	<u>59,943,671</u>	<u>59,964,106</u>	<u>69,964,136</u>	<u>85,065,616</u>	<u>82,618,847</u>	<u>84,882,483</u>	<u>84,031,992</u>
over (under) expenditures										
2,867,487	345,621	2,353,586	1,813,243	4,905,203	215,690	(15,362,332)	(8,456,947)	(7,863,471)	(2,517,976)	
Other Financing Sources (Uses)										
Proceeds from debt issuance	1,437,100				20,000,000		29,000,000		23,500,000	
Premiums from debt issuance										1,249,264
Proceeds from sales of surplus property	443,350	389,378	32,886	173,229	161,672	157,299	86,857	533,967	25,190	272,692
Transfers in	4,576,464	3,488,460	4,002,535	4,090,853	2,604,257	2,704,125	3,205,453	4,641,755	3,185,885	1,200,000
Transfers out	(4,611,464)	(3,488,460)	(4,002,535)	(4,090,853)	(2,664,257)	(2,704,125)	(3,205,453)	(4,641,755)	(3,185,885)	(1,200,000)
Total other financing sources (uses)	<u>1,845,450</u>	<u>389,378</u>	<u>32,886</u>	<u>173,229</u>	<u>20,101,672</u>	<u>157,299</u>	<u>29,449,261</u>	<u>533,967</u>	<u>24,774,454</u>	<u>272,692</u>
Net changes in fund balances	<u>\$ 4,712,937</u>	<u>\$ 734,969</u>	<u>\$ 2,386,472</u>	<u>\$ 1,986,472</u>	<u>\$ 25,006,875</u>	<u>\$ 372,989</u>	<u>\$ 14,086,929</u>	<u>\$ (7,922,980)</u>	<u>\$ 16,910,983</u>	<u>\$ (2,245,284)</u>
Debt service as a percentage of noncapital expenditures	6.85%	3.74%	3.63%	2.60%	2.53%	5.29%	5.09%	5.62%	5.92%	7.74%

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		Assessed Total	
	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	To Total Market	Direct Tax Rate
2012	\$40,033,905,433	\$53,094,082,885	\$1,242,926,832	\$1,254,219,436	\$41,878,148	\$54,190,090	\$1,205,943,990	\$1,245,624,000	\$42,524,654,403	\$55,648,116,411	76.42	\$1.93
2011	38,896,351,775	55,859,041,477	1,239,530,152	1,251,419,908	45,889,216	59,433,410	1,209,023,665	1,214,510,966	41,390,794,808	58,384,405,761	70.89	1.88
2010	37,743,268,296	60,010,991,508	1,291,172,910	1,302,244,097	54,963,237	62,488,050	1,193,592,740	1,194,549,230	40,282,997,183	62,570,272,885	64.38	1.90
2009	36,352,459,360	64,462,001,645	1,365,624,057	1,375,655,902	51,351,504	57,431,190	1,063,723,000	1,067,347,629	38,833,157,921	66,962,436,366	57.99	1.84
2008	34,641,993,583	62,615,731,611	1,280,664,739	1,292,853,444	54,128,069	59,845,740	1,020,096,190	1,073,993,240	36,996,882,581	65,042,424,035	56.88	1.87
2007	32,870,751,582	55,887,171,646	1,209,328,395	1,215,420,705	66,468,302	71,311,755	969,696,390	977,289,297	35,116,244,669	58,151,193,403	60.39	1.82
2006	31,203,991,728	45,563,141,842	1,175,706,594	1,184,110,910	70,563,327	74,439,919	927,989,770	929,254,187	33,378,251,419	47,750,946,858	69.90	1.82
2005	28,848,716,198	40,772,439,891	1,165,078,033	1,183,135,033	74,672,926	79,567,132	901,881,166	916,813,830	30,990,348,323	42,951,955,886	72.15	1.83
2004	25,418,465,223	35,783,324,752	1,155,357,494	1,177,160,244	75,064,755	79,974,937	884,130,333	900,479,073	27,533,017,805	37,940,939,006	72.57	1.83
2003	24,306,004,535	33,235,850,673	1,263,151,114	1,282,255,419	81,158,866	86,366,432	886,779,584	903,045,300	26,537,094,099	35,507,517,824	74.74	1.82

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

* Includes Multnomah County Assessed Valuation in its entirety.

