



A Rural Fire Protection District, Tigard, Oregon



Comprehensive Annual Financial Report for the year ended June 30, 2010

Proudly serving the communities of:

**Beaverton • Durham • King City • Rivergrove • Rosemont
Sherwood • Tigard • Tualatin • West Linn • Wilsonville**

And portions of: Washington • Clackamas • Multnomah counties



A Rural Fire Protection District, Tigard, Oregon

Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2010

Tualatin Valley Fire and Rescue,
A Rural Fire Protection District
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Prepared by the Finance Department of Tualatin Valley Fire & Rescue

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Cover photo courtesy of Brian Barker, TVF&R

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Tualatin Valley Fire and Rescue
Comprehensive Annual Financial Report

For the Year Ended June 30, 2010

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Introductory Section

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October 21, 2010

**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 for the fiscal year ended June 30, 2010. 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. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District 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.

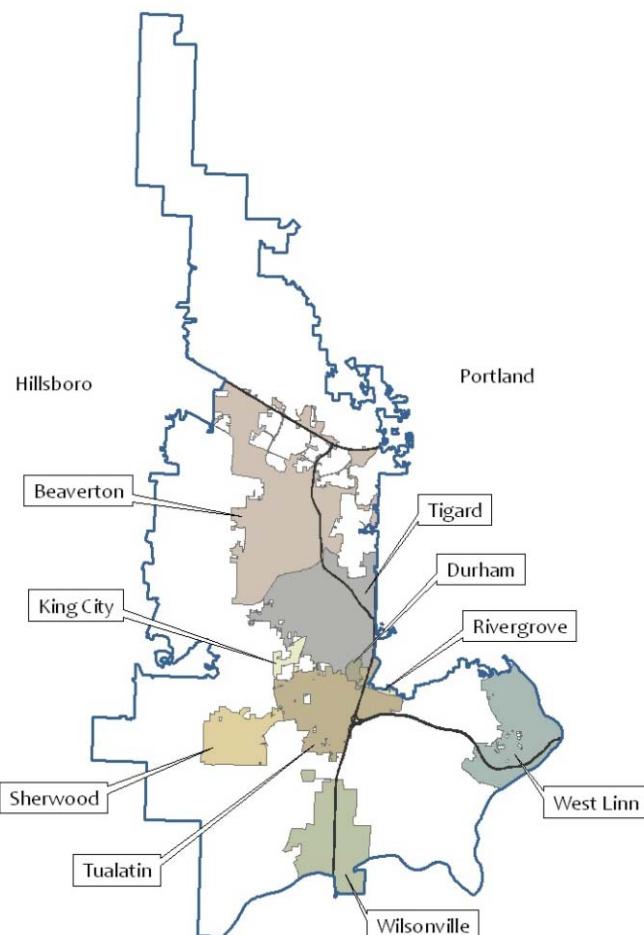
Tualatin Valley Fire and Rescue

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, after the culmination of six years of contracted services by the District for city residents.

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 - approximately 437 in 2010 - were supplemented by approximately 70 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 continuing 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 440,339 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 \$38.8 billion in 2008-09 to approximately \$40.3 billion in the 2009-10 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 our 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 \$49.5 million in three issuances. A fourth issuance is planned for 2011.

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 owner 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 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

Tualatin Valley Fire and Rescue

Letter of Transmittal

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 half of the District's professional 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 a high skill level 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 employer taxpayers requiring specialized training.

Economic Condition and Outlook

The District, through its broad geographic base, serves a developing and growing part of Oregon's economic base. The annual growth in the District's assessed valuation and market value of protected property each year is one indication of the growth in both industrial and residential areas. Economic and regional population forecasts continue to project the area's continued growth and development. 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 only 64% of market value. For 2009-10, the assessed value of the District grew 3.7% to \$40.3 billion, although market value decreased to \$62.5 billion from almost \$67.0 billion in 2009. While it may be several years before new development and other increases to market value occur, the legally allowed increase in assessed value of 3% per year is expected to provide a stable funding source for the District.

The District's population is expected to continue to grow in the next 20 years. We are 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

Tualatin Valley Fire and Rescue

Letter of Transmittal

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, In Focus, and Tektronix. Top metropolitan area employers include Intel, Fred Meyer, Inc., Qwest Communications International, Inc., Portland General Electric, IBM, Kaiser Permanente, Providence Health System, U.S. Bank, and Maxim Integrated Products, among others. The area has attracted significant retail and wholesale marketers such as Costco Wholesale Clubs, Dayton-Hudson Stores, and Rite-Aid Drug Stores; and companies such as Pacific Realty Associates have developed acres of land adjacent to the Sunset Highway. 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 2010, 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. Our 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. We have reviewed our standardized station designs to incorporate seismic structural improvements, reduce overall square footage of future bond projects, and included environmental considerations. The District's efforts in 2010 have been toward the seismic reconstruction of three fire stations and the District's Command and Business Operation Center. In addition, land for fire station relocations for response coverage improvements was identified and negotiations completed for the purchase completion in fiscal year 2011.

Secondly, the District has continued to implement the replacement of the financial and other support division software systems with an enterprise resource planning system that integrates most of the business operations of the District. The implementation of this project was started in 2009 with financial systems. The project will continue through the 2010-11 fiscal year for work orders, human resources and payroll, among other modules. The project is on time and on budget through the dedicated efforts of the project team.

Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2010, all divisions and departments of the District contributed toward the accomplishments of our 2010 strategic goals. These goals, as outlined in our Strategic Plan are:

Tualatin Valley Fire and Rescue

Letter of Transmittal

- *Reduce the number and severity of emergency incidents.*
- *Increase citizens' participation in their safety and preparedness, and knowledge and support of the District's services.*
- *Enhance preparedness for catastrophic and unforeseen events.*
- *Ensure the health and safety of all employees and volunteers.*
- *Develop and enhance a workforce that honors and respects our individual and group differences and reflects the community we serve.*
- *Promote craftsmanship, innovation, and excellence throughout the organization.*
- *Leverage use of existing resources for the greatest community good.*
- *Ensure ongoing financial and business operations stability and predictability.*

Efforts during the fiscal year ended June 30, 2010, as a result of these goals, included:

- Reconstruction of Stations 53, 58, and 59 was largely completed in 2010.
- Seismic reinforcement and improvements were made to the Command and Business Operating Center.
- Sites for two fire stations were identified and purchases negotiated.
- Purchase and replacement of emergency fire apparatus with bond proceeds continued.

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, 2009. This was the 22nd consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are 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, 2010. 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 22nd year the District received the award.

Tualatin Valley Fire and Rescue

Letter of Transmittal

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.

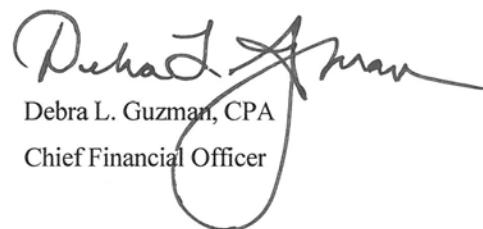
Respectfully submitted,

Tualatin Valley Fire and Rescue



Michael R. Duyck

Fire Chief



Debra L. Guzman, CPA

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, 2009

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.



President

Executive Director

Tualatin Valley Fire and Rescue

List of Elected and Appointed Officials

June 30, 2010

Board of Directors

Term Expires

Robert C. Wyffels, President.....	June 30, 2013
Carol A. Gearin, Vice-President.....	June 30, 2011
Clark I. Balfour, Secretary-Treasurer.....	June 30, 2013
Brian J. Clopton, Member	June 30, 2011
Gordon L. Hovies, Member.....	June 30, 2013

Budget Committee

Term Expires

Daniel M. Lewis.....	June 30, 2012
Michael D. Smith.....	June 30, 2013
Jon R. Walsh	June 30, 2013
Randy J. Lauer	June 30, 2011
Paul A. Leavy.....	June 30, 2012

Administrative Offices

11945 SW 70th Avenue
Tigard, OR 97223

Registered Agent

Michael R. Duyck
Fire Chief/Administrator

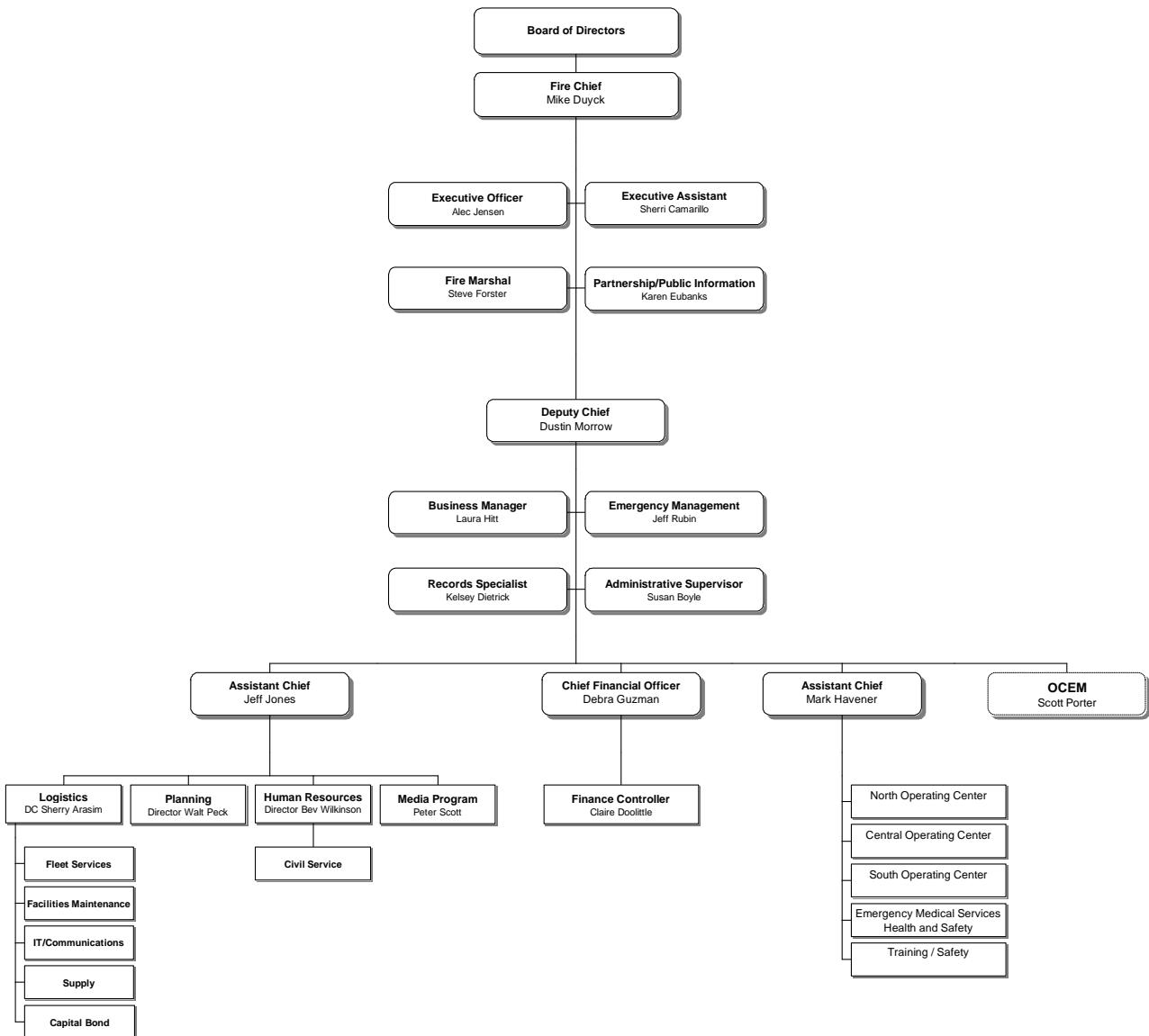
Legal Counsel

Jordan Schrader Ramis PC

Tualatin Valley Fire and Rescue

Organizational Chart

June 30, 2010



Financial Section

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INDEPENDENT AUDITOR'S REPORT

October 21, 2010

Board of Directors
Tualatin Valley Fire and Rescue
Aloha, Oregon

4800 SW Macadam Ave, Suite 400
Portland, Oregon 97239-3973

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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, Aloha, Oregon (the District) as of and for the year ended June 30, 2010, 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. 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 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, 2010, and the respective changes in financial position and the cash flows, where applicable 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.

