



A Rural Fire Protection District, Aloha Oregon

## **Comprehensive Annual Financial Report** for the fiscal year ended June 30, 2009

Tualatin Valley Fire and Rescue,  
A Rural Fire Protection District  
20665 SW Blanton Street  
Aloha, Oregon 97007  
Phone 503.649.8577  
Fax 503.649.5347  
[www.tvfr.com](http://www.tvfr.com)

Prepared by the Finance Department of Tualatin Valley Fire & Rescue

Debra Guzman, Chief Financial Officer  
Claire Doolittle, Controller  
Debbie Vuylsteke, Financial Operations Manager  
Linda Compton, Sr. Financial Systems Analyst

*Cover photo courtesy of TVF&R Community Services*

This page intentionally left blank.

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
For the Year Ended June 30, 2009

## Table of Contents

---

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal .....	3
Certificate of Achievement for Excellence in Financial Reporting .....	10
List of Elected and Appointed Officials .....	11
Organizational Chart .....	12
<b>Financial Section</b>	
<b>Independent Auditor's Report</b> .....	15
<b>Management's Discussion and Analysis</b> .....	19
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Assets .....	31
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities .....	33
Fund Financial Statements:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	34
Statement of Net Assets – Internal Service Fund .....	36
Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Fund .....	37
Statement of Cash Flows – Internal Service Fund .....	38
Statement of Net Assets – Fiduciary Funds .....	39
Statement of Changes in Net Assets – Fiduciary Funds .....	40
Notes to the Basic Financial Statements .....	41
<b>Required Supplementary Information:</b>	
Schedule of Funding Progress:	
Single-Employer Defined Benefit Pension Plan .....	65
Volunteer Length of Service Award Plan .....	65
Health Benefit Retiree Program .....	65
<b>Supplemental Information:</b>	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Capital Projects Fund .....	69
Combining Balance Sheet – Nonmajor Governmental Funds .....	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	72

---

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
For the Year Ended June 30, 2009

## Table of Contents

---

### Financial Section, continued

Supplemental Information, continued:	Page
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Apparatus Fund.....	73
Capital Improvements Fund .....	74
Emergency Management Fund .....	75
Grants Fund.....	76
Retiree Medical Insurance Stipend Fund.....	77
Debt Service Fund .....	78
Property and Building Fund .....	79
Insurance Fund.....	80
Combining Statement of Net Assets – Fiduciary Funds.....	81
Combining Statement of Changes in Net Assets – Fiduciary Funds .....	82
Schedules of Revenues, Expenditures, and Changes in- Fund Balance – Budget and Actual:	
Pension Trust Fund .....	83
Volunteer LOSAP Fund .....	84
Schedule of Property Tax Transactions and Outstanding Balances.....	85

### Statistical Section

Net Assets by Component – Last Seven Fiscal Years .....	89
Changes in Net Assets – Last Seven Fiscal Years .....	90
Fund Balances, Governmental Funds – Last Seven Fiscal Years .....	91
Changes in Fund Balances, Governmental Funds – Last Seven Fiscal Years.....	92
Assessed and Market Value of Taxable Property – Last Ten Fiscal Years .....	93
Property Tax Rates, Direct and Overlapping Governments – Last Ten Fiscal Years.....	94
Principal Taxpayers – Current Year and Nine Years Ago .....	95
Property Tax Levies and Collections – Last Ten Fiscal Years.....	96
Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt per Capita Last Ten Fiscal Years .....	97
Computation of Overlapping Net Direct Debt – June 30, 2009 .....	98
Computation of Legal Debt Margin – June 30, 2009 .....	99

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
For the Year Ended June 30, 2009

## Table of Contents

---

<b>Statistical Section, continued</b>	<b>Page</b>
Demographic and Economic Statistics – Last Ten Fiscal Years.....	100
Full-Time Equivalent District Employees by Function – Last Ten Fiscal Years.....	101
Operating Indicators by Function – Last Ten Fiscal Years .....	102
Capital Assets Statistics by Function – Last Ten Fiscal Years.....	103
 <b>Audit Comments and Disclosures Required by State Regulations</b>	
Introduction.....	105
Comments and Disclosures.....	107

This page intentionally left blank.

## **Introductory Section**

This page intentionally left blank.





**November 20, 2009**

**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, 2009. 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 government'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.

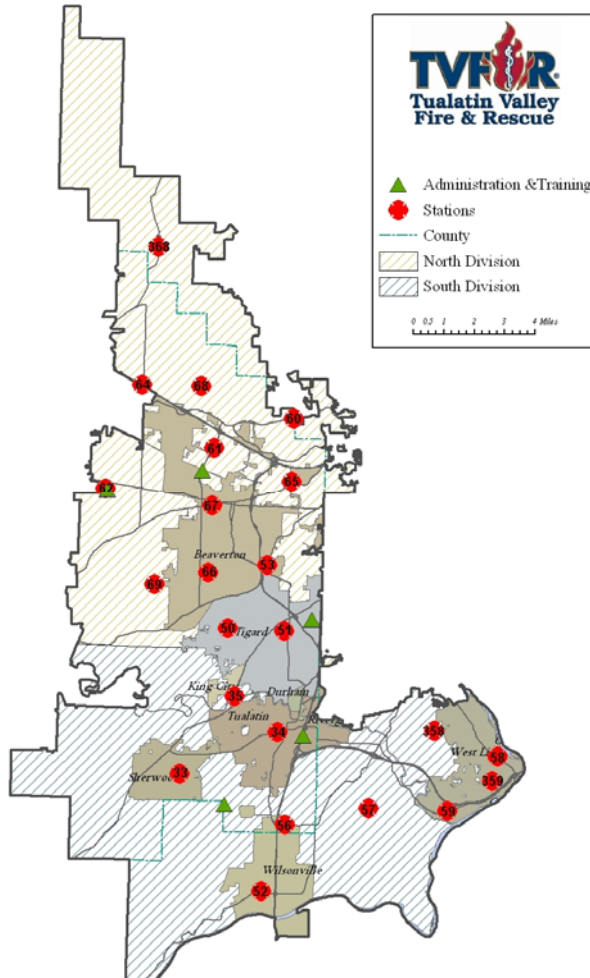
**The Reporting Entity and Its Services**

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

## Tualatin Valley Fire and Rescue

### Letter of Transmittal

Secretary-Treasurer. The Board hires a Fire Chief/Administrator 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 23 career and volunteer fire stations, 32 fire engines, four first-line ladder trucks, technical rescue units, hazmat vehicles, water tenders and several other pieces of equipment. These apparatus are complemented by additional training and reserve apparatus, which are utilized for

training, maintenance, and other uses. District employees - approximately 437 in 2009 - were supplemented by approximately 100 volunteer firefighters.

The District has been and continues to be focused on providing the taxpayers the highest level of service in an efficient operation. The District continues to implement continuing operational improvements in order to accomplish its strategic goals.

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.

## Tualatin Valley Fire and Rescue

### Letter of Transmittal

---

The District serves a population of an estimated 447,300 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 \$37.0 billion in 2007-08 to approximately \$38.8 billion in the 2008-09 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 issuance of the first \$20 million of general obligation bonds occurred in April 2007. The District sold two additional issues timed to meet construction commitments in March and June of 2009 in the amounts of \$14 million and \$15 million, respectively.

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 provides fire prevention, fire education, and emergency services operations, which includes fire suppression, emergency medical services, and water dive, high angle, and heavy rescue to the primary community, and to other contiguous communities on a contracted basis. For several years, the District has served as a Regional Hazardous Material Response provider for the State of Oregon with a service response area ranging from the City of Portland boundary on the east to the Pacific Ocean on the west and from the District's northern boundary in Multnomah County southerly to Marion County.

---

## Letter of Transmittal

---

The District's Fire Prevention 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. Through its specialized and sophisticated training programs, the District assists the rest of the State of Oregon's fire departments in emergency medical services training. 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, 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 continued development within its service boundaries. The true cash value, or market value, of the District grew 2.9% to almost \$67 billion, while assessed value grew 5.0% for the property tax year 2008-09. For 2009-10, the assessed value of the District grew 3.5% to \$39.2 billion.

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 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.

---

## Letter of Transmittal

---

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, LP have continued development of 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 2009, the District focused on two significant areas. The station construction and project management of the capital projects for the next several years 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 increased storage for technical equipment, considered designs in order to shave seconds off response times from living/office areas to response vehicles in the apparatus bays, and included environmental considerations.

Secondly, the District has embarked upon a project to implement the replacement of the financial and other support division software systems with an enterprise resource planning system that will integrate many of the business operations of the District. The implementation of this project was started in 2009, and will continue through the 2010-11 fiscal year.