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 an increasing 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	\$ 18.86	\$ 21.65	\$ 20.09	\$ 21.35	\$ 20.11	\$ 20.55	\$ 20.96	\$ 21.97	\$ 19.10	\$ 19.59
Tualatin Valley Fire and Rescue	\$ 12.01	\$ 11.51	\$ 12.09	\$ 11.96	\$ 11.21	\$ 12.37	\$ 12.11	\$ 12.61	\$ 12.51	\$ 12.59
Washington County	2.91	2.90	2.87	2.84	2.45	3.03	2.98	2.98	2.98	2.97
Washington County School District No. 1J (Hillsboro SD)	6.79	6.67	6.60	6.58	6.52	8.06	7.10	7.46	7.58	7.47
Washington County School District No. 1-1J (Portland SD)	7.22	7.12	7.18	4.77	5.28	6.53	6.53	6.53	6.53	7.27
Beaverton School District 48J	6.56	8.01	6.60	7.98	6.29	6.74	6.56	6.88	6.78	6.86
West Linn School District #101 (Washington County portion)	9.15	9.28	9.18	7.90	9.31	7.57	9.05	9.18	9.34	9.36
Newberg School District #46	6.65	8.82	8.21	8.17	8.27	8.55	8.30	8.24	8.33	7.46
Tigard School District 23J	7.16	7.88	7.79	6.98	6.90	6.86	7.71	7.68	7.37	7.85
City of Beaverton	3.61	3.97	4.10	4.01	4.21	4.18	4.12	4.20	4.20	4.83
City of Tigard	2.90	2.68	2.70	2.72	2.73	2.74	2.68	2.72	2.72	3.80
City of Durham	1.84	1.96	1.94	1.86	1.83	1.81	1.82	1.83	1.81	1.82
City of King City	1.94	1.93	1.53	1.94	1.94	1.94	1.94	1.94	1.94	2.08
Portland Community College	0.49	0.51	0.51	0.50	0.49	0.51	0.50	0.63	0.64	0.60
Port of Portland	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Tualatin Hills Park and Recreation District	1.46	1.46	1.46	1.45	1.44	1.43	1.43	1.73	1.74	1.74
Enhanced Sheriffs	1.03	1.17	1.14	1.12	1.11	1.09	1.31	1.28	1.27	1.25
Clackamas Education Service District	0.37	0.37	0.36	0.37	0.37	0.37	0.37	0.37	0.37	0.37
Multnomah Education Service District	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Northwest Regional Education Service District	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Clackamas County (Rural)	2.83	2.40	2.82	2.40	2.87	2.40	2.85	2.86	2.98	3.22
Clackamas Community College	0.54	0.54	0.54	0.54	0.54	2.40	0.55	0.55	0.74	0.70
Clackamas County School District 3J (West Linn/Wilsonville)	6.37	6.37	9.18	9.23	6.37	6.37	6.37	9.18	9.34	9.36
Clackamas County School District No. 7J (Lake Oswego)	6.90	7.11	7.32	7.04	6.85	7.15	7.16	6.90	6.85	
Clackamas County School District No. 86 (Candy)	4.58	6.54	7.11	4.58	4.58	6.63	6.91	6.88	4.58	
Washington County School District No. 88	7.36	7.33	7.30	6.94	7.07	8.92	8.80	8.92	8.88	9.84
City of Sherwood	4.20	4.19	3.89	3.78	3.72	3.54	3.56	4.00	3.96	
City of Tualatin	2.10	2.01	2.14	2.13	2.26	2.15	2.18	2.53	2.56	
City of Wilsonville	2.52	2.36	2.42	2.37	2.32	2.25	2.20	2.17	2.69	
City of Wilsonville - Urban Renewal	1.42	0.73	2.65	0.73	0.69	0.79	0.86	2.42	2.23	
City of West Linn				3.03	2.88	2.12	2.45			