Management's Discussion and Analysis and Schedules of Funding Progress as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

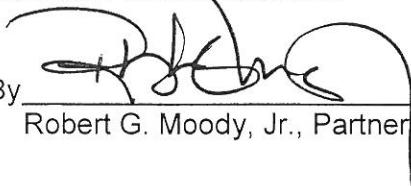
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors
Tualatin Valley Fire and Rescue
October 21, 2010

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. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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 Year Ended June 30, 2010

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, 2010. 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, 2010 by \$79,856,381. Of this amount, \$27,397,380 represents the District's investment in capital assets, net of related debt, \$1,207,841 is restricted for debt service, \$10,852,844 is restricted for capital projects, and the balance of \$40,398,316 will be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$3,136,459 for the year ended June 30, 2010. Unrestricted net assets increased by \$13,211,997, net assets invested in capital assets increased by \$561,309, restricted net assets restricted for debt service increased by \$663,422, and restricted net assets for capital projects decreased by \$11,300,269.
- As of June 30, 2010, the District's governmental funds reported combined ending fund balances of \$65,400,806, a decrease of \$7,922,980 in comparison with the prior year. Planned expenditures on projects funded through Capital Projects Fund resulted in an \$11,300,269 reduction in ending fund balance of the Capital Projects offset by increases of \$1,149,417 in the General Fund and \$2,227,872 in non-major funds.
- At June 30, 2010, unreserved fund balance for the General Fund was \$37,979,877 or 60 percent of total General Fund expenditures. This fund balance percentage reflects the achievement of District policy of maintaining 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. Before the District adds permanent positions, the District attempts to build fund balance to sustain payroll during subsequent years prior to receipt of property tax revenue.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

- The District's total debt decreased by \$2,135,122 during the current fiscal year. This was due to principal and interest payments on the District's outstanding bond issues.

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, 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 31 through 33 of this report.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

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, like other state and local governments, 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 nine individual governmental funds. 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 the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided as Supplemental Information.

Additionally, 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.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

Internal service fund. The District maintains one internal service fund, the Insurance Fund, which is a proprietary fund type. This fund accounts for the accumulation of resources used for payment of claims and losses less than 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 36 through 38 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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 39 and 40 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 41 through 64 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 67 of this report.

Combining and individual fund statements and schedules can be found on pages 71 through 86 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 87 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 \$79,856,381 at June 30, 2010. A significant portion of the District's net assets (34 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

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

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.

Net Assets	Governmental Activities		Increase (Decrease) from Fiscal 2009
	2010	2009	
Current and other assets	\$ 77,384,668	\$ 82,078,734	\$ (4,694,066)
Capital assets	61,769,816	52,043,360	9,726,456
Total assets	139,154,484	134,122,094	5,032,390
Current liabilities	11,648,336	9,602,125	2,046,211
Long-Term obligations	47,649,767	47,800,047	(150,280)
Total liabilities	59,298,103	57,402,172	1,895,931
Net assets:			
Invested in capital assets, net of related debt	27,397,380	26,836,071	561,309
Restricted for debt service	1,207,841	544,419	663,422
Restricted for capital projects	10,852,844	22,153,113	(11,300,269)
Unrestricted	40,398,316	27,186,319	13,211,997
Total net assets	\$ 79,856,381	\$ 76,719,922	\$ 3,136,459

The District's largest liability (78 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 \$3,136,459. 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 2010-11 and future years as new development and property reinvestment are curtailed due to the slowed economy. In addition, because of forecasted future low revenue growth levels, forecasted pension cost increases and the District's desire to manage taxpayer resources prudently; we have continued to focus on managing expenses to ensure they are less than property tax revenue in order to achieve our strategic goal of financial stability.

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

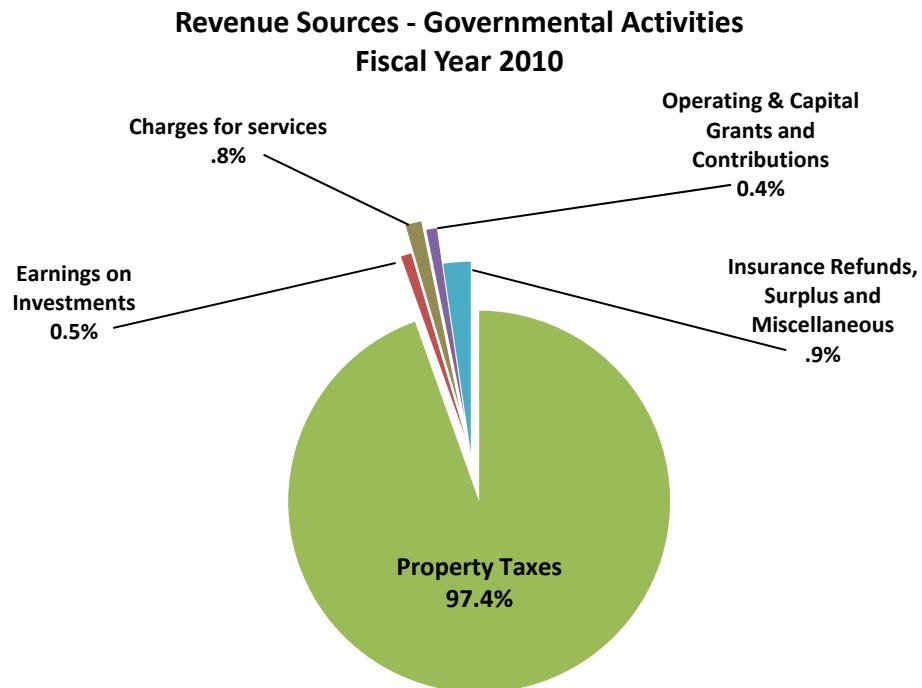
For the Year Ended June 30, 2010

Governmental activities. Governmental activities increased the District's net assets in the current year by \$3,136,459. Property taxes increased, reflecting increased assessed valuation of the District. Earnings on investments, due to a weak economy, fell during the year ended June 30, 2010. Expenses for public safety increased, reflecting personnel cost increases in wages and benefits. Expenses were managed to ensure that net assets as of year end increased proportionately to the cost of annual operations.

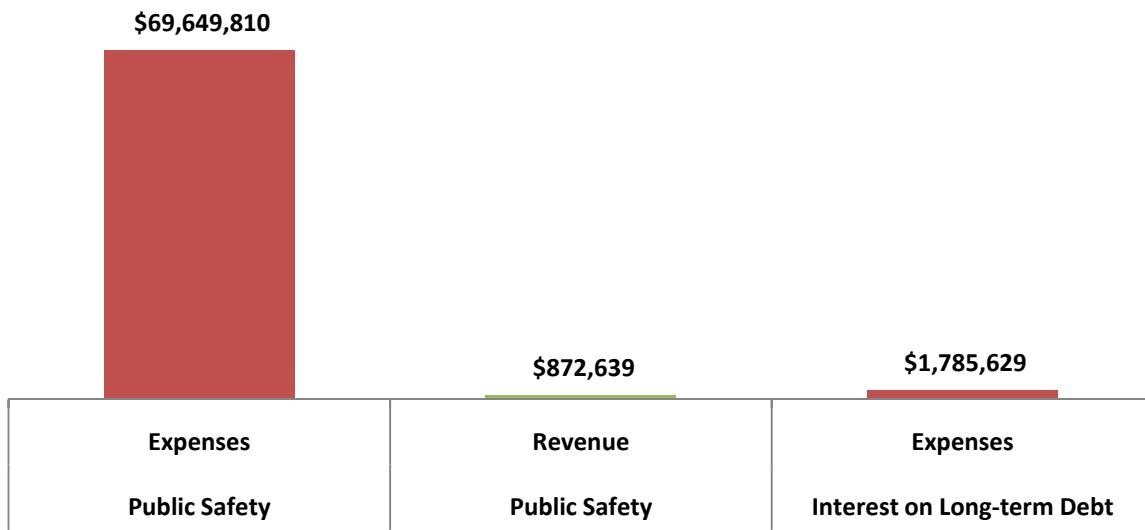
Changes in Net Assets	Governmental Activities		Increase (Decrease) from Fiscal 2009	
	2010	2009		
Revenues:				
Program revenues				
Charges for services	\$ 587,305	\$ 758,476	\$ (171,171)	
Operating grants and contributions	241,384	134,753	106,631	
Capital grants	43,950	432,805	(388,855)	
General revenues:				
Property taxes	72,601,267	68,254,733	4,346,534	
Earnings on investments	406,556	1,006,351	(599,795)	
Insurance refunds	420,993	236,921	184,072	
Gain on sale of capital assets	6,255	32,173	(25,918)	
Miscellaneous	264,188	92,978	171,210	
Total revenues	74,571,898	70,949,190	3,622,708	
Expenditures/expenses:				
Public safety-fire protection	69,649,810	67,371,019	2,278,791	
Interest on long-term debt	1,785,629	950,457	835,172	
Total expenses	71,435,439	68,321,476	3,113,963	
Change in net assets	3,136,459	2,627,714	508,745	
Net assets - July 1	76,719,922	74,092,208	2,627,714	
Net assets - June 30	\$ 79,856,381	\$ 76,719,922	\$ 3,136,459	

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010



**Expenses and Program Revenues - Governmental Activities
Fiscal Year 2010**



Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

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, *unreserved 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, 2010, the District's governmental funds reported combined ending fund balances of \$65,400,806, a decrease of \$7,922,980 in comparison with the prior year. The majority of this total amount (81 percent) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved for capital projects, supplies inventory, debt service, and retiree medical insurance payments.

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2010, unreserved fund balance of the General Fund was \$37,979,877, while total fund balance reached \$38,261,159. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 60 percent of total General Fund expenditure.

The fund balance of the District's General Fund increased by \$1,149,417, or approximately 3.1 percent during the current fiscal year; most of this increase was due to receiving \$2,806,887 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, 2010, the ending fund balance of the Capital Projects Fund was \$10,852,844 and was reserved for capital projects. This fund accounts for the proceeds of debt issuances to fund construction, land and apparatus purchases.

General Fund Budgetary Highlights

There was one budget transfer resolution to the Pension Trust fund during the year. The budgeted property tax revenues were exceeded by the actual as the District had forecasted a negative impact on the District's

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

property tax collection rate from the typical 94% to 92% during budget development due to concerns about foreclosures. However, the actual collection rate remained at 94%. Interest revenue was budgeted to be earned at rates of 1.25% and the actual rates were significantly less on the District's conservative portfolio.

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, 2010, the District had invested \$61,353,530 in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2009
	2010	2009	
Land	\$ 10,744,660	\$ 10,353,233	\$ 391,427
Buildings and improvements	13,747,886	10,648,202	3,099,684
Fire apparatus and other vehicles	15,189,295	16,766,473	(1,577,178)
Furniture, fixtures and equipment	1,652,780	1,351,029	301,751
Work in progress	20,435,195	12,924,423	7,510,772
Total	<u>\$ 61,769,816</u>	<u>\$ 52,043,360</u>	<u>\$ 9,726,456</u>

During the year, the District's investment in capital assets increased by \$9,726,456, reflecting the \$13,203,697 of assets added during the year, were offset by \$2,961,847 of depreciation and \$515,394 of net asset disposals. The District work in progress includes three fire stations and the seismic reinforcement and interior construction of the command and business operations center building that was purchased at the end of fiscal year 2009.

Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 49 of this report.

Long-term debt. At the end of the current fiscal year, the District had total bonded debt of \$45,225,280, consisting of general obligation bonds, net of unamortized premiums and discounts. Reduction of outstanding debt reflects 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

Tualatin Valley Fire and Rescue
Management's Discussion and Analysis

For the Year Ended June 30, 2010

approximately \$736 million. Additional information on the District's long-term debt can be found in note III.D.1 on page 50 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. While the local economy is experiencing continued lack of new construction, and market value has declined 6.7% overall, assessed value still remains far below market value, as assessed value is 64% of market value on June 30, 2010. 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 may be negatively impacted if our cities and counties utilize urban renewal measures to develop new areas. Accordingly, we continue to be very involved in this issue, both locally and at the state level. The District lost approximately \$1.7 million dollars of its property tax levy to urban renewal areas in fiscal year 2010 which equates to a loss of approximately 4.3 cents of our \$1.5252 permanent tax rate.

Because of poor investment returns, the state's pension system for its public employees, PERS, has forecasted higher employer contributions rates for 2011-13 biennium, and additional increases for the 2013-15 biennium and thereafter. The District's future financial forecasts include current projections that employer rates will continue to increase based upon recent actuarial information. The recently released December 31, 2009 actuarial valuation reflecting recent negative investment returns requires a rate increase of 4.51% of payroll for the 2011-13 biennium.

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.

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, 20665 SW Blanton Street, Aloha, Oregon 97007.

Basic Financial Statements

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Tualatin Valley Fire and Rescue
Governmental Funds Balance Sheet/
Statement of Net Assets
June 30, 2010

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Assets
Assets						
Cash and cash equivalents	\$42,141,094		\$ 17,572,391	\$59,713,485	\$ 652,141	\$ 60,365,626
Receivables:						
Property taxes receivable	3,326,015		191,595	3,517,610		3,517,610
Accounts receivable	167,565		109,978	277,543		277,543
Due from other funds	51,845			51,845	(51,845)	
Supplies inventory	281,282			281,282		281,282
Net pension asset					21,604	21,604
Bond issuance costs					161,155	161,155
Restricted assets:						
Cash and cash equivalents		\$ 12,759,848		12,759,848		12,759,848
Capital assets, not being depreciated:						
Land and work in progress					31,179,855	31,179,855
Capital assets, net of accumulated depreciation:						
Buildings and improvements					13,747,886	13,747,886
Fire apparatus and other vehicles					15,189,295	15,189,295
Furniture, fixtures, and equipment					1,652,780	1,652,780
Total assets	<u>\$45,967,801</u>	<u>\$ 12,759,848</u>	<u>\$ 17,873,964</u>	<u>\$76,601,613</u>	<u>\$ 62,552,871</u>	<u>\$ 139,154,484</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 1,537,464	\$ 1,907,004	\$ 1,370,995	\$ 4,815,463	\$ 217	\$ 4,815,680
Accrued salaries and benefits payable	3,269,773			3,269,773		3,269,773
Accrued interest payable					360,232	360,232
Due to other funds			51,845	51,845	(51,845)	
Deferred revenue	2,899,405		164,321	3,063,726	(3,063,726)	
Accrued compensated absences,						
Due within one year					3,202,651	3,202,651
Due in more than one year					1,649,851	1,649,851
OPEB obligation						
due in more than one year					4,636	4,636
Net pension obligation					770,000	770,000
due in more than one year						
Bonds payable, net of unamortized premium/discount:						
Due within one year					2,540,122	2,540,122
Due in more than one year					42,685,158	42,685,158
Total liabilities	<u>7,706,642</u>	<u>1,907,004</u>	<u>1,587,161</u>	<u>11,200,807</u>	<u>48,097,296</u>	<u>59,298,103</u>
Fund balances:						
Reserved for supplies inventory	281,282			281,282	(281,282)	
Reserved for retiree medical insurance			215,414	215,414	(215,414)	
Reserved for debt service			1,207,841	1,207,841	(1,207,841)	
Reserved for capital projects	10,852,844			10,852,844	(10,852,844)	
Unreserved, reported in:						
General fund	37,979,877			37,979,877	(37,979,877)	
Special revenue funds			7,931,243	7,931,243	(7,931,243)	
Capital projects funds			6,932,305	6,932,305	(6,932,305)	
Total fund balances	<u>38,261,159</u>	<u>10,852,844</u>	<u>16,286,803</u>	<u>65,400,806</u>	<u>(65,400,806)</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, 2010

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Assets
Total liabilities and fund balances	<u>\$45,967,801</u>	<u>\$12,759,848</u>	<u>\$17,873,964</u>	<u>\$76,601,613</u>		
Net Assets:						
Invested in capital assets, net of related debt						\$ 27,397,380
Restricted for:						
Debt service						1,207,841
Capital projects						10,852,844
Unrestricted						40,398,316
Total net assets						<u>\$ 79,856,381</u> \$ 79,856,381

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, 2010

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Activities
Expenditures/expenses						
Current:						
Public Safety	\$ 63,497,730		\$ 2,200,201	\$ 65,697,931	\$ 3,951,879	\$ 69,649,810
Debt service:						
Principal			2,115,000	2,115,000	(2,115,000)	
Interest			1,798,179	1,798,179	(12,550)	1,785,629
Capital outlay		\$11,790,268	1,217,469	13,007,737	(13,007,737)	-
Total expenditures	<u>63,497,730</u>	<u>11,790,268</u>	<u>7,330,849</u>	<u>82,618,847</u>	<u>(11,183,408)</u>	<u>71,435,439</u>
Revenues						
Program Revenues:						
Charges for services	583,312			583,312	3,993	587,305
Operating grants and contributions	115,955		109,097	225,052	16,332	241,384
Capital grants					43,950	43,950
General Revenues:						
Taxes	67,867,374		4,564,032	72,431,406	169,861	72,601,267
Interest	202,263	91,092	108,777	402,132	4,424	406,556
Insurance refunds	415,446			415,446	5,547	420,993
Gain on sale of capital assets					6,255	6,255
Miscellaneous	104,552			104,552	159,636	264,188
Total revenues	<u>69,288,902</u>	<u>91,092</u>	<u>4,781,906</u>	<u>74,161,900</u>	<u>409,998</u>	<u>74,571,898</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>5,791,172</u>	<u>(11,699,176)</u>	<u>(2,548,943)</u>	<u>(8,456,947)</u>	<u>11,593,406</u>	<u>3,136,459</u>
Other Financing Sources (Uses)						
Proceeds from sales of surplus property		398,907	135,060	533,967	(533,967)	-
Transfers in			4,641,755	4,641,755	(4,641,755)	
Transfers out	(4,641,755)			(4,641,755)	4,641,755	
Total other financing sources (uses)	(4,641,755)	398,907	4,776,815	533,967	(533,967)	-
Net change in fund balances/net assets	1,149,417	(11,300,269)	2,227,872	(7,922,980)	\$ 11,059,439	3,136,459
Fund balances/net assets:						
Beginning of the year	37,111,742	22,153,113	14,058,931	73,323,786		76,719,922
End of the year	<u>\$ 38,261,159</u>	<u>\$ 10,852,844</u>	<u>\$ 16,286,803</u>	<u>\$ 65,400,806</u>		<u>\$ 79,856,381</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, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Property taxes:			
Current year's levy	\$ 63,842,289	\$ 66,235,696	\$ 2,393,407
Prior years' levies	1,090,920	1,626,166	535,246
Taxes in lieu of property taxes	2,857	5,513	2,656
Interest on unsegregated property taxes	19,030	22,768	3,738
Interest on taxes	21,675	17,498	(4,177)
Interest on investments	562,500	161,997	(400,503)
Contracted services	270,000	268,562	(1,438)
Special service charges	105,837	76,664	(29,173)
Maintenance services	137,000	97,879	(39,121)
Rental income	91,500	133,650	42,150
Plan review fees	2,000	6,557	4,557
Insurance refunds	-	415,446	415,446
Grants and donations	-	115,955	115,955
Miscellaneous	11,000	104,552	93,552
Total revenues	<u>66,156,608</u>	<u>69,288,902</u>	<u>3,132,294</u>
Expenditures			
Current			
Public Safety:			
Administration Division:			
Personnel services	1,854,529	1,668,706	185,823
Materials and services	365,090	319,417	45,673
Total Administration Division	<u>2,219,619</u>	<u>1,988,123</u>	<u>231,496</u>
Emergency Operations Division:			
Personnel services	47,545,155	45,522,396	2,022,759
Materials and services	2,823,702	2,170,272	653,430
Total Emergency Operations Division	<u>50,368,857</u>	<u>47,692,668</u>	<u>2,676,189</u>
Finance Division:			
Personnel services	1,499,346	1,243,496	255,850
Materials and services	921,794	773,476	148,318
Total Finance Division	<u>2,421,140</u>	<u>2,016,972</u>	<u>404,168</u>
Support Resources Division:			
Personnel services	10,075,748	8,596,506	1,479,242
Materials and services	4,949,528	4,194,744	754,784
Total Support Resources Division	<u>15,025,276</u>	<u>12,791,250</u>	<u>2,234,026</u>
Total Public Safety	<u>70,034,892</u>	<u>64,489,013</u>	<u>5,545,879</u>

(Continued)

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

**Tualatin Valley Fire and Rescue
General Fund**
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (continued)
For the Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures, Continued			
Operating contingency	\$ 5,845,071	\$ -	\$ 5,845,071
Total expenditures	<u>75,879,963</u>	<u>64,489,013</u>	<u>11,390,950</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,723,355)</u>	<u>4,799,889</u>	<u>14,523,244</u>
Other Financing Uses			
Transfers out	(5,020,016)	(4,681,029)	338,987
Total other financing uses	<u>(5,020,016)</u>	<u>(4,681,029)</u>	<u>338,987</u>
Net change in fund balances	<u>(14,743,371)</u>	<u>118,860</u>	<u>14,862,231</u>
Fund balances - July 1, 2009	<u>30,585,092</u>	<u>32,752,110</u>	<u>2,167,018</u>
Fund balances - June 30, 2010	<u><u>\$ 15,841,721</u></u>	<u><u>\$ 32,870,970</u></u>	<u><u>\$ 17,029,249</u></u>

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

Fund Balance:	
Budgetary Fund Balance:	\$ 32,870,970
Advanced recognition of retirement obligation not a GAAP expense	<u>5,390,189</u>
GAAP Fund Balance	<u><u>\$ 38,261,159</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, 2010

**Governmental
Activities -
Internal
Service Fund**

Assets

Current assets:

Cash and cash equivalents	\$ 652,141
Accounts receivable	<hr/> -
Total assets	<hr/> 652,141

Liabilities

Current liabilities:

Accounts payable	<hr/> 216
Total liabilities	<hr/> 216

Net Assets

Unrestricted

Total net assets	<hr/> \$ 651,925
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The notes to the basic financial statements are an integral part of this statement.