#### Department Service Efforts and Accomplishments

During the fiscal year ended June 30, 2009, all divisions and departments of the District contributed toward the accomplishments of our 2009 strategic goals. These goals, as outlined in our Strategic Plan are:

- *Reduce the number and severity of emergency incidents.*
  - *Increase citizens' participation in their safety and preparedness, and knowledge and support of District's services.*
  - *Enhance preparedness for catastrophic and unforeseen events.*
  - *Ensure the health and safety of all employees and volunteers.*
-

## Tualatin Valley Fire and Rescue

### Letter of Transmittal

---

- *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, 2009, as a result of these goals, included:

- Construction of Station 50, the new Walnut Street station, was completed and the station was opened.
- Reconstruction of Stations 53, 58, and 59 was started in the spring of 2009.
- Purchase of a Command and Business Operating Center in a central site within the District was accomplished.
- Purchase and replacement of emergency fire apparatus with bond proceeds continued.

#### **Cash Management**

The District invests available cash primarily in the Oregon State Treasury's Local Government Investment Pool, a bank money market account, and in government agency securities. The Volunteer LOSAP Fund is invested in mutual funds and the Local Government Investment Pool.

#### **Risk Management**

The policy adopted by the Board of Directors mandates that a program for risk management be adopted that is consistent with legal requirements and with the ability of the District to finance. Board policy states that the District shall purchase the necessary insurance or set aside adequate reserves to self-insure.

Errors and omissions coverage, called public officials liability, is written in conjunction with Oregon Revised Statutes as they apply to public agency tort liability in accordance with tort law. The total limit of liability is \$1,000,000 per person and \$1,000,000 per occurrence. Coverage is written on claims made form of insurance policy and includes prior acts. Risk management for workers' compensation provides coverage for boards and commissions, employees, and volunteers. Where non-paid persons are involved, an assumed monthly wage rate is identified for the premium and benefit purposes.

#### **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, 2008. This was the 21<sup>st</sup> consecutive year the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an

---

Tualatin Valley Fire and Rescue

**Letter of Transmittal**

---

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

A Certificate of Achievement is valid for a period of one year only. 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, 2009. 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 21<sup>st</sup> year the District received the award.

**Acknowledgments**

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

Respectfully submitted,

**Tualatin Valley Fire and Rescue**



Jeffrey D. Johnson  
Fire Chief/Administrator



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, 2008

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.



A handwritten signature in black ink, appearing to read "K. L. R.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director



Tualatin Valley Fire and Rescue  
**List of Elected and Appointed Officials**  
June 30, 2009

---

**Board of Directors**

**Term Expires**

Robert C. Wyffels, President .....	June 30, 2013
Carol A. Gearin, Vice-President.....	June 30, 2011
Brian J. Clopton, Secretary-Treasurer .....	June 30, 2011
Clark I. Balfour, Member .....	June 30, 2013
Larry D. Goff, Member .....	June 30, 2009
Gordon L. Hovies, Member-elect.....	June 30, 2013

**Budget Committee**

**Term Expires**

Leland H. Ascher .....	June 30, 2011
Christopher D. Harris.....	June 30, 2009
Daniel M. Lewis.....	June 30, 2009
Michael D. Smith.....	June 30, 2010
Jon R. Walsh .....	June 30, 2010

**Administrative Offices**  
20665 SW Blanton Street  
Aloha, OR 97007

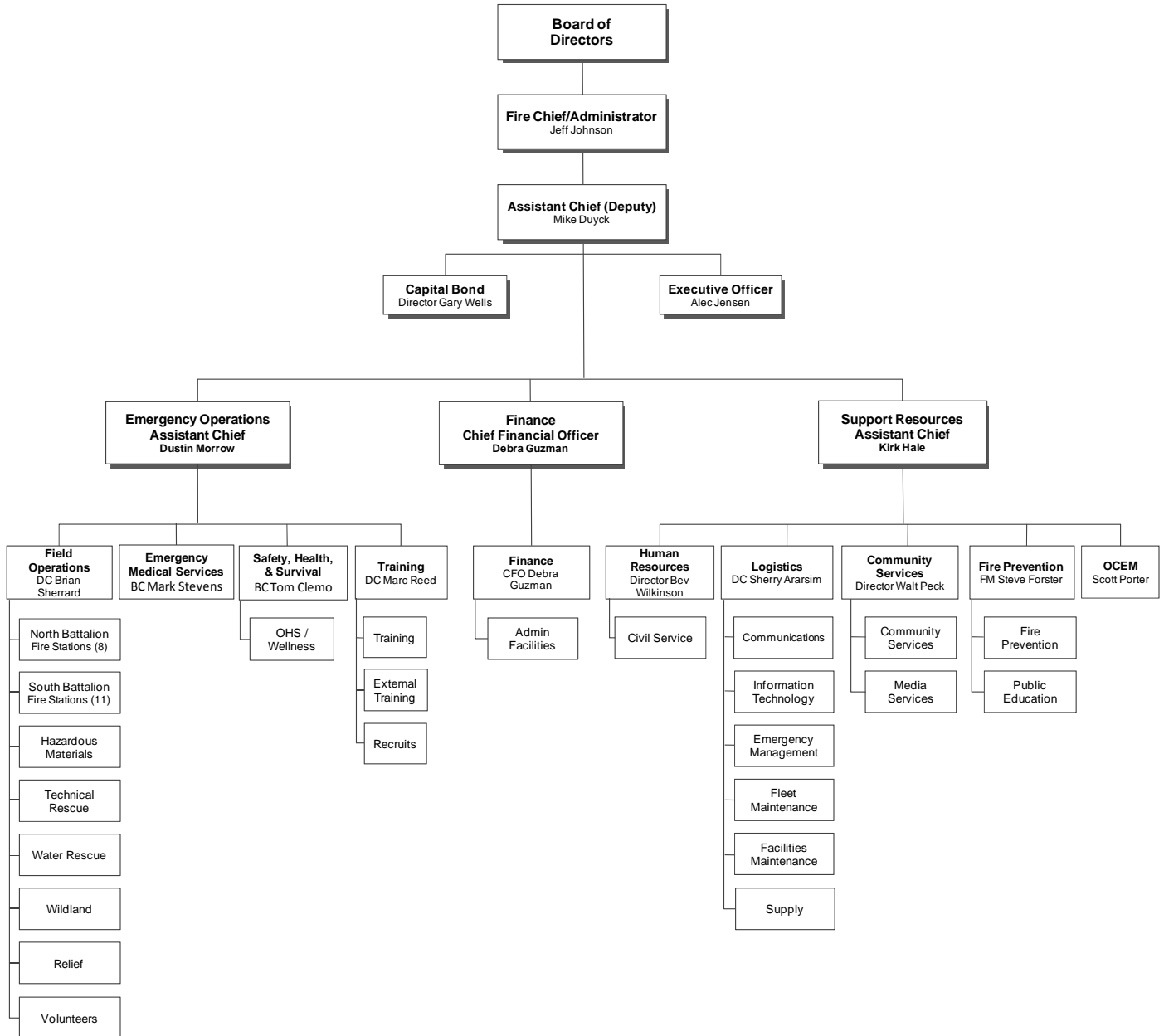
**Registered Agent**  
Jeffrey D. Johnson  
Fire Chief/Administrator

**Legal Counsel**  
Jordan Schrader Ramus PC

Tualatin Valley Fire and Rescue

**Organizational Chart**

June 30, 2009



## **Financial Section**

This page intentionally left blank.



## INDEPENDENT AUDITOR'S REPORT

November 19, 2009

Board of Directors  
Tualatin Valley Fire and Rescue  
Aloha, Oregon

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

P 503.274.2849  
F 503.274.2853

[www.tkw.com](http://www.tkw.com)

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, 2009, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, 2009, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Directors  
November 19, 2009  
Page 2

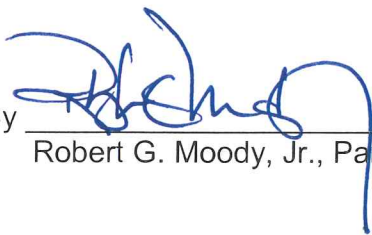
Management's Discussion and Analysis on pages 19 through 28 and Schedules of Funding Progress on page 65 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain 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 on pages 69 through 85 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.

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. This 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 Accountants

By



Robert G. Moody, Jr., Partner

## **Management's Discussion and Analysis**

This page intentionally left blank.



Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

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, 2009. 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, 2009 by \$76,719,922. Of this amount, \$26,836,071 represents the District's investment in capital assets, net of related debt, \$544,419 is restricted for debt service, \$22,153,113 is restricted for capital projects, and the balance of \$27,186,319 will be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$2,627,714 as of June 30, 2009. Unrestricted net assets decreased by \$9,757,139, net assets invested in capital assets increased by \$813,911, restricted net assets restricted for debt service decreased by \$777,233, and restricted net assets for capital projects increased by \$12,348,175.
- As of June 30, 2009, the District's governmental funds reported combined ending fund balances of \$73,323,786, an increase of \$14,086,929 in comparison with the prior year. On March 17, 2009 and on June 16, 2009, the District issued \$14,000,000 and \$15,000,000 of general obligation bonds, respectively. Of these sales, \$22,153,113 remains in the fund balance of the Capital Projects fund and is reserved for capital projects. An increase of the unreserved fund balance in the Capital Improvements fund, a special revenue fund type, was accomplished in order to pay for future capital replacements scheduled. The District's General Fund balance was increased in order to ensure continued funding of additional firefighters and other staffing during the "dry period" before receipt of property taxes in future years as we add employees to newly built fire stations and add apparatus to meet response time goals.
- At June 30, 2009, unreserved fund balance for the General Fund was \$36,809,276 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

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

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.

- The District's total debt increased by \$26,943,167 during the current fiscal year. This planned increase was due to the sale of General Obligation Bonds for capital construction projects, less principal and interest payments on the District's prior 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.

---

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

The combined government-wide and governmental fund financial statements can be found on pages 31 through 33 of this report.

### **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.

---

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

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.

The combined governmental fund and entity-wide financial statements can be found on pages 31 through 33 of this report.

**Internal service fund.** The District maintains one internal service fund, the Insurance Fund, which is a proprietary fund type. This fund accounts for the accumulation of resources used for payment of claims and 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 62 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 65 of this report.

Individual fund statements and schedules can be found on pages 69 through 84 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 85 of this report.

---

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

**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 \$76,719,922 at June 30, 2009. 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 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.

	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2008</b>
<b>Net Assets</b>	<b>2009</b>	<b>2008</b>	
Current and other assets	\$ 82,078,734	\$ 66,693,055	\$ 15,385,679
Capital assets	52,043,360	36,634,978	15,408,382
Total assets	134,122,094	103,328,033	30,794,061
Current liabilities	9,602,125	8,818,590	783,535
Long-Term debt	47,800,047	20,417,235	27,382,812
Total liabilities	57,402,172	29,235,825	28,166,347
Net assets:			
Invested in capital assets, net of related debt	26,836,071	26,022,160	813,911
Restricted for debt service	544,419	1,321,652	(777,233)
Restricted for capital projects	22,153,113	9,804,938	12,348,175
Unrestricted	27,186,319	36,943,458	(9,757,139)
Total net assets	\$ 76,719,922	\$ 74,092,208	\$ 2,627,714

The District's largest liability (83 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 \$2,627,714. Unrestricted net assets decreased by \$9,757,139, net assets invested in capital assets increased by \$813,911, total restricted net assets restricted for debt service decreased \$777,233 and net assets restricted for capital projects increased

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

\$12,348,175. Net assets increased due to the increase in property taxes offset in part by reductions in interest revenue, the increase in expenditures in public safety in capital outlay and depreciation. 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 decrease in 2009-10 and future years as new development is curtailed due to the slowed economy.

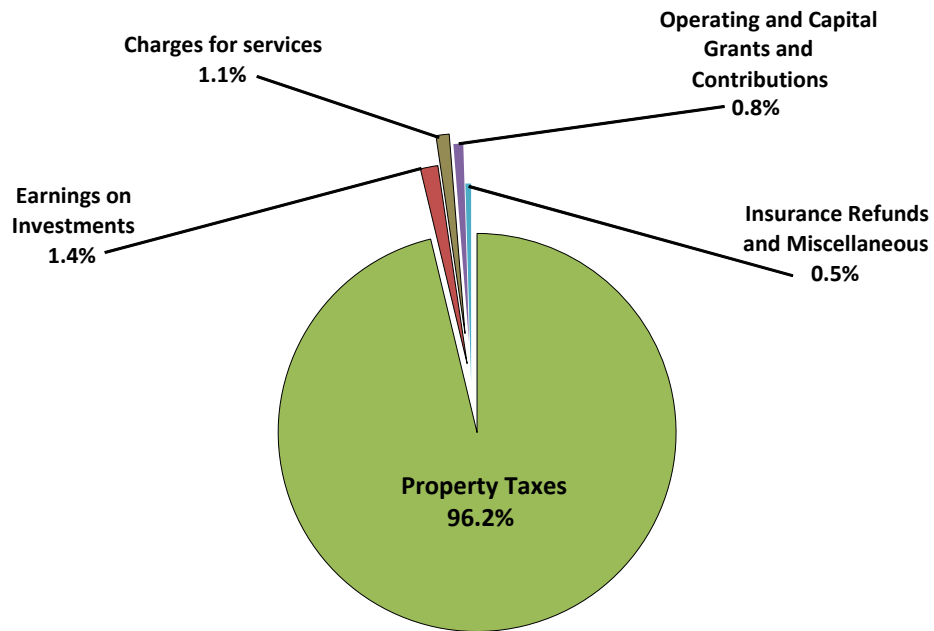
**Governmental activities.** Governmental activities increased the District's net assets in the current year by \$2,627,714. Property taxes increased, reflecting increased assessed valuation of the District. Earnings on investments due to a weak economy fell during the year ended June 30, 2009. Expenses for public safety increased, reflecting personnel cost increases in wages and mandated retirement benefits. Expenses were managed to ensure that net assets as of year end increased proportionately to the cost of annual operations.

<b>Changes in Net Assets</b>	<b>Governmental Activities</b>		<b>Increase (Decrease) from Fiscal 2008</b>
	<b>2009</b>	<b>2008</b>	
<b>Revenues:</b>			
Program revenues			
Charges for services	\$ 758,476	\$ 916,859	\$ (158,383)
Operating grants and contributions	134,753	177,645	(42,892)
Capital grants	432,805	167,984	264,821
General revenues:			
Property taxes	68,254,733	66,146,305	2,108,428
Gain (loss) on sale of capital assets	8,834	(38,671)	47,505
Earnings on investments	1,006,351	2,755,890	(1,749,539)
Insurance refunds	236,921	646,230	(409,309)
Proceeds from sale of surplus property	23,339	5,289	18,050
Miscellaneous	92,978	47,083	45,895
Total revenues	<u>70,949,190</u>	<u>70,824,614</u>	<u>124,576</u>
<b>Expenditures/expenses:</b>			
Public safety-fire protection	67,371,019	61,874,697	5,496,322
Interest on long-term debt	950,457	921,830	28,627
Total expenses	<u>68,321,476</u>	<u>62,796,527</u>	<u>5,524,949</u>
Change in net assets	2,627,714	8,028,087	(5,400,373)
Net assets - July 1	74,092,208	66,064,121	8,028,087
Net assets - June 30	<u>\$ 76,719,922</u>	<u>\$ 74,092,208</u>	<u>\$ 2,627,714</u>

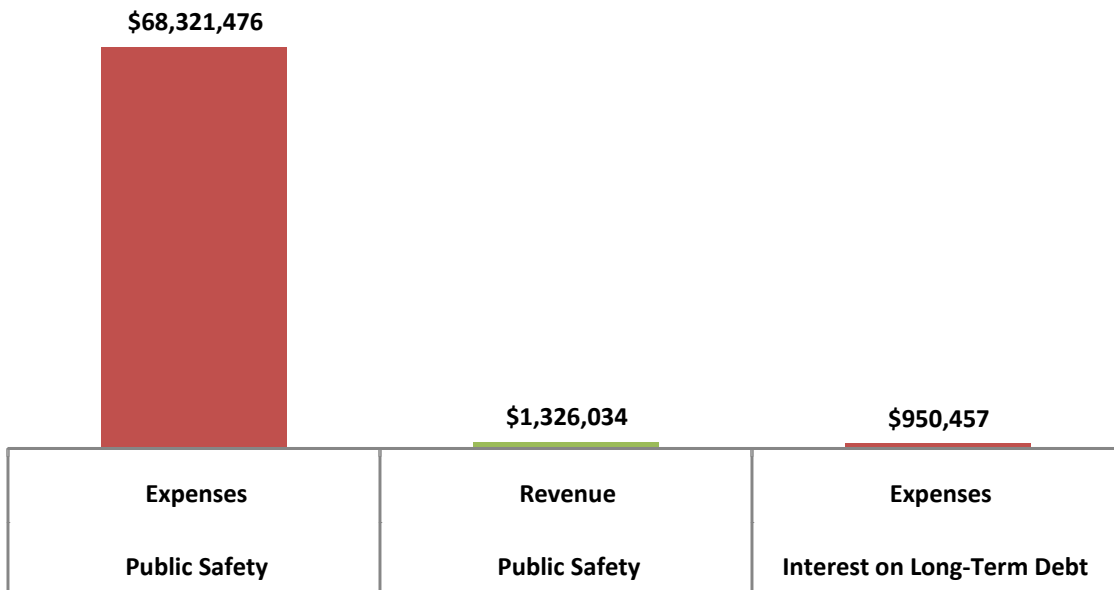
Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
 For the Year Ended June 30, 2009

---

**Revenue Sources - Governmental Activities**  
**Fiscal Year 2009**



**Expenses and Program Revenues - Governmental Activities**  
**Fiscal Year 2009**



Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

**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, 2009, the District's governmental funds reported combined ending fund balances of \$73,323,786, an increase of \$14,086,929 in comparison with the prior year. The majority of this total amount (68 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, prepaid items, 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, 2009, unreserved fund balance of the General Fund was \$36,809,276, while total fund balance reached \$37,111,742. 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 56 percent of total General Fund expenditures and other financing uses.