Note: Tualatin Valley Fire and Rescue has approximately thirty overlapping jurisdictions with boundaries that do not coincide with the District. Therefore, tax rates within the District have a wide variation depending upon code area; i.e., which of the above jurisdictions overlap with the District within a specific area. The Washington County figure includes county-wide levies for Co-op Library, Road Improvements, and 9-1-1 Emergency.

Source: Washington and Clackamas County Assessment and Tax Roll Summaries

Tualatin Valley Fire and Rescue
Principal Taxpayers
Current Year and Nine Years Ago
(in thousands)

	2012					2003				
	Rank	Taxable Assessed Value (1)			Rank	Taxable Assessed Value (1)			Percentage of Total Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation
		Total	Assessed	Valuation		Total	Assessed	Value (1)		
Private enterprises:										
Intel Corporation	1	\$ 1,316,340		2.73 %	1	\$ 1,288,755			3.90 %	
Nike, Inc.	2	437,734	0.91		3	325,811			0.99	
Pacific Realty Associates	5	299,183	0.62		5	206,045			0.62	
Genentech, Inc.	7	239,110	0.50							
Maxim Integrated Products	9	133,370	0.27		8	128,854			0.39	
Tektronix, Inc.	10	132,546	0.27		7	133,241			0.40	
Amberjack Ltd.					9	98,749			0.30	
Integrated Device/Sumitomo					10	92,787			0.28	
Public utilities:										
Portland General Electric	3	405,598	0.84		4	276,187			0.84	
Frontier Communications	4	350,700	0.73							
Northwest Natural Gas Co	6	279,692	0.58		6	189,719			0.57	
Comcast Corporation	8	223,356	0.46		2	363,758			1.10	
Verizon Northwest, Inc.										
All other taxpayers		44,419,154	92.09			29,935,752			90.61	
Total		\$ 48,236,782	100.00 %			\$ 33,039,658			100.00 %	

Source: Washington County Department of Assessment and Taxation

⁽¹⁾ Data presented is for Washington County only. The District also levies taxes in portions of Multnomah and Clackamas 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
				Delinquent Tax	Collections		
2012	\$ 81,106,617	\$ 76,988,839	94.92 %			\$ 78,470,591	96.75 %
2011	76,954,903	72,714,192	94.49	\$ 3,099,722		75,813,914	98.52
2010	74,662,973	70,399,625	94.29		3,593,546	73,993,171	99.10
2009	70,168,538	66,017,433	94.08		4,017,977	70,035,410	99.81
2008	67,886,825	64,345,840	94.78		3,507,665	67,853,505	99.95
2007	62,860,513	59,799,046	95.13		3,041,172	62,840,218	99.97
2006	59,783,920	56,844,054	95.08		2,906,657	(1) 59,750,711	99.94
2005	56,843,613	53,918,038	94.85		2,890,142	(1) 56,808,180	99.94
2004	50,483,968	47,697,565	94.48		2,757,418	(1) 50,454,983	99.94
2003	48,507,471	45,798,106	94.41		1,292,291	(1) 47,090,397	97.08

Source: District financial statements, current and prior years

(1) County collection records only show detail for the previous five years of delinquent tax collections.