Tualatin Valley Fire and Rescue
Statement of Revenues, Expenses, and Change in Net Assets
Internal Service Fund
For the Year Ended June 30, 2010

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenue	
Insurance refunds	\$ 5,547
Total operating revenues	<u>5,547</u>
Operating Expense	
Insurance claims	42,869
Total operating expenses	<u>42,869</u>
Operating loss	<u>(37,322)</u>
Nonoperating Revenue	
Interest income	4,424
Total nonoperating revenue	<u>4,424</u>
Change in net assets	(32,898)
Net assets, July 1, 2009	684,823
Net assets, June 30, 2010	<u>\$ 651,925</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, 2010

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Received from insurance reimbursements	\$ 10,496
Paid for insurance claims	<u>(45,152)</u>
Net cash from operating activities	<u><u>(34,656)</u></u>
Cash Flows From Investing Activities	
Interest received on investments	4,424
Net cash from investing activities	<u><u>4,424</u></u>
Net decrease in cash and cash equivalents	(30,232)
Cash and cash equivalents, July 1, 2009	<u><u>682,373</u></u>
Cash and cash equivalents, June 30, 2010	<u><u>\$ 652,141</u></u>
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (37,322)
Decrease in accounts receivable	4,949
Decrease in accounts payable	<u>(2,283)</u>
Net cash from operating activities	<u><u>\$ (34,656)</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, 2010

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 403,494
Investments, mutual funds at fair value	<u>399,857</u>
Total assets	<u><u>803,351</u></u>
Net Assets	
Held in trust for pension benefits	<u><u>\$ 803,351</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, 2010

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 39,274
Miscellaneous	5,616
Investment earnings	<u>51,424</u>
	<u>96,314</u>
Deductions	
Benefits	<u>384,123</u>
	<u>384,123</u>
Change in net assets	(287,809)
Total net assets, July 1, 2009	<u>1,091,160</u>
Total net assets, June 30, 2010	<u>\$ 803,351</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, 2010

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 areas. 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, Expenditures, and Changes in Fund Balance 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.

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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 benefiting more than one fiscal year are recorded when paid; and (4) accrued compensated absences, which are recorded when payment is due.

Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year.

The District considers revenues available if they are collected within 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.

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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.
- 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 accumulation of resources for the District's pension plan for employees who retired prior to July 16, 1981, and for the payments to 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 earnings on investments. 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.

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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 equity

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 are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the Oregon Local Government Investment Pool 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 other than U.S. Government agency securities are carried at fair value. Investments in U.S. Government agency securities are carried at amortized cost, which approximates 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 considered delinquent. Accounts are periodically reviewed for collectability. At June 30, 2010, no allowance for doubtful accounts is considered necessary.

4. Supplies inventory

Inventory of supplies is stated at cost (first-in, first-out method). In the governmental funds statements, expenditures are recognized when inventories are consumed (consumption method) rather than when purchased.

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. Where both restricted and unrestricted resources are available, it is the District's policy to expend restricted resources first, then unrestricted as necessary.

Tualatin Valley Fire and Rescue
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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

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 equity

In the fund financial statements, governmental funds report reservations of fund balances to indicate that a portion is not available for appropriation as of year-end or to indicate that a portion is legally segregated for a specific future use.

Tualatin Valley Fire and Rescue
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10. 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.

The District maintains a single-employer defined benefit pension plan for certain former employees who retired prior to July 16, 1981. The District has not made actuarially required contributions in recent years as the plan was closed but will make contributions beginning in the 2011 fiscal year as assets deplete.

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 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 division levels. The detailed budget document, however, is required to contain 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, 2010. Appropriations lapse at year-end.

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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 time certificates of deposit. The combined total book balance at June 30, 2010 was \$28,456,493 and the total bank balance was \$28,585,818. The District's demand deposits are fully insured by the Federal Deposit Insurance Corporation; remaining bank deposits are insured to \$250,000. Remaining amounts are 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, 2010, the District's cash, cash equivalents, and investments are comprised of the following:

Cash on hand	\$ 900
Cash with county assessors	353,658
Deposits with financial institutions	28,456,493
State of Oregon Local Government Investment Pool	43,467,917
Investments:	
US Government securities	1,250,000
Open-ended mutual funds	399,857
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Cash and investments are reflected on the basic financial statements as follows:

	Governmental Activities	Fiduciary Funds
Cash and cash equivalents:		
Unrestricted	\$ 60,365,626	\$ 403,494
Restricted	12,759,848	-
Investments		399,857
Total cash, cash equivalents, and investments	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

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 fund. 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, 2010, 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 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.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

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B. Capital assets

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Governmental activities:				
Non-depreciable capital assets				
Land	\$ 10,353,233	\$ 629,677	\$ (238,250)	\$ 10,744,660
Construction in progress	<u>12,924,423</u>	<u>11,033,273</u>	<u>(3,522,501)</u>	<u>20,435,195</u>
Total capital assets, not being depreciated	<u>23,277,656</u>	<u>11,662,950</u>	<u>(3,760,751)</u>	<u>31,179,855</u>
Depreciable capital assets				
Buildings and improvements	24,689,496	3,920,750	-	28,610,246
Fire apparatus and other vehicles	28,401,083	338,782	(2,344,227)	26,395,638
Furniture, fixtures, and equipment	<u>5,789,949</u>	<u>803,716</u>	<u>(153,230)</u>	<u>6,440,435</u>
Total depreciable capital assets	<u>58,880,528</u>	<u>5,063,248</u>	<u>(2,497,457)</u>	<u>61,446,319</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,041,294)	(821,066)	-	(14,862,360)
Fire apparatus and other vehicles	(11,634,611)	(1,642,601)	2,070,869	(11,206,343)
Furniture, fixtures, and equipment	<u>(4,438,919)</u>	<u>(498,180)</u>	<u>149,444</u>	<u>(4,787,655)</u>
Total accumulated depreciation	<u>(30,114,824)</u>	<u>(2,961,847)</u>	<u>2,220,313</u>	<u>(30,856,358)</u>
Total capital assets being depreciated, net	<u>28,765,704</u>	<u>2,101,401</u>	<u>(277,144)</u>	<u>30,589,961</u>
Total capital assets, net of depreciation	<u>\$ 52,043,360</u>	<u>\$ 13,764,351</u>	<u>\$ (4,037,895)</u>	<u>\$ 61,769,816</u>

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

C. Interfund receivables, payables, and transfers

An interfund receivable of \$51,845 was recorded in the General Fund, payable from non-major governmental funds for reimbursement of personnel and materials and services used in regional emergency preparedness.

For the year ended June 30, 2010, the District made transfers totaling \$4,641,755 from the General Fund to the other governmental funds primarily for capital asset acquisitions. In addition, \$39,274 was paid into the District's Volunteer LOSAP Fund (a fiduciary fund) during the year. This expenditure in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance was reported as a transfer from the General Fund on a budgetary basis.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

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D. Long-term debt

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 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 and 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. All these bond issues were for purposes of funding seismic improvements, station construction and command center projects, and to purchase fire apparatus. At June 30, 2010, the District has \$28,500,000 of remaining authority to issue bonds.

Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due in One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 47,000,000	\$ -	\$ (2,115,000)	\$ 44,885,000	\$ 2,520,000
Unamortized premiums and discounts	360,402	-	(20,122)	340,280	20,122
Total long-term liabilities	<u>\$ 47,360,402</u>	<u>\$ -</u>	<u>\$ (2,135,122)</u>	<u>\$ 45,225,280</u>	<u>\$ 2,540,122</u>

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

Year of Maturity	General Obligation Bonds Series 2007 dated 4/11/07		General Obligation Bonds Series 2009 dated 3/17/09		General Obligation Bonds Series 2009 B dated 6/16/09	
	Principal	Interest	Principal	Interest	Principal	Interest
2010-11	\$ 1,000,000	\$ 694,500	\$ 960,000	\$ 486,000	\$ 560,000	\$ 558,173
2011-12	1,000,000	652,000	960,000	457,200	570,000	541,373
2012-13	1,000,000	612,000	960,000	428,400	580,000	524,272
2013-14	1,000,000	572,000	960,000	399,600	595,000	506,873
2014-15	1,000,000	532,000	960,000	370,800	610,000	489,022
2016-20	5,000,000	2,060,000	4,800,000	1,374,000	3,390,000	2,092,212
2021-25	5,000,000	1,051,750	3,840,000	412,800	4,115,000	1,360,212
2026-29	2,000,000	127,500			4,025,000	435,814
Total	<u>\$ 17,000,000</u>	<u>\$ 6,301,750</u>	<u>\$ 13,440,000</u>	<u>\$ 3,928,800</u>	<u>\$ 14,445,000</u>	<u>\$ 6,507,951</u>

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2. Compensated absences

Compensated absences activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u>		<u>Balance</u>	
	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>
Governmental activities:				
Compensated absences	\$ 4,417,207	\$ 5,498,663	\$ (5,063,368)	\$ 4,852,502
				<u>\$ 3,202,651</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, 2010, is recorded on the balance sheet. However, there was no pending amount as of June 30, 2010. 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.

E. 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:

Fund balance in the Governmental Fund Balance Sheet	\$ 65,400,806
 Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Net pension asset	21,604
Unamortized bond issuance costs	161,155
Other post employment benefit	(4,636)
Capital assets, net	61,769,816
Accrued compensated absences	(4,852,502)
Net pension obligation	(770,000)
Long-term debt	(45,225,280)
Accrued interest payable on long-term debt	(360,232)
Deferred revenue recognized on full accrual basis	3,063,726
Net assets of Internal Service Funds combined with total governmental activities	<u>651,924</u>
Net assets in the Statement of Net Assets	<u>\$ 79,856,381</u>

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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	\$ (7,922,980)
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 (\$13,214,614) less depreciation for the year (\$2,960,446)	10,254,168
Gain on sale of capital assets	6,255
Property taxes not meeting the measurable and available criteria	169,861
Decrease in net pension asset	(21,980)
Certain revenues recognized as measurable and available in the current year	(125,173)
Net increase in accrued compensated absences	(435,295)
Other post employment benefit	(8,682)
Net increase in net pension obligation	(330,355)
Payments on long-term debt and related expenses	2,117,506
Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:	
Proceeds from sale of capital assets	(533,967)
Change in net assets of Internal Service fund combined with total governmental activities	<u>(32,899)</u>
Net change in net assets	<u><u>\$ 3,136,459</u></u>

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.

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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 2007, 2008, 2009 and 2010 remain open. The District's maximum liability for premiums related to these four open claim years is approximately \$1.8 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 (WCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCA functions as a 9-1-1 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2010, the District paid \$1,332,868 to WCCA for dispatch fees and \$1,073 for equipment maintenance charges. WCCA paid \$113,667 to the District for an interim director, \$9,000 for contracted medical director services, and \$1,706 for reimbursement of expenses and miscellaneous services that the District provided to WCCA for the year ended June 30, 2010.

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 1.5 percent to 3.0 percent of base wages. The District makes a similar match for non-bargaining employees. The District's contribution during fiscal year 2010 was \$503,099, of which \$380,123 was made for the bargaining unit employees.

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

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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 and Annual Pension Cost - The required employee contribution of six percent is paid by the District as a result of a collective bargaining agreement. Prior to December 31, 2003, the employee's six percent contribution was made to the PERS ORS 238 plans. Effective January 1, 2004, this same six percent contribution was 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 District's contributions to PERS were approximately \$7,174,000 for 2010, \$6,657,000 for 2009, and \$6,342,000 for 2008, equal to the required contributions each year. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The employer rate adopted by the PERS board based on the December 31, 2007 actuarial valuation for the District for fiscal year 2009-10 was 11.19 percent for Tier One and Tier Two employees. For OPSRP employees, the District remitted contributions based on employee class. The OPSRP contribution rates were 4.74 percent for general service employees and 7.45 percent for police and fire employees.