The fund balance of the District's General Fund increased by \$1,904,596 or approximately 5.4 percent during the current fiscal year; most of this increase was due to receiving \$2,108,428 more in tax revenue over the prior year and balancing the rate of expenditure growth. The District also elected to not make a budgeted transfer from the General Fund to the Property and Building Fund in the amount of \$1,365,585 to preserve funds in the General Fund.

*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, 2009, the ending fund balance of the Capital Projects Fund was \$22,153,113 and was reserved for capital projects. This fund accounts for the proceeds of a \$14 million and a \$15 million debt issuance to fund construction, land and apparatus purchases in 2009, as well as the remaining proceeds from a \$20 million debt issuance in 2007.



Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

**General Fund Budgetary Highlights**

The Board approved one supplemental budget resolution and one budget transfer resolution amending the adopted budget for June 30, 2009. These budget changes authorized funding for bond costs for two sales of bonds that were not anticipated during budget development, costs incurred by a reorganization of the Fire Chief's department, cost increases due to an infrastructure change in the local dispatch office, additional inoculations for occupational health and the additional staffing in Human Resources to accomplish the hiring of lateral and entry level firefighters.

**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, 2009, the District had invested \$52,043,360 in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)	Governmental Activities		Increase (Decrease) from Fiscal 2008
	2009	2008	
Land	\$ 10,353,233	\$ 9,156,352	\$ 1,196,881
Buildings and improvements	10,648,202	11,065,698	(417,496)
Fire apparatus and other vehicles	16,766,473	11,391,007	5,375,466
Furniture, fixtures and equipment	1,351,029	1,407,371	(56,342)
Work in progress	12,924,423	3,614,550	9,309,873
Total	<u>\$ 52,043,360</u>	<u>\$ 36,634,978</u>	<u>\$ 15,408,382</u>

During the year, the District's investment in capital assets increased by \$15,408,382, reflecting the \$18,398,220 of assets added during the year were offset by \$2,916,318 of depreciation and \$73,520 of net asset disposals.

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 \$47,360,402, consisting of general obligation bonds, net of unamortized premiums and issuance costs. The District has been given an "Aa1" 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

Tualatin Valley Fire and Rescue  
**Management's Discussion and Analysis**  
For the Year Ended June 30, 2009

---

margin exceeds \$790 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 a significant construction slow down, and market value is declining due to the October 2008 credit crisis, assessed value still remains far below market value. The District is monitoring its 2009-10 property tax collection rate for declines due to the economy and is preparing 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 \$1.6 million dollars of its property tax levy to urban renewal areas in fiscal year 2009 which equates to a loss of approximately 4.1 cents of our \$1.5252 permanent tax rate.

The state's pension system for its public employees, PERS, had been under significant legislative and public scrutiny as the costs of the benefits had been projected to continue to significantly increase. This pension system was subject to significant legislative reform as well as changes mandated from court rulings. These reforms were contested through the court system, creating additional uncertainty for pension costs in the future. The 2009-10 budget and future forecasts reflect current projections that employer rates will increase based upon recent actuarial information. The recently released December 31, 2008 actuarial valuation update reflecting negative 2008 investment returns reflects dramatically increasing rates for 2011-12 and 2012-13 and beyond.

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 strong 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**

This page intentionally left blank.

Tualatin Valley Fire and Rescue  
**Governmental Funds Balance Sheet/  
Statement of Net Assets**  
June 30, 2009

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Funds	Adjustments	Statement of Net Assets
<b>Assets</b>						
Cash and cash equivalents	\$40,325,552		\$ 14,121,175	\$54,446,727	\$ 682,373	\$ 55,129,100
Receivables:						
Property taxes receivable	3,127,644		124,919	3,252,563		3,252,563
Accounts receivable	305,576	\$ 3,773	106,195	415,544	4,950	420,494
Prepays	17,500			17,500		17,500
Due from other funds	47,940			47,940	(47,940)	
Supplies inventory	284,966			284,966		284,966
Net pension asset					43,584	43,584
Bond issuance costs					171,199	171,199
Other post employment benefit					4,046	4,046
Restricted assets:						
Cash and cash equivalents		22,755,282		22,755,282		22,755,282
Capital assets, not being depreciated:						
Land and work in progress					23,277,656	23,277,656
Capital assets, net of accumulated depreciation:						
Buildings and improvements					10,648,202	10,648,202
Fire apparatus and other vehicles					16,766,473	16,766,473
Furniture, fixtures, and equipment					1,351,029	1,351,029
Total assets	<u>\$44,109,178</u>	<u>\$22,759,055</u>	<u>\$ 14,352,289</u>	<u>\$81,220,522</u>	<u>\$ 52,901,572</u>	<u>\$ 134,122,094</u>
<b>Liabilities and Fund Balances</b>						
Liabilities:						
Accounts payable	\$ 896,942	\$ 605,942	\$ 124,531	\$ 1,627,415	\$ 2,500	\$ 1,629,915
Accrued salaries and benefits payable	3,198,626			3,198,626		3,198,626
Accrued interest payable					352,660	352,660
Due to other funds			47,940	47,940	(47,940)	
Deferred revenue	2,901,868		120,887	3,022,755	(3,019,038)	3,717
Accrued compensated absences, due within one year					4,417,207	4,417,207
Net pension obligation					439,645	439,645
Bonds and notes payable, net of unamortized premium/discount:						
Due within one year					2,094,878	2,094,878
Due in more than one year					45,265,524	45,265,524
Total liabilities	<u>6,997,436</u>	<u>605,942</u>	<u>293,358</u>	<u>7,896,736</u>	<u>49,505,436</u>	<u>57,402,172</u>
Fund balances:						
Reserved for prepaids	17,500			17,500	(17,500)	
Reserved for supplies inventory	284,966			284,966	(284,966)	
Reserved for retiree medical insurance			211,273	211,273	(211,273)	
Reserved for debt service			544,418	544,418	(544,418)	
Reserved for capital projects		22,153,113		22,153,113	(22,153,113)	
Unreserved, reported in:						
General fund	36,809,276			36,809,276	(36,809,276)	
Special revenue funds			7,343,692	7,343,692	(7,343,692)	
Capital projects funds			5,959,548	5,959,548	(5,959,548)	
Total fund balances	<u>37,111,742</u>	<u>22,153,113</u>	<u>14,058,931</u>	<u>73,323,786</u>	<u>(73,323,786)</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, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Total liabilities and fund balances	<u>\$44,109,178</u>	<u>\$ 22,759,055</u>	<u>\$ 14,352,289</u>	<u>\$81,220,522</u>		
Net Assets:						
Invested in capital assets, net of related debt						\$ 26,836,071
Restricted for:						
Debt service						544,419
Capital projects						22,153,113
Unrestricted						27,186,319
Total net assets					<u>\$ 76,719,922</u>	<u>\$ 76,719,922</u>