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 (in thousands) ⁽¹⁾	Gross Bonded Debt ⁽²⁾	Debt Service Monies Available ⁽²⁾	Net General Bonded Debt ⁽²⁾	Ratio of Net General Bonded Debt to Assessed Value	
					Net General Bonded Debt ⁽²⁾	Net General Bonded Debt Per Capita ⁽³⁾
2012	\$ 42,524,654	\$ 62,470,000	\$ 1,604,149	\$ 60,865,851	0.14 %	\$ 137.09
2011	41,390,795	65,865,000	1,240,387	64,624,613	0.16	148.28
2010	40,282,997	44,885,000	1,207,841	43,677,159	0.11	99.19
2009	38,833,158	47,000,000	544,418	46,455,582	0.12	105.04
2008	36,996,882	20,475,000	1,321,652	19,153,348	0.05	43.55
2007	35,116,244	22,850,000	1,273,796	21,576,204	0.06	50.12
2006	33,378,251	4,130,000	1,165,747	2,964,253	0.01	6.99
2005	30,990,348	5,320,000	1,031,033	4,288,967	0.01	10.26
2004	27,533,018	6,902,100	867,007	6,035,093	0.02	14.45
2003	26,537,095	8,422,100	837,031	7,585,069	0.03	18.43

Sources:

(1) Washington, Clackamas, and Multnomah County Assessment and Taxation Departments

(2) District financial statements, current and prior years

(3) See the Schedule of Demographic and Economic Statistics on page 110 for personal income and population data

Tualatin Valley Fire and Rescue
Computation of Overlapping Net Direct Debt
June 30, 2012

Jurisdiction	Net Direct Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
City of Durham	\$ 1,185,000	99.99 %	\$ 1,184,853
City of Hillsboro	8,510,000	0.15	13,071
City of Sherwood	6,372,622	99.98	6,371,118
City of Tigard	30,735,000	100.00	30,734,016
City of Tualatin	9,010,000	99.99	9,009,225
City of West Linn	20,660,000	100.00	20,660,000
Clackamas Community College	30,100,000	25.19	7,581,046
Clackamas County	72,910,000	19.03	13,877,398
Clackamas County SD 3J (West Linn/Wilsonville)	211,427,238	100.00	211,427,026
Clackamas County SD 7J (Lake Oswego)	110,703,506	5.69	6,303,015
Clackamas County SD 86 (Canby)	87,010,874	14.44	12,563,239
Columbia County SD 1J (Scappoose)	32,230,000	0.21	67,264
Metro Service District	273,485,000	28.69	78,450,540
Multnomah County	89,000,000	0.99	877,896
Multnomah County SD 1J (Portland)	460,455,126	1.55	7,157,314
Portland Community College	188,165,000	31.29	58,879,651
Tri-Metropolitan Transport District	240,000	27.55	66,119
Tualatin Hills Park & Recreation District	105,790,000	98.16	103,839,867
Washington County	14,050,000	72.26	10,152,572
Washington County SD 1J (Hillsboro)	315,773,096	12.63	39,880,247
Washington County SD 23J (Tigard-Tualatin)	133,025,589	99.90	132,893,361
Washington County SD 48J (Beaverton)	500,995,000	95.01	476,018,395
Washington County SD 88J (Sherwood)	121,489,667	99.23	120,560,149
Willamette ESD	1,670,000	0.42	7,037
Yamhill County SD 29J (Newberg)	86,211,878	5.02	4,329,819
Subtotal overlapping debt			1,352,904,238
District direct debt			63,951,633
Total direct and overlapping debt			<u><u>\$ 1,416,855,871</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: Municipal Dept Advisory Commission, State of Oregon

Tualatin Valley Fire and Rescue
Legal Debt Margin Information
June 30, 2012

Real market value of District property		\$ 55,648,116,411
Debt limit under ORS 478.410(2) - (1.25% of the real market value)		695,601,455
Amount of debt applicable to debt limit:		
Gross bonded debt outstanding	\$ 62,470,000	
Assets in Debt Service Fund available for debt service	<u>(1,604,149)</u>	
Total amount of debt applicable to debt limit	<u><u>60,865,851</u></u>	
Legal debt margin	<u><u>\$634,735,604</u></u>	