Actuarial Methods and Assumptions - The actuarial assumptions in the December 31, 2007, valuation included (a) 8.0 percent investment rate of return, (b) projected salary increases of 3.75 percent with additional increases for promotion and longevity that vary by age and service, (c) post-retirement cost of living increases of 2.0 percent per year, and (d) certain demographic assumptions. The underlying long-term assumed rate of inflation is 2.75 percent per year. The actuarial value of PERS assets are valued at fair market value on the valuation date less reserve equal to a prorata portion of the investment gains (losses) over the four year period ending on the valuation date. The unfunded actuarial liability as of the December 31, 2007 valuation is amortized on a level percentage of covered payroll on a closed fixed-term method basis over a 20-year period

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through December 31, 2027. In January 2010, the PERS Board adopted a rate stabilization method change to include a graded scale in the funding percentages within certain parameters.

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 four retired employees and three beneficiaries. 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. 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, 2010, the date of the latest actuarial valuation, was \$2,191. All benefits are vested. Significant actuarial assumptions used in the valuation included (a) rate of return of 3.5 percent (reduced from 5% in the previous valuation), (b) cost of living increases of 1.5% to 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 2010 valuations. 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, 2010 actuarial valuation, the annual pension costs are \$330,355. The Net Pension Obligation (NPO) as of June 30, 2010 is \$770,000. 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, 2010

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$330,355	0%	\$770,000
2009	225,184	0	439,645
2008	214,461	0	214,461

Condensed Statement of Net Assets, June 30, 2010:

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$ 2,191
Total assets	<u>2,191</u>
NET ASSETS	
Held in trust for pension benefits	\$ 2,191
	<u>2,191</u>

Changes in Net Assets for the year ended June 30, 2010:

	Pension Trust Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 351
Miscellaneous	<u>364</u>
Total investment earnings	<u>715</u>
Total additions	<u>715</u>
DEDUCTIONS	
Benefits	<u>351,749</u>
Total deductions	<u>351,749</u>
Change in net assets	(351,034)
Total net assets, July 1, 2009	<u>353,225</u>
Total net assets, June 30, 2010	<u>\$ 2,191</u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

3. Volunteer Length of Service Award Plan (LOSAP)

Plan Description - The District adopted a Volunteer Length of Service Award Plan (LOSAP) effective 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.

This plan 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 occurs after five years of service and service benefits are limited to 25 years. Volunteers are eligible for full retirement benefits after age 55. However, reduced benefits are available for vested volunteers after separation from service prior to age 55.

Actuarial Methods and Assumptions - The June 30, 2010 valuation 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 2010. The aggregate cost method is used to determine the normal cost for Annual Required Contribution (ARC) and Annual Pension Cost (APC). The entry age normal actuarial cost method is used to determine the Actuarial Accrued Liability (AAL) for the disclosure of the funded status and funding progress of the program. Assets are actuarially valued at market value. Under the aggregate cost method, the unfunded value of all benefits expected to be paid from the plan is spread over the expected working career of all participants for the group as a whole (not as a sum of individual allocations), in such a way that annual costs are expected to remain level. This method does not identify or separately amortize the unfunded actuarial accrued liability. The actuarially determined annual required contribution in fiscal year 2010 was \$53,611, which was greater than the actual contribution of \$39,274. There is no explicit assumption for future inflation, as benefits are not tied to inflation.

Funded Status and Funding Progress – As of June 30, 2010, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$982,436 and the actuarial value of assets was \$801,161, resulting in an unfunded actuarial accrued liability (UAAL) of \$181,275. 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.

The plan does not issue stand-alone financial reports.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation Asset
2010	\$61,254	64%	\$21,604
2009	38,238	157	43,584
2008	39,274	153	20,726

Annual Pension Cost and Net Pension Obligation, June 30, 2010:

	Volunteer LOSAP Fund
Annual Required Contribution	\$ 53,611
Interest on NPO	(2,179)
Adjustment for NPO	9,822
Annual Pension Cost	<u>61,254</u>
Contributions	<u>(39,274)</u>
Increase in Net Pension Obligation	21,980
Net Pension Obligation (Asset) - beginning of year	<u>(43,584)</u>
Net Pension Obligation (Asset) - end of year	<u>\$ (21,604)</u>

Condensed Statement of Net Assets, June 30, 2010:

	Volunteer LOSAP Fund
ASSETS	
Cash and cash equivalents	\$ 401,303
Investments	399,857
Total assets	<u>801,160</u>
NET ASSETS	
Held in trust for pension benefits	<u>\$ 801,160</u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

Condensed Statement of Changes in Net Assets, for the year ended June 30, 2010:

	Volunteer LOSAP Fund
ADDITIONS	
Contributions:	
Employer	\$ 39,274
Total contributions	<u>39,274</u>
Investment earnings:	
Interest	2,607
Dividends	7,112
Miscellaneous	5,253
Net increase in the fair value of investments	<u>41,354</u>
Net investment earnings	<u>56,326</u>
Total additions	<u>95,600</u>
DEDUCTIONS	
Benefits	32,375
Total deductions	<u>32,375</u>
Change in net assets	63,225
Total net assets, July 1, 2009	<u>737,935</u>
Total net assets, June 30, 2010	<u>\$ 801,160</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, a special revenue 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 either a monthly stipend or subsidized medical benefits. This plan is closed to current active employees. The Self-Pay Health Plan is provided in accordance with ORS 243.303, which requires that early 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 coverage

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

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, 2009, the date of the most recent actuarial valuation, there were 92 active employees and 72 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:

	<u>2010</u>
Annual required contribution	\$ 135,136
Interest on Net OPEB Obligation	(121)
Adjustment to ARC for Net OPEB Obligation	-
Annual OPEB cost	<u>135,015</u>
Expected contributions	<u>(126,333)</u>
Increase in net OPEB obligation	8,682
Net OPEB obligation (asset) - beginning of year	<u>(4,046)</u>
Net OPEB obligation - end of year	<u><u>\$ 4,636</u></u>

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2010 were as follows:

Fiscal Year <u>Ending</u>	Annual <u>OPEB Cost</u>	% of Annual OPEB Cost Contributed	Net OPEB Obligation <u>(Asset)</u>
2010	\$ 135,015	93.57 %	\$ 4,636
2009	135,136	102.99	(4,046)

Funded Status and Funding Progress - As of June 30, 2010, the District's actuarial accrued liability (AAL) for benefits was \$1,693,719, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,693,719 on a covered payroll of \$7,450,107. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will eventually present 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.

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 12 percent inflation for the current year, grading down to an annual rate of five percent after fourteen 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 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.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

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 after January 1, 2004. 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 equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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 .29% of annual covered Tier 1 and Tier 2 payroll and .19% 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 contribution to RHIA for the year ended June 30, 2010 and 2009 was approximately \$102,500 and \$131,000 respectively.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

3. Retiree Health Plan For Local 1660 Members

Plan Description - Tualatin Valley Fire & Rescue (TVF&R) 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 \$779 per month for medical coverage and \$91 per month for dental coverage 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.

TVF&R contributions to the Union Health Trust for the plan years ended June 30, 2010, 2009 and 2008 were \$5,001,328, \$4,352,432, and \$4,057,378, respectively, which equaled the required contribution as negotiated for each year.

F. Commitments and contingencies

On March 9, 2004, the City of West Linn residents voted to annex to the District as of July 1, 2004. As part of the annexation contract between the City of West Linn and the District, the District has made certain commitments to reconstruct two fire station facilities within the City, generally within seven years of annexation. One fire station is complete and the other fire station will be completed by the end of the 2010 calendar year.

Tualatin Valley Fire and Rescue
Notes to the Basic Financial Statements

June 30, 2010

On June 22, 2010, the Board voted to authorize the District to purchase several parcels of land totaling \$1,640,000 for the purpose of relocating two fire stations in the future. These land purchases will be completed during the 2010-11 year.

As of June 30, 2010, the District is committed under various accepted bid agreements and contracts for approximately \$6,000,000 for goods, services and construction of facilities.

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.

G. Subsequent events

On September 30, 2010, the District completed the purchase of a tract of land for fire station 68 in the amount of \$1,001,100.

Required Supplementary Information

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Tualatin Valley Fire and Rescue
Required Supplementary Information
June 30, 2010

Schedule of Funding Progress
Single-Employer Defined Benefit Pension Plan

Actuarial Date June 30,	AVA⁽¹⁾	AAL⁽²⁾	FAAL/ (UAAL)	Percent Funded	Covered Payroll
2010	\$2,191	\$2,921,875	(2,919,684)	- %	N/A
2008	1,002,973	2,603,541	(1,600,568)	39	N/A
2001	2,706,837	2,670,258	36,579	101	N/A

Schedule of Funding Progress
Volunteer Length of Service Award Plan

Actuarial Date June 30,	AVA⁽¹⁾	AAL⁽²⁾	FAAL/ (UAAL)	Percent Funded	Covered Payroll
2010	\$801,161	\$982,436	\$ (181,275)	81.55 %	N/A
2009	737,936	936,162	(198,226)	78.83	N/A

Schedule of Funding Progress
Health Benefit Retiree Program

Actuarial Date June 30,	AVA⁽¹⁾	AAL⁽²⁾	(UAAL)	Percent Funded	Covered Payroll	UAAL⁽³⁾
2010	\$ -	\$1,693,719	(\$1,693,719)	0.00%	\$ 7,450,107	22.73%
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

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Supplemental Information

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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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Interest	\$ 87,500	\$ 91,092	\$ 3,592
Total revenues	<u>87,500</u>	<u>91,092</u>	<u>3,592</u>
Expenditures			
Capital outlay	31,100,000	11,790,268	19,309,732
Operating contingency	74,808	-	74,808
Total expenditures	<u>31,174,808</u>	<u>11,790,268</u>	<u>19,384,540</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,087,308)</u>	<u>(11,699,176)</u>	<u>19,388,132</u>
Other Financing Sources			
Sale of surplus property	-	398,907	398,907
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>(31,087,308)</u>	<u>(11,300,269)</u>	<u>19,787,039</u>
Fund balance - July 1, 2009	31,087,308	22,153,113	(8,934,195)
Fund balance - June 30, 2010	<u>\$</u> <u>10,852,844</u>	<u>\$</u> <u>10,852,844</u>	<u>\$</u> <u>10,852,844</u>

NONMAJOR GOVERNMENTAL FUNDS

These funds account for the accumulation of resources for particular activities or functions from designated sources. Funds included in this category are:

Special Revenue Funds

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

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

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

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, 2010

	Special Revenue Fund Type					Debt Service Fund Type	Capital Projects Fund Type
	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Grants Fund	Retiree Medical Insurance Stipend Fund		
					Debt Service Fund	Property and Building Fund	
Assets							
Cash and cash equivalents	\$ 1,776,988	\$ 7,232,176		\$ 90,554	\$ 216,609	\$ 1,180,567	\$ 7,075,497
Receivables:							
Property taxes receivable						191,595	191,595
Accounts receivable							109,978
Total assets	\$ 1,776,988	\$ 7,271,694	\$ 53,460	\$ 107,554	\$ 216,609	\$ 1,372,162	\$ 7,075,497
							\$ 17,873,964
 Liabilities and Fund Balances							
Liabilities:							
Accounts payable		\$ 1,207,993	\$ 1,615	\$ 17,000	\$ 1,195		\$ 143,192
Due to other funds			51,845				51,845
Deferred revenue						\$ 164,321	164,321
Total liabilities		-	1,207,993	53,460	17,000	1,195	143,192
							1,587,161
Fund balances:							
Reserved for retiree medical insurance						215,414	215,414
Reserved for debt service							1,207,841
Unreserved, reported in:							
Special revenue funds	\$ 1,776,988	6,063,701	-	90,554			7,931,243
Capital projects fund	\$ 1,776,988	6,063,701	-	90,554	215,414	1,207,841	6,932,305
Total fund balances	\$ 1,776,988	\$ 7,271,694	\$ 53,460	\$ 107,554	\$ 216,609	\$ 1,372,162	\$ 7,075,497
Total liabilities and fund balances	\$ 1,776,988	\$ 7,271,694	\$ 53,460	\$ 107,554	\$ 216,609	\$ 1,372,162	\$ 7,075,497
							\$ 17,873,964