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, 2009

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Funds</u>	<u>Total Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/expenses</b>						
Current:						
Public Safety:						
Personal services	\$53,762,415		\$ 125,975	\$ 53,888,390	\$ 800,544	\$54,688,934
Materials and services	7,861,526	\$ 119,491	4,232	7,985,249	(75,117)	7,910,132
Depreciation					2,916,318	2,916,318
Debt service:						
Principal			2,475,000	2,475,000	(2,475,000)	
Interest			841,575	841,575	108,882	950,457
Capital outlay		16,991,604	2,883,798	19,875,402	(18,019,767)	1,855,635
Total expenditures	<u>61,623,941</u>	<u>17,111,095</u>	<u>6,330,580</u>	<u>85,065,616</u>	<u>(16,744,140)</u>	<u>68,321,476</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	728,157			728,157	30,319	758,476
Operating grants and contributions	15,200		3,524	18,724	116,029	134,753
Capital grants			63,038	63,038	369,767	432,805
General Revenues:						
Taxes	65,060,487		2,520,773	67,581,260	673,473	68,254,733
Interest	610,134	96,866	285,093	992,093	14,258	1,006,351
Insurance refunds	230,529			230,529	6,392	236,921
Miscellaneous	89,483			89,483	3,495	92,978
Total revenues	<u>66,733,990</u>	<u>96,866</u>	<u>2,872,428</u>	<u>69,703,284</u>	<u>1,213,733</u>	<u>70,917,017</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	<u>5,110,049</u>	<u>(17,014,229)</u>	<u>(3,458,152)</u>	<u>(15,362,332)</u>	<u>17,957,873</u>	<u>2,595,541</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sales of surplus property			86,857	86,857	(63,518)	23,339
Gain on sale of capital assets					8,834	8,834
Transfers in			3,205,453	3,205,453	(3,205,453)	
Transfers out	(3,205,453)			(3,205,453)	3,205,453	
Proceeds from debt issuance		29,362,404		29,362,404	(29,362,404)	
Total other financing sources (uses)	<u>(3,205,453)</u>	<u>29,362,404</u>	<u>3,292,310</u>	<u>29,449,261</u>	<u>(29,417,088)</u>	<u>32,173</u>
Net change in fund balances/net assets	<u>1,904,596</u>	<u>12,348,175</u>	<u>(165,842)</u>	<u>14,086,929</u>	<u>\$ (11,459,215)</u>	<u>2,627,714</u>
Fund balances/net assets:						
Beginning of the year	<u>35,207,146</u>	<u>9,804,938</u>	<u>14,224,773</u>	<u>59,236,857</u>		<u>74,092,208</u>
End of the year	<u>\$37,111,742</u>	<u>\$22,153,113</u>	<u>\$14,058,931</u>	<u>\$ 73,323,786</u>		<u>\$76,719,922</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, 2009

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Property taxes:				
Current year's levy	\$ 62,964,974	\$ 62,964,974	\$ 63,852,563	\$ 887,589
Prior years' levies	982,267	982,267	1,195,813	213,546
Taxes in lieu of property taxes	29,240	29,240	12,111	(17,129)
Interest on unsegregated property taxes	15,824	15,824	54,247	38,423
Interest on taxes	10,994	10,994	18,548	7,554
Interest on investments	1,164,596	1,164,596	537,339	(627,257)
Contracted services	287,900	287,900	317,051	29,151
Special service charges	124,720	124,720	119,992	(4,728)
Maintenance services	137,550	137,550	166,687	29,137
Rental income	83,950	83,950	117,860	33,910
Plan review fees			6,567	6,567
Insurance refunds			230,529	230,529
Grants and donations			15,200	15,200
Miscellaneous	21,500	21,500	89,483	67,983
<b>Total revenues</b>	<b>65,823,515</b>	<b>65,823,515</b>	<b>66,733,990</b>	<b>910,475</b>
<b>Expenditures</b>				
Current				
Public Safety:				
<b>Non-organizational:</b>				
Materials and services	9,100	9,100		9,100
<b>Administration Division:</b>				
Personnel services	4,060,655	4,078,655	3,225,258	853,397
Materials and services	1,769,650	1,902,117	1,651,922	250,195
<b>Total Administration Division</b>	<b>5,830,305</b>	<b>5,980,772</b>	<b>4,877,180</b>	<b>1,103,592</b>
<b>Emergency Operations Division:</b>				
Personnel services	45,218,945	45,218,945	43,116,449	2,102,496
Materials and services	2,589,502	2,589,502	2,085,957	503,545
<b>Total Emergency Operations Division</b>	<b>47,808,447</b>	<b>47,808,447</b>	<b>45,202,406</b>	<b>2,606,041</b>
<b>Community Services Division:</b>				
Personnel services	904,806	904,806	732,868	171,938
Materials and services	281,715	281,715	206,640	75,075
<b>Total Community Services Division</b>	<b>1,186,521</b>	<b>1,186,521</b>	<b>939,508</b>	<b>247,013</b>
<b>Fire Prevention Division:</b>				
Personnel services	3,015,397	3,015,397	2,819,857	195,540
Materials and services	284,736	299,736	260,783	38,953
<b>Total Fire Prevention Division</b>	<b>3,300,133</b>	<b>3,315,133</b>	<b>3,080,640</b>	<b>234,493</b>

(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, 2009

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Expenditures, Continued</b>				
<b>Logistics Division:</b>				
Personnel services	\$ 4,731,821	\$ 4,737,581	\$ 3,901,163	\$ 836,418
Materials and services	4,305,909	4,325,909	3,596,224	729,685
<b>Total Logistics Division</b>	<u>9,037,730</u>	<u>9,063,490</u>	<u>7,497,387</u>	<u>1,566,103</u>
Total Public Safety	<u>67,172,236</u>	<u>67,363,463</u>	<u>61,597,121</u>	<u>5,766,342</u>
Operating contingency	<u>5,873,650</u>	<u>5,682,423</u>		<u>5,682,423</u>
Total expenditures	<u>73,045,886</u>	<u>73,045,886</u>	<u>61,597,121</u>	<u>11,448,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,222,371)</u>	<u>(7,222,371)</u>	<u>5,136,869</u>	<u>12,359,240</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(4,631,038)</u>	<u>(4,631,038)</u>	<u>(3,265,453)</u>	<u>1,365,585</u>
Total other financing uses	<u>(4,631,038)</u>	<u>(4,631,038)</u>	<u>(3,265,453)</u>	<u>1,365,585</u>
Net change in fund balances	<u>(11,853,409)</u>	<u>(11,853,409)</u>	<u>1,871,416</u>	<u>13,724,825</u>
Fund balances - July 1, 2008	<u>26,381,700</u>	<u>26,381,700</u>	<u>30,880,694</u>	<u>4,498,994</u>
Fund balances - June 30, 2009	<u>\$ 14,528,291</u>	<u>\$ 14,528,291</u>	<u>\$ 32,752,110</u>	<u>\$ 18,223,819</u>

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

Fund Balance:	
Budgetary Fund Balance:	\$ 32,752,110
Advanced recognition of retirement obligation not a GAAP expense	<u>4,359,632</u>
GAAP Fund Balance	<u>\$ 37,111,742</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, 2009

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 682,373
Accounts receivable	<u>4,950</u>
Total assets	<u>687,323</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	<u>2,500</u>
Total liabilities	<u>2,500</u>
<b>Net Assets</b>	
Unrestricted	<u>684,823</u>
Total net assets	<u><u>\$ 684,823</u></u>

---

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

Tualatin Valley Fire and Rescue  
**Statement of Revenues, Expenses, and Change in Net Assets**  
**Internal Service Fund**  
For the Year Ended June 30, 2009

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating Revenue</b>	
Insurance refunds	\$ 6,392
Total operating revenues	<u>6,392</u>
<b>Operating Expense</b>	
Insurance claims	<u>38,014</u>
Total operating expenses	<u>38,014</u>
Operating loss	<u>(31,622)</u>
<b>Nonoperating Revenue</b>	
Interest income	<u>14,258</u>
Total nonoperating revenue	<u>14,258</u>
Change in net assets	(17,364)
Net assets, July 1, 2008	<u>702,187</u>
Net assets, June 30, 2009	<u><u>\$ 684,823</u></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, 2009

---

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>	
Received from insurance reimbursements	\$ 1,442
Paid for insurance claims	(41,439)
Net cash from operating activities	<u>(39,997)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	14,258
Net cash from investing activities	<u>14,258</u>
Net decrease in cash and cash equivalents	(25,739)
Cash and cash equivalents, July 1, 2008	<u>708,112</u>
Cash and cash equivalents, June 30, 2009	<u><u>\$ 682,373</u></u>
<b>Reconciliation of operating loss to net cash from operating activities</b>	
Operating loss	\$ (31,622)
Increase in accounts receivable	(4,950)
Decrease in accounts payable	(3,425)
Net cash from operating activities	<u><u>\$ (39,997)</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, 2009

---

	<u>Pension Trust Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 739,769
Investments, mutual funds at fair value	<u>351,391</u>
Total assets	<u>1,091,160</u>
<b>Net Assets</b>	
Held in trust for pension benefits	<u><u>\$ 1,091,160</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, 2009

---

	<b>Pension Trust Funds</b>
<b>Additions</b>	
Contributions	
Employer	\$ 60,000
Total additions	<u>60,000</u>
<b>Deductions</b>	
Benefits	387,716
Investment loss	<u>407,118</u>
Total deductions	<u>794,834</u>
Change in net assets	(734,834)
Total net assets, July 1, 2008	<u>1,825,994</u>
Total net assets, June 30, 2009	<u><u>\$ 1,091,160</u></u>

---

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

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**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.

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

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 net assets. 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.

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.



Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

- The *Capital Projects Fund*; a capital projects fund type, accounts for the general obligation bond debt issuances and the related building 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 and 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.

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

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**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, and 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, 2009, no allowance for doubtful accounts is considered necessary.