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

8.75%

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 443,843,973	\$ 474,261,738	\$ 536,899,449	\$ 596,886,836	\$ 726,889,918	\$ 813,030,300	\$ 837,030,455	\$ 782,128,411	\$ 729,805,072	\$ 695,601,455
Total net debt applicable to limit	7,585,069	6,035,093	4,288,967	2,964,253	21,576,204	19,153,348	46,982,500	43,644,613	64,624,613	60,865,851
Legal debt margin	<u>\$ 436,258,904</u>	<u>\$ 468,226,645</u>	<u>\$ 532,610,482</u>	<u>\$ 593,922,583</u>	<u>\$ 705,313,714</u>	<u>\$ 793,876,952</u>	<u>\$ 790,047,955</u>	<u>\$ 738,483,798</u>	<u>\$ 665,180,459</u>	<u>\$ 634,735,604</u>
Total net debt applicable to the limit as a percentage of debt limit	1.71%	1.27%	0.80%	0.50%	2.97%	0.50%	2.36%	5.61%	5.58%	8.86%
										8.75%

Source: District financial statements and Oregon Revised Statutes

Tualatin Valley Fire and Rescue
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ⁽¹⁾	Total		School Enrollment ⁽³⁾ (Washington County)	Unemployment Rate ⁽⁴⁾ (Washington County)
		Per Capita Income ⁽²⁾ (Washington County)	Personal Income (Washington County) (in thousands) ⁽²⁾		
2012	443,997	\$ 40,606	\$ 18,028,931	56,410	6.90 %
2011	435,834	39,465	17,200,189	56,768	7.70
2010	440,339	40,188	17,696,344	55,672	9.15
2009	437,033	39,660	17,332,729	54,519	7.68
2008	433,964	37,969	16,477,179	54,480	4.42
2007	431,189	35,991	15,518,923	53,824	4.30
2006	421,343	34,298	14,451,222	52,884	4.73
2005	410,416	33,301	13,667,263	52,034	5.63
2004	417,646	32,706	13,659,530	50,822	6.85
2003	411,500	33,198	13,660,977	50,906	7.18

⁽¹⁾ Portland State University Center for Population, Research & Census.

⁽²⁾ US Dept of Commerce

⁽³⁾ Oregon Dept of Education

⁽⁴⁾ Bureau of Labor Statistics

Tualatin Valley Fire and Rescue
Major Employment Industries
 Current Year and Nine Years Ago

	2012		2003	
	Annual Average Employees	% of Total	Annual Average Employees	% of Total
Construction	11,845	5%	12,053	5%
Manufacturing				
Wood Products	1,041		1,618	
Fabricated metal products	2,873		2,346	
Food	1,588		1,713	
Plastics and rubber products	1,577		1,679	
Computer Products	26,540		26,633	
Machinery	3,664		3,542	
Other	6,492		7,721	
Total Manufacturing	43,775	18	45,250	20
Trade, Transportation, and Utilities				
Wholesale	16,940		15,250	
Retail	28,346		26,459	
Transportation, Warehousing, and Utilities	3,497		4,726	
Total Trade, Transportation, and Utilities	48,783	20	46,434	21
Information				
Publishing	3,251		4,247	
Telecommunications	2,014		1,868	
Other (broadcasting, ISPs, etc.)	2,414		888	
Total Information	7,679	3	7,002	3
Financial Activities				
Finance and Insurance	10,504		9,571	
Real Estate	2,873		3,272	
Total Financial Activities	13,546	5	12,843	6
Professional and Business Services				
Educational Services	29,119	12	30,954	14
Healthcare and Social Assistance	5,054	2	3,649	2
Leisure and Hospitality	24,600	10	16,842	8
Other Services (agriculture, private homes, misc.)	20,161	8	16,784	8
Government (federal, state, and local)	18,981	8	10,964	5
Total Employment	21,551	9	17,488	8
	<u><u>245,094</u></u>	<u><u>100%</u></u>	<u><u>220,263</u></u>	<u><u>100%</u></u>

Source: Oregon Employment Department Labor Market Information System (OLMIS)

Note: Data presented is for Washington County only and is based on a July - June fiscal year.