Tualatin Valley Fire and Rescue
**Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds**
For the Year Ended June 30, 2010

	Special Revenue Fund Type				Debt Service Fund Type		Capital Projects Fund Type	
	Apparatus Fund	Capital Improvements Fund	Emergency Management Fund	Grants Fund	Retiree Medical Insurance Stipend Fund	Debt Service Fund	Property and Building Fund	Total Nonmajor Governmental Funds
Revenues								
Taxes	\$ 9,970	\$ 42,849			\$ 109,097	\$ 1,370	\$ 4,564,032	\$ 4,564,032
Interest						12,570	42,018	108,777
Grants and donations								109,097
Total revenues	9,970	42,849			109,097	1,370	4,576,602	42,018
Expenditures								
Current								
Public safety:								
Personnel services								
Materials and services								
Debt service:								
Principal								
Interest								
Capital outlay								
Total expenditures								
	2,772,537	36,261	92,097	109,097	80,514	3,913,179	419,261	7,330,849
Excess (deficiency) of revenues over (under) expenditures	9,970	(2,729,688)	(36,261)	-	(79,144)	663,423	(377,243)	(2,548,943)
Other Financing Sources								
Transfers in								
Sale of surplus property								
Total other financing sources								
	500,000	2,672,209	36,261	-	83,285	-	1,350,000	4,641,755
	122,500	12,560	-	-	-	-	-	135,060
	622,500	2,684,769	36,261	-	83,285	-	1,350,000	4,776,815
Net change in fund balances	632,470	(44,919)	-	-	4,141	663,423	972,757	2,227,872
Fund balances - July 1, 2009	1,144,518	6,108,620	-	90,554	211,273	544,418	5,959,548	14,058,931
Fund balances - June 30, 2010	\$ 1,776,988	\$ 6,063,701	\$ -	\$ 90,554	\$ 215,414	\$ 1,207,841	\$ 6,932,305	\$ 16,286,803

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, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 18,002	\$ 9,970	\$ (8,032)
Total revenues	<u>18,002</u>	<u>9,970</u>	<u>(8,032)</u>
Expenditures			
Operating contingency	500,000	-	500,000
Total expenditures	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(481,998)</u>	<u>9,970</u>	<u>491,968</u>
Other Financing Sources			
Transfers in	500,000	500,000	-
Sales of surplus property	-	122,500	122,500
Total other financing sources	<u>500,000</u>	<u>622,500</u>	<u>122,500</u>
Net change in fund balances	18,002	632,470	614,468
Fund balance - July 1, 2009	1,140,179	1,144,518	4,339
Fund balance - June 30, 2010	<u>\$ 1,158,181</u>	<u>\$ 1,776,988</u>	<u>\$ 618,807</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Interest	\$ 105,656	\$ 42,849	\$ (62,807)
Total revenues	<u>105,656</u>	<u>42,849</u>	<u>(62,807)</u>
Expenditures			
Capital outlay	3,547,639	2,772,537	775,102
Operating contingency	<u>3,415,528</u>	<u>-</u>	<u>3,415,528</u>
Total expenditures	<u>6,963,167</u>	<u>2,772,537</u>	<u>4,190,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,857,511)</u>	<u>(2,729,688)</u>	<u>4,127,823</u>
Other Financing Sources			
Transfers in	2,672,209	2,672,209	-
Sale of surplus property	<u>-</u>	<u>12,560</u>	<u>12,560</u>
Total other financing sources	<u>2,672,209</u>	<u>2,684,769</u>	<u>12,560</u>
Net change in fund balances	(4,185,302)	(44,919)	4,140,383
Fund balance - July 1, 2009	6,400,338	6,108,620	(291,718)
Fund balance - June 30, 2010	<u>\$ 2,215,036</u>	<u>\$ 6,063,701</u>	<u>\$ 3,848,665</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Expenditures			
Current			
Public safety:			
Personnel services	\$ 46,179	\$ 34,184	\$ 11,995
Materials and services	<u>9,069</u>	<u>2,077</u>	<u>6,992</u>
Total expenditures	<u>55,248</u>	<u>36,261</u>	<u>18,987</u>
Other Financing Sources			
Transfers in	<u>55,248</u>	<u>36,261</u>	<u>(18,987)</u>
Total other financing sources	<u>55,248</u>	<u>36,261</u>	<u>(18,987)</u>
Net change in fund balances	-	-	-
Fund balance - July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Grants and donations	\$ 1,380,000	\$ 109,097	\$ (1,270,903)
Total revenues	<u>1,380,000</u>	<u>109,097</u>	<u>(1,270,903)</u>
Expenditures			
Materials and services	100,000	17,000	83,000
Capital outlay	<u>1,600,000</u>	<u>92,097</u>	<u>1,507,903</u>
Total expenditures	<u>1,700,000</u>	<u>109,097</u>	<u>1,590,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(320,000)</u>	<u>-</u>	<u>320,000</u>
Other Financing Sources			
Transfers in	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Total other financing sources	<u>320,000</u>	<u>-</u>	<u>320,000</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - July 1, 2009	<u>-</u>	<u>90,554</u>	<u>90,554</u>
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ 90,554</u>	<u>\$ 90,554</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Interest	\$ 2,716	\$ 1,370	\$ (1,346)
Total revenues	<u>2,716</u>	<u>1,370</u>	<u>(1,346)</u>
Expenditures			
Current			
Personnel services	110,103	80,514	29,589
Total expenditures	<u>110,103</u>	<u>80,514</u>	<u>29,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,387)</u>	<u>(79,144)</u>	<u>28,243</u>
Other Financing Sources			
Transfers in	83,285	83,285	-
Total other financing sources	<u>83,285</u>	<u>83,285</u>	<u>-</u>
Net change in fund balances	(24,102)	4,141	28,243
Fund balance - July 1, 2009	201,275	211,273	9,998
Fund balance - June 30, 2010	<u>\$ 177,173</u>	<u>\$ 215,414</u>	<u>\$ 38,241</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Taxes	\$ 4,448,084	\$ 4,564,032	\$ 115,948
Interest	14,700	12,570	(2,130)
Total revenues	<u>4,462,784</u>	<u>4,576,602</u>	<u>113,818</u>
Expenditures			
Debt service:			
Principal	2,115,000	2,115,000	-
Interest	1,798,181	1,798,179	2
Total expenditures	<u>3,913,181</u>	<u>3,913,179</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	549,603	663,423	113,820
Fund balance - July 1, 2009	319,734	544,418	224,684
Fund balance - June 30, 2010	<u>\$ 869,337</u>	<u>\$ 1,207,841</u>	<u>\$ 338,504</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, 2010

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 90,118	\$ 42,018	\$ (48,100)
Total revenues	<u>90,118</u>	<u>42,018</u>	<u>(48,100)</u>
Expenditures			
Capital outlay	699,300	419,261	280,039
Operating contingency	<u>7,950,232</u>	<u>-</u>	<u>7,950,232</u>
Total expenditures	<u>8,649,532</u>	<u>419,261</u>	<u>8,230,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,559,414)</u>	<u>(377,243)</u>	<u>8,182,171</u>
Other Financing Sources			
Transfers in	1,350,000	1,350,000	-
Total other financing sources	<u>1,350,000</u>	<u>1,350,000</u>	<u>-</u>
Net change in fund balances	(7,209,414)	972,757	8,182,171
Fund balance - July 1, 2009	7,209,414	5,959,548	(1,249,866)
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ 6,932,305</u>	<u>\$ 6,932,305</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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Interest	\$ 8,482	\$ 4,424	\$ (4,058)
Insurance refunds	<u>18,000</u>	<u>5,547</u>	<u>(12,453)</u>
Total revenues	<u>26,482</u>	<u>9,971</u>	<u>(16,511)</u>
Expenditures			
Materials and services	<u>705,002</u>	<u>42,869</u>	<u>662,133</u>
Total expenditures	<u>705,002</u>	<u>42,869</u>	<u>662,133</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(678,520)	(32,898)	645,622
Fund balance - July 1, 2009	<u>678,520</u>	<u>684,823</u>	<u>6,303</u>
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ 651,925</u>	<u>\$ 651,925</u>

Tualatin Valley Fire and Rescue
Combining Statement of Net Assets
Fiduciary Funds
June 30, 2010

	Pension Trust Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$ 2,191	\$ 401,303	\$ 403,494
Investments, mutual funds at fair value		399,857	399,857
Total assets	<u>2,191</u>	<u>801,160</u>	<u>803,351</u>
Net Assets			
Held in trust for pension benefits	<u>\$ 2,191</u>	<u>\$ 801,160</u>	<u>\$ 803,351</u>

Tualatin Valley Fire and Rescue
Combining Statement of Changes in Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	Pension Trust Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Additions			
Contributions:			
Employer		\$ 39,274	\$ 39,274
Miscellaneous	\$ 363	5,253	5,616
Investment earnings:			
Total additions	<u>351</u>	<u>51,073</u>	<u>51,424</u>
	<u>714</u>	<u>95,600</u>	<u>96,314</u>
Deductions			
Benefits	351,748	32,375	384,123
Total deductions	<u>351,748</u>	<u>32,375</u>	<u>384,123</u>
Change in net assets	(351,034)	63,225	(287,809)
Total net assets, July 1, 2009	<u>353,225</u>	<u>737,935</u>	<u>1,091,160</u>
Total net assets, June 30, 2010	<u><u>\$ 2,191</u></u>	<u><u>\$ 801,160</u></u>	<u><u>\$ 803,351</u></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, 2010

				Variance with Final Budget - Positive (Negative)	
	Budget Amounts		Actual Amounts		
	Original	Final			
Revenues					
Investment earnings	\$ 351	\$ 351	\$ 351	\$ -	
Miscellaneous	-	-	363	363	
Total revenues	351	351	714	363	
Expenditures					
Personnel services	348,806	352,306	351,748	558	
Materials and services	5,000	1,500	-	1,500	
Total expenditures	353,806	353,806	351,748	2,058	
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(353,455)	(353,455)	(351,034)	2,421	
Fund balance - July 1, 2009	353,455	353,455	353,225	(230)	
Fund balance - June 30, 2010	\$ -	\$ -	\$ 2,191	\$ 2,191	

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, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Investment earnings	\$ 674	\$ 51,073	\$ 50,399
Miscellaneous		5,253	5,253
Total revenues	<u>674</u>	<u>56,326</u>	<u>55,652</u>
Expenditures			
Personnel services	714,266	32,375	681,891
Total expenditures	<u>714,266</u>	<u>32,375</u>	<u>681,891</u>
Excess (deficiency) of revenues over (under) expenditures	(713,592)	23,951	737,543
Other Financing Sources			
Transfers in	39,274	39,274	-
Total other financing sources	<u>39,274</u>	<u>39,274</u>	<u>-</u>
Net change in fund balances	(674,318)	63,225	737,543
Fund balance - July 1, 2009	674,318	737,935	63,617
Fund balance - June 30, 2010	<u>\$ -</u>	<u>\$ 801,160</u>	<u>\$ 801,160</u>

Tualatin Valley Fire and Rescue
Schedule of Property Tax Transactions and Outstanding Balances
For the fiscal year ended June 30, 2010