**4. Supplies inventory and prepaid items**

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items to both government-wide and fund financial statements.

**5. Restricted Assets**

Proceeds from the District's general obligation bonds are classified as restricted assets on the balance sheet 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  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

## **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 on capital assets. 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 and not deferred. 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  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**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 in future years 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 personal 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 and one supplemental budget during the year ended June 30, 2009. Appropriations lapse at year-end.

---

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**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, 2009 was \$35,806,895 and the total bank balance was \$36,223,981 which is fully insured by the FDIC through the banks participation in the Transaction Account Guarantee Program through December 31, 2009. Effective July 1, 2008, House Bill 2901, which was passed during the 2007 Regular Session of the Oregon Legislative Assembly, significantly revised Oregon Revised Statutes 295. The changes streamlined the collateralization process for bank depositories and local governments. The changes also create a shared liability structure for participating bank depositories, better 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% 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, 2009, the District's cash, cash equivalents, and investments are comprised of the following:

Cash on hand	\$ 1,050
Cash with county assessors	324,733
Deposits with financial institutions	35,806,895
State of Oregon Local Government Investment Pool	424,914,743
Investments:	
Open-ended mutual funds	3,513,921
	<u>\$ 464,561,342</u>

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

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Cash and cash equivalents:		
Unrestricted	\$ 55,129,100	\$ 739,769
Restricted	22,755,282	
Investments		351,391
Total cash, cash equivalents, and investments	<u>\$ 77,884,382</u>	<u>\$ 1,091,160</u>

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

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, 2009, 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. Long-term investments have the same maturity as the short-term; however, 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 banker's acceptances, Aa rated corporate bonds, time deposits, repurchase agreements, and the State of Oregon Local Government Investment Pool. 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 State of Oregon Local Government Investment Pool and money market account are unrated for credit quality.

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

**B. Capital assets**

Capital assets activity for the year ended June 30, 2009 was as follows:

	<b>Balance June 30, 2008</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2009</b>
<b>Governmental activities:</b>				
Non-depreciable capital assets				
Land	\$ 9,156,352	\$ 1,238,472	\$ (41,591)	\$ 10,353,233
Construction in progress	3,614,550	11,480,011	(2,170,138)	12,924,423
Total capital assets, not being depreciated	<u>12,770,902</u>	<u>12,718,483</u>	<u>(2,211,729)</u>	<u>23,277,656</u>
Depreciable capital assets				
Buildings and improvements	24,283,195	406,301		24,689,496
Fire apparatus and other vehicles	21,595,223	6,877,353	(71,493)	28,401,083
Furniture, fixtures, and equipment	5,462,092	566,221	(238,364)	5,789,949
Total depreciable capital assets	<u>51,340,510</u>	<u>7,849,875</u>	<u>(309,857)</u>	<u>58,880,528</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,217,497)	(823,797)		(14,041,294)
Fire apparatus and other vehicles	(10,204,216)	(1,501,888)	71,493	(11,634,611)
Furniture, fixtures, and equipment	(4,054,721)	(590,633)	206,435	(4,438,919)
Total accumulated depreciation	<u>(27,476,434)</u>	<u>(2,916,318)</u>	<u>277,928</u>	<u>(30,114,824)</u>
Total capital assets being depreciated, net	<u>23,864,076</u>	<u>4,933,557</u>	<u>(31,929)</u>	<u>28,765,704</u>
Total capital assets, net of depreciation	<u>\$ 36,634,978</u>	<u>\$ 17,652,040</u>	<u>\$ (2,243,658)</u>	<u>\$ 52,043,360</u>

**C. Interfund receivables, payables, and transfers**

An interfund receivable of \$47,940 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, 2009, the District made transfers totaling \$3,205,453 from the General Fund to the other governmental funds primarily for capital asset acquisitions. In addition, \$60,000 was paid into the District's Volunteer LOSAP 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**  
June 30, 2009

**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 1, 2007, with interest rates ranging from 4.0 percent to 5.0 percent, the \$14,000,000 issuance of 15-year bonds dated March 17, 2009, with 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 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, 2009, the District has \$28,500,000 of remaining authority to issue bonds.

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<b>June 30, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2009</b>	<b>Due in One Year</b>
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 20,475,000	\$ 29,000,000	\$ (2,475,000)	\$ 47,000,000	\$ 2,115,000
Unamortized premiums and issuance costs	(57,765)	420,168	(2,001)	360,402	(20,122)
Total long-term liabilities	<u>\$ 20,417,235</u>	<u>\$ 29,420,168</u>	<u>\$ (2,477,001)</u>	<u>\$ 47,360,402</u>	<u>\$ 2,094,878</u>

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

<b>Year of Maturity</b>	<b>General Obligation Bonds Series 2007 4.0% to 5.0% dated 4/01/07</b>		<b>General Obligation Bonds Series 2009 3.0% to 4.375% dated 3/01/09</b>		<b>General Obligation Bonds Series 2009 B 3.0% to 4.25% dated 6/16/09</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2009-10	\$ 1,000,000	\$ 744,500	\$ 560,000	\$ 480,453	\$ 555,000	\$ 573,227
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
2014-19	5,000,000	2,260,000	4,800,000	1,542,000	3,270,000	2,216,912
2019-24	5,000,000	1,256,250	4,800,000	615,600	3,950,000	1,518,212
2024-29	3,000,000	255,000			4,920,000	642,135
Total	<u>\$ 18,000,000</u>	<u>\$ 7,046,250</u>	<u>\$ 14,000,000</u>	<u>\$ 4,409,253</u>	<u>\$ 15,000,000</u>	<u>\$ 7,081,177</u>



Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

**2. Compensated absences**

Compensated absences activity for the year ended June 30, 2009, was as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 4,008,679	\$ 5,593,187	\$ (5,184,659)	\$ 4,417,207	\$ 4,417,207

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, 2009, is recorded on the balance sheet. However, there was no pending amount as of June 30, 2009. The entire balance, generally utilized within one year, 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	\$ 73,323,786
Items that are not current financial resources or liabilities, and thus are not reported in the fund statements:	
Net pension asset	42,584
Bond issuance costs	171,199
Other post employment benefit	4,046
Capital assets, net	52,043,360
Accrued compensated absences	(4,417,207)
Net pension obligation	(439,645)
Long-term debt	(47,360,402)
Accrued interest payable on long-term debt	(352,660)
Deferred revenue recognized on full accrual basis	3,019,038
Net assets of Internal Service Funds combined with total governmental activities	<u>684,823</u>
Net assets in the Statement of Net Assets	<u>\$ 76,718,922</u>

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

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	\$ 14,086,929
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 less depreciation for the year	15,408,382
Property taxes not meeting the measurable and available criteria	673,473
Increase in net pension asset	43,584
Certain revenues recognized as measureable and available in the current year	159,689
Net increase in accrued compensated absences	(408,529)
Other post employment benefit	4,046
Net Increase in Net pension obligation	(439,645)
Proceeds and payments on long-term debt and related expenses	(26,882,851)
Change in net assets of Internal Service fund combined with total governmental activities	<u>(17,364)</u>
Net change in net assets	<u><u>\$ 2,627,714</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.

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 2005, 2006, 2007, 2008 and 2009 remain open. The District's maximum liability for premiums related to these four open claim years is approximately \$2.2 million which represents the difference between the maximum possible premium less the premium paid. If the claims

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

experience for any of these open claim years is favorable, the District could receive a refund of a portion of the premiums paid.

**B. 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. As of June 30, 2009, the District had \$7,468,514 of outstanding contract commitments for station construction contracts and fire engines in the amount of \$169,100.

**C. Related party transactions**

The District contracts with Washington County Consolidated Communications Agency (WCCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCCA functions as a 9-1-1 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2009, the District paid \$1,193,070 to WCCCA for dispatch fees and \$1,774 for equipment maintenance charges. WCCCA paid \$155,000 to the District for an interim director, \$9,000 for contracted medical director services, and \$2,777 for reimbursement of expenses and miscellaneous services that the District provided to WCCCA for the year ended June 30, 2009.

**D. Deferred compensation plan**

The District offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(g). 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 2009 was \$465,271, of which \$350,840 was made for the bargaining unit employees.

**E. 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,

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

school districts, and political subdivisions that have joined the State and Local Government Rate Pool, PERS is a cost-sharing, multiple-employer system. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, Chapter 283A, and Internal Revenue Code 401(a) by the Public Employees Retirement Board. The Board has the authority under state statutes to amend the Plan's benefits and contribution rates. PERS issues publicly available financial reports 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 \$6,657,000 for 2009, \$6,342,000 for 2008, and \$6,314,000 for 2007, 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 2008-09 was 12.96 percent for Tier One and Tier Two employees. For OPSRP employees, the District remitted contributions based on employee class. The OPSRP contribution rates were 9.13 percent for general service employees and 12.40 percent for police and fire employees.