Tualatin Valley Fire and Rescue
Full-Time Equivalent Employees by Function
 Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fire and Rescue Service	294	300	302	298	301	305	307	319	325	330
Fire Prevention and Training	33	43	42	40	41	40	43	37	25	22
Administrative and Support	60	60	59	65	64	67	67	76	93	89
Total	387	403	403	403	406	412	417	432	443	441

**Tualatin Valley Fire and Rescue
Operating Indicators by Function
Last Ten Calendar Years**

Function	2003*	2004	2005	2006	2007	2008	2009	2010	2011	2012 est.
Public Safety										
Fire Prevention Inspections	9,071	4,813	4,452	4,818	8,605	6,802	6,704	7,729	4,731	4,300
Emergency Medical Service Calls**	22,587	22,730	23,347	24,650	25,262	25,381	24,092	24,671	25,539	26,422
Fire Responses*	5,107	4,797	4,758	5,121	4,605	4,527	4,079	3,564	3,293	3,229
Other Responses - including hazardous condition , public service**	2,061	2,502	2,058	2,433	2,020	2,019	2,114	1,883	1,898	2,163
Miscellaneous - including good intent**	658	248	182	204	215	166	224	266	154	274

* Includes Oregon City contract incidents

** Statistics are based on *Dispatch Call Type*

Note: The District intentionally reduced the number of commercial occupancy inspections based on careful analysis of incident data and community risk, as is reflected in the 2011 numbers. This reduction was designed to shift resources from lower priority inspections to higher priority programs. In 2010, several new programs were implemented to target a significant false alarm problem in the District (nearly 1 in 10 calls), high call volume at assisted living facilities (10-20% of calls), and other significant District issues. The District will continue to closely monitor incident data and community risk, shifting resources as appropriate.

Tualatin Valley Fire and Rescue
Capital Asset Statistics by Function
 Last Ten Fiscal Years

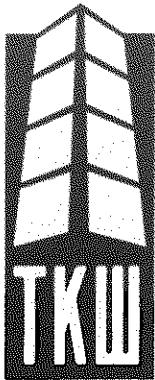
Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Number of Stations	22	22	22	22	22	22	23	23	23	21
Equipment ⁽¹⁾										
Aerial/Truck/Platform				4	4	4	5	5	5	3
Antique Fire Equipment				3	3	3	3	3	3	2
Brush Rig				8	8	8	9	9	9	8
Cars							4	4	4	4
Elevated Waterway				3	4	4	4	3	3	3
HazMat				3	3	3	3	3	3	5
Medic Unit				1	1	1	1	1	1	1
Mobile Command Unit				33	31	37	35	30	30	17
Pumper/Engine							2	2	4	3
Rehab Unit										
Rescue				8	5	5				
Squad/Rescue				4	5	7				
Technical Rescue				6	6	6	4	6	6	7
Water Tender				8	7	7	7	7	7	6
Engines	41	36	36							
Ladder trucks	5	3	4							
Brush rigs	11	8	8							
Tenders	7	7	6							
Hazmat squad	2	1	1							
Squad/Support units	12	11	13							
Technical rescue	1	1	1							
Heavy squad										
Muster vehicles	5	4	4							

(1) Reclassified equipment categories in 2006 to more closely mirror NFPA (National Fire Protection Agency) standards.

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

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**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS**



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October 16, 2012

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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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 the 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).

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS (Continued)**

Page 2

COMPLIANCE (Continued)

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 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

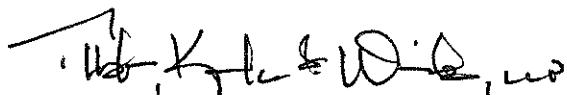
OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards*, dated October 16, 2012 is presented under separate cover.

* * * * *

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.



Certified Public Accountants