Tax Year	Taxes Uncollected June 30, 2009	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deduct) Collections	Taxes Uncollected June 30, 2010
	-	\$ 74,662,973	\$ (1,862,629)	\$ 27,042	\$ (223,087)	\$ (70,399,625)	\$ 2,204,674
2009-10							
2008-09	\$ 2,293,868		2,292	85,410	(107,363)	(1,425,525)	848,682
2007-08	617,046		844	46,774	(42,534)	(306,649)	315,481
2006-07	217,762		321	32,837	(19,579)	(147,203)	84,138
2005-06	61,971		227	12,461	(8,422)	(47,126)	19,111
2004-05	24,258		160	2,357	(7,100)	(3,135)	16,540
2003-04 and prior	37,658		89	(742)	(6,673)	(1,347)	28,984
Total prior	3,252,563		3,933	179,097	(191,671)	(1,930,985)	1,312,936
Total	\$ 3,252,563	\$ 74,662,973	\$ (1,858,696)	\$ 206,139	\$ (414,758)	\$ (72,330,610)	\$ 3,517,610
				General Fund	Debt Service Fund	Total	
Reconciliation to tax revenues on combined financial statements:							
Property tax collections above				\$ 67,779,219	\$ 4,551,391	\$ 72,330,610	
Property taxes susceptible to accrual at June 30, 2010				461,125	27,274	488,399	
Property taxes susceptible to accrual at June 30, 2009				(378,482)	(14,732)	(393,214)	
Taxes in lieu of property taxes				5,512	99	5,611	
Tax revenues				\$ 67,867,374	\$ 4,564,032	\$ 72,431,406	
				Property Taxes	Taxes in Lieu of Property Taxes	Taxes Uncollected June 30, 2010	
				Current Levy	Prior Years	Total	
DISTRIBUTED AS FOLLOWS:							
General Fund	\$ 66,235,696	\$ 1,626,166	\$ 5,512	\$ 67,867,374	\$ 3,326,015		
Debt Service Fund	4,499,379	64,554	99	4,564,032	191,595		
Total	\$ 70,735,075	\$ 1,690,720	\$ 5,611	\$ 72,431,406	\$ 3,517,610		

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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.	91
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	95
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.	99
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.	102
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.	104
Sources Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

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

Governmental Activities:	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Invested in capital assets, net of related debt								
Restricted	\$ 18,050,203	\$ 19,494,131	\$ 23,463,387	\$ 27,938,890	\$ 25,440,690	\$ 26,022,160	\$ 26,836,071	\$ 27,397,380
Unrestricted	993,589	858,636	1,031,033	1,165,747	1,273,796	1,321,652	22,697,532	12,060,685
Total primary government net assets	<u><u>\$ 45,159,585</u></u>	<u><u>\$ 47,929,299</u></u>	<u><u>\$ 53,304,101</u></u>	<u><u>\$ 59,768,544</u></u>	<u><u>\$ 66,064,121</u></u>	<u><u>\$ 74,092,208</u></u>	<u><u>\$ 76,719,922</u></u>	<u><u>\$ 79,856,381</u></u>

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 67,371,019	\$ 69,649,810
Interest on long-term debt	426,663	342,004	280,733	210,432	359,307	921,830	950,457	1,785,629
Loss on sale of capital assets			77,030			38,671		
Total primary government expenses	<u>48,345,638</u>	<u>50,998,610</u>	<u>53,458,373</u>	<u>56,863,405</u>	<u>59,231,691</u>	<u>62,835,198</u>	<u>68,321,476</u>	<u>71,435,439</u>
Program Revenues								
Governmental activities:								
Charges for services ⁽¹⁾	5,403,408	3,767,913	704,506	818,382	852,678	916,859	758,476	587,305
Operating grants and contributions	65,000	197,112	1,794,138	606,864	583,497	277,094	134,753	241,384
Capital grants and contributions				1,453,268		68,535	432,805	43,950
Total primary government program revenues	<u>5,468,408</u>	<u>3,965,025</u>	<u>2,498,644</u>	<u>2,878,514</u>	<u>1,436,175</u>	<u>1,262,488</u>	<u>1,326,034</u>	<u>872,639</u>
Total primary government net expense	<u>(42,877,230)</u>	<u>(47,033,585)</u>	<u>(50,959,729)</u>	<u>(53,984,891)</u>	<u>(57,795,516)</u>	<u>(61,572,710)</u>	<u>(66,995,442)</u>	<u>(70,562,800)</u>
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	68,254,733	72,601,267
Investment earnings	549,532	484,643	875,339	1,645,622	2,504,630	2,755,890	1,006,351	406,556
Gain on sale of capital assets	193,753	204,634		42,130	20,567		8,834	-
Insurance refunds	234,107	119,642	148,656	450,318	273,161	646,230	236,921	420,993
Miscellaneous	199,856	32,790	76,822	192,871	81,298	52,372	116,317	270,443
Total primary government	<u>48,299,276</u>	<u>49,803,299</u>	<u>56,354,531</u>	<u>60,449,334</u>	<u>64,091,093</u>	<u>69,600,797</u>	<u>69,623,156</u>	<u>73,699,259</u>
Change in Net Assets								
Total primary government	<u>\$ 5,422,046</u>	<u>\$ 2,769,714</u>	<u>\$ 5,374,802</u>	<u>\$ 6,464,443</u>	<u>\$ 6,295,577</u>	<u>\$ 8,028,087</u>	<u>\$ 2,627,714</u>	<u>\$ 3,136,459</u>

⁽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 Eight Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 198,660	\$ 177,847	\$ 204,312	\$ 225,511	\$ 236,315	\$ 272,292	\$ 302,466	\$ 281,282
Unreserved	20,516,145	20,213,268	22,218,710 ⁽¹⁾	25,737,059	30,458,483	34,934,854	36,809,276	37,979,877
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>\$ 38,261,159</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	\$ 12,276,099
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	7,931,243
Capital projects fund	1,820,528	2,656,074	4,224,381	3,882,796	5,848,944	5,982,171	5,959,548	6,932,305
Total all other governmental funds	<u>\$ 6,952,095</u>	<u>\$ 8,010,784</u>	<u>\$ 8,365,549</u>	<u>\$ 7,834,423</u>	<u>\$ 28,169,070</u>	<u>\$ 24,029,711</u>	<u>\$ 36,212,044</u>	<u>\$ 27,139,647</u>

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

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$ 47,084,315	\$ 48,939,210	\$ 55,433,542	\$ 58,159,673	\$ 61,007,196	\$ 65,684,260	\$ 67,381,260	\$ 72,431,406
Interest	539,707	476,100	860,920	1,614,208	2,469,936	2,720,574	992,093	402,132
Charges for services	5,416,815	3,767,482	702,918	831,114	848,145	895,648	728,156	583,312
Insurance refunds	68,090	92,129	142,632	383,678	239,646	641,668	230,529	415,446
Grants and donations	197,112	1,256,727	606,864	230,399	190,593	81,762	225,052	
Miscellaneous	284,765	82,602	70,635	181,377	73,987	47,083	89,484	104,552
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>
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
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
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
Interest	435,185	345,908	287,532	225,450	170,200	931,892	841,575	1,798,179
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>
Excess (deficiency) of revenues	<u>2,867,487</u>	<u>345,621</u>	<u>2,353,586</u>	<u>1,813,243</u>	<u>4,905,203</u>	<u>215,690</u>	<u>(15,362,332)</u>	<u>(8,456,947)</u>
Other Financing Sources (Uses)								
Proceeds from debt issuance	1,437,100				20,000,000		29,362,404	
Proceeds from sales of surplus property	443,350	389,378	32,886	173,229	161,672	157,299	86,857	533,967
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
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)
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>
Net change in fund balances	<u>\$ 4,712,937</u>	<u>\$ 734,999</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>
Debt service as a percentage of noncapital expenditures	6.85%	3.74%	3.63%	2.60%	2.53%	5.29%	5.09%	5.62%

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 Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value
2010	\$37,743,268,296	\$59,934,879,438	\$1,291,172,910	\$1,302,193,317	\$54,963,237	\$62,488,050	\$1,193,592,740	\$1,194,549,230	\$40,282,997,183	\$62,494,110,035
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
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
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
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
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
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
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
2002	22,965,955,204	32,416,457,824	1,168,446,682	1,178,099,901	199,152,229	210,352,253	840,421,507	849,998,635	25,173,975,622	34,654,008,613
2001	21,601,875,201	29,409,944,697	1,182,778,771	1,201,425,179	95,555,476	116,241,390	711,629,007	833,056,257	23,591,838,454	31,560,667,523

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
\$10.66	\$11.93	\$12.01	\$11.51	\$12.09	\$11.96	\$11.21	\$12.37	\$12.11	\$12.61	
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value										
\$17.82	\$18.69	\$18.86	\$21.65	\$20.09	\$21.35	\$20.11	\$20.55	\$20.96	\$21.97	
Tualatin Valley Fire and Rescue	\$1.59	\$1.83	\$1.82	\$1.83	\$1.83	\$1.82	\$1.82	\$1.82	\$1.84	\$1.89
Washington County	2.53	2.96	2.91	2.90	2.87	2.84	2.45	3.03	2.98	2.98
Washington County School District No. 1J	5.94	7.18	6.79	6.67	6.60	6.58	6.52	8.06	7.10	7.46
Washington County School District No. 1-J	7.00	6.97	7.22	7.12	7.18	4.77	5.28	6.53	6.53	6.53
Beaverton School District 48J	6.12	6.36	6.56	8.01	6.60	7.98	6.29	6.74	6.56	6.88
West Linn School District #101 (Washington County portion)	9.02	8.97	9.15	9.28	9.18	7.90	9.31	7.57	9.05	9.18
Newberg School District #46	6.72	6.86	6.65	8.82	8.21	8.17	8.27	8.55	8.30	8.24
Tigard School District 23J	7.24	7.03	7.16	7.88	7.79	6.98	6.90	6.86	7.71	7.68
School - Tigard/Tualatin Bond										
City of Beaverton	3.79	3.31	3.61	3.97	4.10	4.01	4.21	4.18	4.12	4.20
City of Tigard	2.60	2.57	2.90	2.68	2.70	2.72	2.73	2.74	2.68	2.72
City of Durham	1.88	1.83	1.84	1.96	1.94	1.86	1.83	1.81	1.82	1.83
City of King City	1.99	1.97	1.94	1.93	1.53	1.94	1.94	1.94	1.94	1.94
Metzger Water - Combined	0.25	0.23	0.23	0.22	0.19	0.18	0.19	0.00	0.00	0.00
Portland Community College	0.37	0.55	0.49	0.51	0.51	0.50	0.49	0.51	0.50	0.63
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	1.49	1.47	1.46	1.46	1.46	1.45	1.44	1.43	1.43	1.73
Enhanced Sheriffs	1.08	1.05	1.03	1.17	1.14	1.12	1.11	1.09	1.31	1.28
Clackamas Education Service District	0.37	0.37	0.37	0.37	0.36	0.37	0.37	0.37	0.37	0.37
Multnomah Education Service District	0.46	0.45	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	2.97	2.97	2.83	2.40	2.82	2.40	2.87	2.40	2.85	2.86
Clackamas Community College	0.56	0.86	0.54	0.54	0.54	0.54	0.40	0.55	0.55	0.74
Clackamas County School District 3J (West Linn/Wilsonville)	6.37	6.97	6.37	6.37	9.18	9.23	6.37	6.37	6.37	9.18
Clackamas County School District No. 7J (Lake Oswego)	6.08	7.02	6.90	6.90	7.11	7.32	7.04	6.85	7.15	7.16
Clackamas County School District No. 86 (Canby)	4.58	7.91	4.58	4.58	6.54	7.11	4.58	4.58	6.63	6.91
Washington County School District No. 88	7.51	7.44	7.36	7.33	7.30	6.94	7.07	8.92	8.80	8.92
City of Sherwood	4.39	4.71	4.38	4.20	4.19	3.89	3.78	3.72	3.54	3.56
City of Tualatin	2.90	2.75	2.10	2.01	2.01	2.14	2.13	2.26	2.15	2.18
City of Wilsonville	2.67	2.93	2.52	2.36	2.42	2.37	2.32	2.25	2.20	2.17
City of Wilsonville - Urban Renewal	0.73	0.68	1.42	0.73	2.65	0.73	0.69	0.79	0.86	2.42
City of West Linn										
						3.03	2.88	2.12	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)