**Actuarial Methods and Assumptions** - The actuarial assumptions in the December 31, 2005, 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, 2005 valuation is

---

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

amortized on a level percentage of covered payroll on a closed fixed-term method basis over a 22-year period through December 31, 2027.

## **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 and refunds are recognized when incurred. Administrative costs are paid with plan assets and consist primarily of professional services.

The Plan is maintained for five retired employees and two 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, 2008, the date of the latest actuarial valuation, was \$2,603,541. All benefits are vested. Significant actuarial assumptions used in the valuation included (a) rate of return of five percent, (b) cost of living increases of two percent for the 1976 Plan retirees and 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 2008 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.

**Funded Status** - Based on the June 30, 2008 actuarial valuation, the annual pension costs are \$214,461. The Net Pension Obligation (NPO) as of June 30, 2009 is \$439,645, since no contributions were made in 2008 or 2009. The Plan does not issue stand-alone financial reports.

### **Trend Information**

<b>Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation Asset</b>
2009	\$214,461	0%	\$439,645
2008	214,461	0	214,461

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**Condensed Statement of Net Assets, June 30, 2009:**

	<u>Pension Trust Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 353,225
Total assets	<u>353,225</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 353,225</u>

**Changes in Net Assets for the year ended June 30, 2009:**

	<u>Pension Trust Fund</u>
<b>ADDITIONS</b>	
Investment earnings:	
Interest	\$ 3,019
Dividends	8,139
Net decrease in the fair value of investments	<u>(318,030)</u>
Net investment earnings	<u>(306,872)</u>
Total additions	<u>(306,872)</u>
<b>DEDUCTIONS</b>	
Benefits	<u>342,876</u>
Total deductions	<u>342,876</u>
Change in net assets	(649,748)
Total net assets, July 1, 2008	<u>1,002,973</u>
Total net assets, June 30, 2009	<u>\$ 353,225</u>

**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

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

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, 2008 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 2008. 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 2009 was \$38,238, which was less than the actual contribution of \$60,000.

**Funded Status and Funding Progress** – As of June 30, 2008, the most recent actuarial valuation date, the District's actuarial accrued liability (AAL) for benefits was \$939,824 and the actuarial value of assets was \$823,021, resulting in an unfunded actuarial accrued liability (UAAL) of \$116,803. 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.

**Trend Information**

<b>Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation Asset</b>
2009	\$38,238	157%	\$43,584
2008	39,274	153	20,726
2007	21,689	276	-

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

**Condensed Statement of Net Assets, June 30, 2009:**

	<u>Volunteer LOSAP Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 386,544
Investments	351,391
Total assets	<u>737,935</u>
<b>NET ASSETS</b>	
Held in trust for pension benefits	<u>\$ 737,935</u>

**Condensed Statement of Changes in Net Assets, for the year ended June 30, 2009:**

	<u>Volunteer LOSAP Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 60,000
Total contributions	<u>60,000</u>
Investment earnings:	
Interest	7,758
Dividends	11,951
Net decrease in the fair value of investments	<u>(119,955)</u>
Net investment earnings	<u>(100,246)</u>
Total additions	<u>(40,246)</u>
<b>DEDUCTIONS</b>	
Benefits	<u>44,840</u>
Total deductions	<u>44,840</u>
Change in net assets	(85,086)
Total net assets, July 1, 2008	<u>823,021</u>
Total net assets, June 30, 2009	<u>\$ 737,935</u>

**F. 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



Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

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 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 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:

	<b><u>2009</u></b>
Annual required contribution	\$ 135,136
Annual OPEB cost	135,136
Expected contributions	<u>(139,182)</u>
Increase (decrease) in net OPEB obligation	(4,046)
Net OPEB obligation- beginning of year	
Net OPEB obligation (asset) - end of year	<u><u>\$ (4,046)</u></u>

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2009 were as follows:

<b>Fiscal Year</b>	<b>Annual</b>	<b>% of Annual OPEB</b>	<b>Net OPEB</b>
<b><u>Ending</u></b>	<b><u>OPEB Cost</u></b>	<b><u>Cost Contributed</u></b>	<b><u>Obligation</u></b>
			<b><u>(Asset)</u></b>
2009	\$ 135,136	103%	\$ (4,046)

**Funded Status and Funding Progress** - As of June 30, 2009, the District's actuarial accrued liability (AAL) for benefits was \$1,721,578, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,721,578. 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 prescription drug costs 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. 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, 2009

---

**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 other postemployment benefit 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** – Because 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 .37% of annual covered Tier 1 and Tier 2 payroll and .26% 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, 2009 was approximately \$131,000.

Tualatin Valley Fire and Rescue  
**Notes to the Basic Financial Statements**  
June 30, 2009

---

### **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 \$1,084 per month for medical coverage and \$138 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, 2009, 2008, and 2007, were \$4,352,432, \$4,057,378, and \$3,533,777 respectively, which equaled the required contribution as negotiated for each year.

## **Required Supplementary Information**

This page intentionally left blank.

**Tualatin Valley Fire and Rescue  
Required Supplementary Information  
June 30, 2009**

---

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

<b>Actuarial Date June 30,</b>	<b>AVA <sup>(1)</sup></b>	<b>AAL <sup>(2)</sup></b>	<b>FAAL/ (UAAL)</b>	<b>Percent Funded</b>	<b>Covered Payroll</b>	<b>FAAL/ (UAAL) <sup>(3)</sup></b>
2008	\$1,002,973	\$2,603,541	(1,600,568)	39%	N/A	N/A
2001	2,706,837	2,670,258	36,579	101	N/A	N/A
1999	2,950,136	2,900,897	49,239	102	N/A	N/A

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

<b>Actuarial Date June 30,</b>	<b>AVA <sup>(1)</sup></b>	<b>AAL <sup>(2)</sup></b>	<b>FAAL/ (UAAL)</b>	<b>Percent Funded</b>	<b>Covered Payroll</b>	<b>FAAL/ (UAAL) <sup>(3)</sup></b>
2008	\$823,021	\$939,824	(116,803)	87.57%	N/A	N/A
1999	411,627	504,004	(92,377)	82	N/A	N/A

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

<b>Actuarial Date June 30,</b>	<b>AVA <sup>(1)</sup></b>	<b>AAL <sup>(2)</sup></b>	<b>(UAAL)</b>	<b>Percent Funded</b>	<b>Covered Payroll</b>	<b>UAAL <sup>(3)</sup></b>
2009		\$1,721,578	\$1,721,578	0.00%	\$ 7,450,107	23.11%

<sup>(1)</sup> Actuarial Value of Assets

<sup>(2)</sup> Actuarial Accrued Liability

<sup>(3)</sup> As a Percentage of Covered Payroll

This page intentionally left blank.



## **Supplemental Information**

This page intentionally left blank.

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, 2009

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Interest	\$ 118,300	\$ 118,300	\$ 96,866	\$ (21,434)
Total revenues	118,300	118,300	96,866	(21,434)
<b>Expenditures</b>				
Materials and services		600,000	119,491	480,509
Capital outlay	14,110,000	43,110,000	16,991,604	26,118,396
Operating contingency	624,730	624,730		624,730
Total expenditures	14,734,730	44,334,730	17,111,095	27,223,635
Excess (deficiency) of revenues over (under) expenditures	(14,616,430)	(44,216,430)	(17,014,229)	(27,245,069)
<b>Other Financing Sources</b>				
Proceeds from debt issuance		29,600,000	29,362,404	(237,596)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(14,616,430)	(14,616,430)	12,348,175	26,964,605
Fund balance - July 1, 2008	14,616,430	14,616,430	9,804,938	(4,811,492)
Fund balance - June 30, 2009	\$	\$	\$ 22,153,113	\$ 22,153,113

## **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, 2009

	Special Revenue 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
<b>Assets</b>								
Cash and cash equivalents	\$ 1,144,518	\$ 6,184,301		\$ 90,554	\$ 212,568	\$ 529,686	\$ 5,959,548	\$ 14,121,175
Receivables:								
Property taxes receivable	10,550	41,024	\$ 54,621			124,919		124,919
Accounts receivable	\$ 1,155,068	\$ 6,225,325	\$ 54,621	\$ 90,554	\$ 212,568	\$ 654,605	\$ 5,959,548	106,195
Total assets								\$ 14,352,289
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable		\$ 116,555	\$ 6,681		\$ 1,295			\$ 124,531
Due to other funds			47,940					47,940
Deferred revenue	\$ 10,550	150				\$ 110,187		120,887
Total liabilities	10,550	116,705	54,621		1,295	110,187		293,358
Fund balances:								
Reserved for retiree medical insurance					211,273			211,273
Reserved for debt service						544,418		544,418
Unreserved, reported in:								
Special revenue funds	1,144,518	6,108,620		\$ 90,554			\$ 5,959,548	7,343,692
Capital projects fund	1,144,518	6,108,620		90,554	211,273	544,418	5,959,548	5,959,548
Total fund balances	\$ 1,155,068	\$ 6,225,325	\$ 54,621	\$ 90,554	\$ 212,568	\$ 654,605	\$ 5,959,548	14,058,931
Total liabilities and fund balances								\$ 14,352,289