	2010				2001			
	Rank	Taxable Assessed Value ⁽¹⁾	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Value ⁽¹⁾	Percentage of Total Taxable Assessed Valuation	Rank	
Private enterprises:								
Intel Corporation	1	\$ 1,053,478	2.62 %	1	\$ 345,478	1.46 %		
Nike, Inc.	3	429,873	1.07	3	248,032	1.05		
Pacific Realty Associates	5	294,193	0.73	6	131,507	0.56		
Maxim Integrated Products	8	155,112	0.39	5	162,534	0.69		
Tektronix, Inc.	9	132,746	0.33	8	109,835	0.47		
PS Business Parks	10	104,442	0.26					
EOP-Lincoln				9	064,409	0.27		
Washington Square, Inc				10	050,706	0.21		
Public utilities:								
Verizon Northwest, Inc.	2	436,478	1.08	2	272,270	1.15		
Portland General Electric	4	355,704	0.88	4	174,176	0.74		
Northwest Natural Gas Co	6	300,944	0.75	7	124,130	0.53		
Comcast Corporation	7	212,605	0.53					
All other taxpayers		36,807,421	91.37		21,908,761	92.87		
Total		\$ 40,282,997	100.00 %		\$ 23,591,838	100.00 %		

Source: Washington County Department of Assessment and Taxation

⁽¹⁾ Data presented is for Washington County only. The District also levies taxes in 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
2010	\$ 74,662,973	\$ 70,399,625	94.29 %	\$ -	\$ 72,330,610	96.88 %
2009	70,168,538	66,017,433	94.08	3,302,424	69,319,857	98.79
2008	67,886,825	64,345,840	94.78	3,225,504	67,571,344	99.54
2007	62,860,513	59,799,046	95.13	2,977,330	62,776,376	99.87
2006	59,783,920	56,844,054	95.08	2,920,754	59,764,808	99.97
2005	56,843,613	53,918,038	94.85	2,909,035	56,827,073	99.97
2004	50,483,968	47,697,565	94.48	2,757,418	50,454,983	99.94
2003	48,507,471	45,798,106	94.41	1,292,291 ⁽¹⁾	47,090,397	97.08
2002	46,251,187	43,682,532	94.45	1,060,463 ⁽¹⁾	44,742,996	96.74
2001	37,636,823	35,530,538	94.40	1,030,065 ⁽¹⁾	36,560,603	97.14

Source: District financial statements, current and prior years

⁽¹⁾ County collection records only show detail going back seven years. Over time ten full years will be presented

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 Per Capita⁽³⁾	Percentage of Personal Income⁽³⁾
2010	\$ 40,282,997	\$ 44,885,000	\$ 1,207,841	\$ 43,677,159	92.23 %	\$ 99.19 0.25 %
2009	38,833,158	47,000,000	544,418	46,455,582	0.01	105.04 0.29
2008	36,996,882	20,475,000	1,321,652	19,153,348	0.05	43.55 0.13
2007	35,116,244	22,850,000	1,273,796	21,576,204	0.06	50.12 0.15
2006	33,378,251	4,130,000	1,165,747	2,964,253	0.01	6.99 0.02
2005	30,990,348	5,320,000	1,031,033	4,288,967	0.01	10.26 0.03
2004	27,533,018	6,902,100	867,007	6,035,093	0.02	14.45 0.05
2003	26,537,095	8,422,100	837,031	7,585,069	0.03	18.43 0.06
2002	25,173,975	9,820,000	971,121	8,848,879	0.04	21.72 0.07
2001	23,591,838	11,135,000	929,734	10,205,266	0.04	25.58 0.08

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 100 for personal income and population data

Tualatin Valley Fire and Rescue
Computation of Overlapping Net Direct Debt
June 30, 2010

Jurisdiction	Net Direct Debt	Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable to District
Clackamas School No. 3J (West Linn/Wilsonville)	\$ 191,637,238		100.00 %	\$ 191,637,238
Clackamas County	79,370,000		18.63	14,787,028
Clackamas County School District No. 7J (Lake Oswego)	74,568,643		5.79	4,314,989
Clackamas County School District No. 86 (Canby)	60,380,000		15.08	9,102,406
Clackamas Community College	34,840,000		24.72	8,611,124
City of West Linn	11,505,000		100.00	11,505,000
Columbia County SD 1J (Scappoose)	33,300,000		0.20	65,335
Multnomah County	104,685,000		0.99	1,031,671
Metro Service District	158,533,356		28.48	45,155,531
Tri-Metropolitan Transport District	27,960,000		27.26	7,622,483
Multnomah County School District 1J (Portland)	26,316,000		1.58	414,582
Portland Community College	224,025,000		31.17	69,838,450
Willamette ESD	2,230,000		0.47	10,490
Washington County	2,715,000		72.77	1,975,760
Tualatin Hills Park & Recreation District	66,935,000		98.02	65,610,691
Washington County School No. 23J (Tigard-Tualatin)	126,880,000		99.89	126,745,634
Washington County District No. 48J (Beaverton)	392,845,000		95.48	375,089,192
Washington County School District No. 88J (Sherwood)	120,823,945		99.29	119,965,370
Washington County School District No. 1J (Hillsboro)	257,348,096		13.31	34,247,885
Washington County School District No. 29 (Reedville Bond)	395,000		53.93	213,007
City of Durham	1,445,000		99.99	1,444,835
City of Sherwood	8,778,673		99.99	8,777,707
City of Tigard	9,458,100		100.00	9,457,854
City of Tualatin	10,185,000		99.99	10,184,267
Yamhill County School District No. 29J (Newberg)	42,580,000		5.12	2,181,970
Total				\$ 1,119,990,498

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
Computation of Legal Debt Margin
June 30, 2010

Legal Debt Margin Calculation for Fiscal Year 2009

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 394,508,344	\$ 433,175,108	\$ 443,843,973	\$ 474,261,738	\$ 536,899,449	\$ 596,886,836	\$ 726,889,918	\$ 813,030,300	\$ 837,030,455	\$ 781,176,375
Total net debt applicable to limit	10,205,266	8,848,879	7,585,069	6,035,093	4,288,967	2,964,253	21,576,204	19,153,348	46,982,500	43,677,159
Legal debt margin	\$ 384,303,078	\$ 424,326,229	\$ 436,258,904	\$ 468,226,645	\$ 532,610,482	\$ 593,922,583	\$ 705,313,714	\$ 793,876,952	\$ 790,047,955	\$ 737,499,216
Total net debt applicable to the limit as a percentage of debt limit	2.59%	2.04%	1.71%	1.27%	0.80%	0.50%	2.97%	2.36%	5.61%	5.59%

Source: District financial statements, Washington, Clackamas, and Multnomah County Assessment and Tax Roll Summaries, and Oregon Revised Statutes

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

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Per Capita Income⁽²⁾ (Washington County)</u>	<u>Total Personal Income (Washington County) (in thousands)</u>	<u>School Enrollment⁽³⁾ (Washington County)</u>	<u>Unemployment Rate⁽⁴⁾ (Washington County)</u>
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
2002	407,400	33,942	13,827,971	47,985	6.75
2001	399,021	31,535	12,583,127	48,040	4.18
2000	394,680	30,222	11,928,019	45,776	3.90

⁽²⁾ Worksource Oregon Employment Department

⁽³⁾ Beaverton School District No. 48 and Washington County School District Nos. 23J and 88

⁽⁴⁾ Worksource Oregon Labor Market Information System

Tualatin Valley Fire and Rescue
Principal Employers
 Current Year and Ten Years Ago
 (in thousands)

	2010			2000		
	Employees	Rank	Percentage of Total County Employment ⁽¹⁾	Employees	Rank	Percentage of Total County Employment ⁽¹⁾
	15,151	1	5.81 %	16,000	1	6.97 %
Intel Corporation	7,000	2	2.69	2,850	2	1.24
Nike, Inc.	5,541	3	2.13			
Providence Health System	5,000	4	1.92			
Beaverton School District	3,843	5	1.47			
Target Stores	3,725	6	1.43	2,000	5	0.87
Shari's Restaurant	2,400	7	0.92			
Hillsboro School District	2,000	8	0.77	1,700	7	0.74
Home Depot	1,850	9	0.71			
Kaiser Permanente	1,800	10	0.69			
Tektronix				2,000	6	0.87
Volt Services Group				2,500	3	1.09
Cyprus Semiconductor				2,000	4	0.87
Rite Aid Corporation				1,600	8	0.70
IBM				1,500	9	0.65
Maxim Integrated Products				1,500	10	0.65
Total	48,310		18.53 %	33,650		14.65 %

Source: Westside Economic Alliance, Worksource Oregon Employment Department

⁽¹⁾ Data presented is for Washington County only. Total county employment based on information provided from Worksource Oregon Employment Department. This figure is an average of employment for fiscal year 2009-2010, and is estimated to be 260,661. Data from 2001 is not available as of date of publication.

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fire and Rescue Service	287	310	294	300	302	298	301	305	307	319
Fire Prevention and Training	31	32	33	43	42	40	41	40	43	37
Administrative and Support	53	60	60	60	59	65	64	67	67	76
Total	371	402	387	403	403	403	406	412	417	432

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

Function	2001*	2002**	2003*	2004	2005	2006	2007	2008	2009	2010 est.
Public Safety										
Fire Prevention Inspections	6,144	7,150	9,071	4,813	4,452	4,818	8,605	6,802	6,704	5,325
Emergency Medical Service Calls**	21,767	22,505	22,587	22,730	23,347	24,650	25,262	25,381	24,092	24,250
Fire Responses**	5,256	5,239	5,107	4,797	4,758	5,121	4,605	4,527	4,079	3,510
Other Responses - including hazardous condition , public service**	2,352	2,562	2,061	2,502	2,058	2,433	2,020	2,019	2,114	2,112
Miscellaneous - including good intent**	891	958	658	248	182	204	215	166	224	244

* 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 2010 estimates. 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Number of Stations	24	24	22	22	22	22	22	22	23	23
Equipment ⁽¹⁾										
Aerial/Truck/Platform										
Antique Fire Equipment										
Brush Rig										
Cars ⁽²⁾										
Elevated Waterway										
HazMat										
Medic Unit ⁽³⁾										
Mobile Command Unit										
Pumper/Engine										
Rehab Unit										
Rescue ⁽³⁾										
Squad/Rescue ⁽³⁾										
Technical Rescue										
Water Tender										
Engines	40	41	41	41	36	36				
Ladder trucks	5	5	5	5	3	4				
Brush rigs	11	11	11	11	8	8				
Tenders	7	7	7	7	7	7				
Hazmat squad	2	2	2	2	1	1				
Squad/Support units	12	12	12	12	11	13				
Technical rescue	1	1	1	1	1	1				
Heavy squad										
Muster vehicles	5	5	5	4	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**

October 21, 2010

Board of Directors
Tualatin Valley Fire and Rescue
Aloha, Oregon

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Portland, Oregon 97239-3973

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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, Aloha, Oregon (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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, 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.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B and 279C).

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

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

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This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State, Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kovola & Warwick, LLP

Certified Public Accountants