Tualatin Valley Fire and Rescue  
**Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the Year Ended June 30, 2009

	Special Revenue 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
<b>Revenues</b>								
Taxes								
Interest	\$ 17,308	\$ 115,112			\$ 4,200	\$ 2,520,773	\$ 129,905	\$ 2,520,773
Grants and donations		63,038		\$ 3,524		18,568		285,093
Total revenues	17,308	178,150		3,524	4,200	2,539,341	129,905	2,872,428
<b>Expenditures</b>								
Current								
Public safety:								
Personnel services			\$ 32,921		93,054			125,975
Materials and services			4,232					4,232
Debt service:								
Principal						2,475,000		2,475,000
Interest						841,575		841,575
Capital outlay		2,686,145		3,534			194,119	2,883,798
Total expenditures		2,686,145	37,153	3,534	93,054	3,316,575	194,119	6,330,580
Excess (deficiency) of revenues over (under) expenditures	17,308	(2,507,995)	(37,153)	(10)	(88,854)	(777,234)	(64,214)	(3,458,152)
<b>Other Financing Sources</b>								
Transfers in	500,000	2,582,500	37,153		85,800			3,205,453
Sale of surplus property	15,000	30,266					41,591	86,857
Total other financing sources	515,000	2,612,766	37,153		85,800		41,591	3,292,310
Net change in fund balances	532,308	104,771		(10)	(3,054)	(777,234)	(22,623)	(165,842)
Fund balances - July 1, 2008	612,210	6,003,849		90,564	214,327	1,321,652	5,982,171	14,224,773
Fund balances - June 30, 2009	\$ 1,144,518	\$ 6,108,620	\$	\$ 90,554	\$ 211,273	\$ 544,418	\$ 5,959,548	\$ 14,058,931

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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Interest	\$ 17,178	\$ 17,308	\$ 130
Total revenues	<u>17,178</u>	<u>17,308</u>	<u>130</u>
<b>Expenditures</b>			
Operating contingency	1,115,678		1,115,678
Total expenditures	<u>1,115,678</u>		<u>1,115,678</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,098,500)</u>	<u>17,308</u>	<u>1,115,808</u>
<b>Other Financing Sources</b>			
Transfers in	500,000	500,000	
Sales of surplus property		15,000	15,000
Total other financing sources	<u>500,000</u>	<u>515,000</u>	<u>15,000</u>
Net change in fund balances	(598,500)	532,308	1,130,808
Fund balance - July 1, 2008	598,500	612,210	13,710
Fund balance - June 30, 2009	<u>\$</u>	<u>\$ 1,144,518</u>	<u>\$ 1,144,518</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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Interest	\$ 125,000	\$ 115,112	\$ (9,888)
Grants and donations		63,038	63,038
Total revenues	<u>125,000</u>	<u>178,150</u>	<u>53,150</u>
<b>Expenditures</b>			
Capital outlay	3,762,278	2,686,145	1,076,133
Operating contingency	<u>1,415,528</u>		<u>1,415,528</u>
Total expenditures	<u>5,177,806</u>	<u>2,686,145</u>	<u>2,491,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,052,806)</u>	<u>(2,507,995)</u>	<u>2,544,811</u>
<b>Other Financing Sources</b>			
Transfers in	2,582,500	2,582,500	
Sale of surplus property		<u>30,266</u>	<u>30,266</u>
Total other financing sources	<u>2,582,500</u>	<u>2,612,766</u>	<u>30,266</u>
Net change in fund balances	(2,470,306)	104,771	2,575,077
Fund balance - July 1, 2008	<u>5,396,867</u>	<u>6,003,849</u>	<u>606,982</u>
Fund balance - June 30, 2009	<u><u>\$ 2,926,561</u></u>	<u><u>\$ 6,108,620</u></u>	<u><u>\$ 3,182,059</u></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, 2009

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures</b>			
Current			
Public safety:			
Personnel services	\$ 43,774	\$ 32,921	\$ 10,853
Materials and services	8,964	4,232	4,732
Total expenditures	<u>52,738</u>	<u>37,153</u>	<u>15,585</u>
<b>Other Financing Sources</b>			
Transfers in	<u>52,738</u>	<u>37,153</u>	<u>(15,585)</u>
Total other financing sources	<u>52,738</u>	<u>37,153</u>	<u>(15,585)</u>
 Fund balance - July 1, 2008			
Fund balance - June 30, 2009	<u><u>\$</u></u>	<u><u>\$</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, 2009

---

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Grants and donations	\$ 25,200	\$ 3,524	\$ (21,676)
Total revenues	<u>25,200</u>	<u>3,524</u>	<u>(21,676)</u>
<b>Expenditures</b>			
Capital outlay	<u>25,200</u>	<u>3,534</u>	<u>21,666</u>
Total expenditures	<u>25,200</u>	<u>3,534</u>	<u>21,666</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(10)</u>	<u>(10)</u>
Net change in fund balances		(10)	(10)
Fund balance - July 1, 2008		<u>90,564</u>	<u>90,564</u>
Fund balance - June 30, 2009	<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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Interest	\$ 6,035	\$ 4,200	\$ (1,835)
Total revenues	<u>6,035</u>	<u>4,200</u>	<u>(1,835)</u>
<b>Expenditures</b>			
Current			
Personnel services	152,740	93,054	59,686
Total expenditures	<u>152,740</u>	<u>93,054</u>	<u>59,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,705)</u>	<u>(88,854)</u>	<u>57,851</u>
<b>Other Financing Sources</b>			
Transfers in	85,800	85,800	
Total other financing sources	<u>85,800</u>	<u>85,800</u>	
Net change in fund balances	(60,905)	(3,054)	57,851
Fund balance - July 1, 2008	215,585	214,327	(1,258)
Fund balance - June 30, 2009	<u>\$ 154,680</u>	<u>\$ 211,273</u>	<u>\$ 56,593</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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Taxes	\$ 2,506,986	\$ 2,520,773	\$ 13,787
Interest	26,110	18,568	(7,542)
Total revenues	<u>2,533,096</u>	<u>2,539,341</u>	<u>6,245</u>
<b>Expenditures</b>			
Debt service:			
Principal	2,475,000	2,475,000	
Interest	841,575	841,575	
Total expenditures	<u>3,316,575</u>	<u>3,316,575</u>	
Excess (deficiency) of revenues over (under) expenditure and net change in fund balances	(783,479)	(777,234)	6,245
Fund balance - July 1, 2008	<u>1,155,729</u>	<u>1,321,652</u>	<u>165,923</u>
Fund balance - June 30, 2009	<u>\$ 372,250</u>	<u>\$ 544,418</u>	<u>\$ 172,168</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, 2009

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Interest	\$ 170,813	\$ 129,905	\$ (40,908)
Total revenues	<u>170,813</u>	<u>129,905</u>	<u>(40,908)</u>
<b>Expenditures</b>			
Capital outlay	230,000	194,119	35,881
Operating contingency	4,261,293	<u>                    </u>	4,261,293
Total expenditures	<u>4,491,293</u>	<u>194,119</u>	<u>4,297,174</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,320,480)</u>	<u>(64,214)</u>	<u>4,256,266</u>
<b>Other Financing Sources</b>			
Transfers in	1,350,000		(1,350,000)
Sale of surplus property	<u>                    </u>	41,591	41,591
Total other financing sources	<u>1,350,000</u>	<u>41,591</u>	<u>(1,308,409)</u>
Net change in fund balances	(2,970,480)	(22,623)	2,947,857
Fund balance - July 1, 2008	<u>5,910,480</u>	<u>5,982,171</u>	<u>71,691</u>
Fund balance - June 30, 2009	<u><u>\$ 2,940,000</u></u>	<u><u>\$ 5,959,548</u></u>	<u><u>\$ 3,019,548</u></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, 2009

---

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues</b>			
Interest	\$ 19,560	\$ 14,258	\$ (5,302)
Insurance refunds	<u>18,000</u>	<u>6,392</u>	<u>(11,608)</u>
Total revenues	<u>37,560</u>	<u>20,650</u>	<u>(16,910)</u>
 <b>Expenditures</b>			
Materials and services	<u>736,080</u>	<u>38,014</u>	<u>698,066</u>
Total expenditures	<u>736,080</u>	<u>38,014</u>	<u>698,066</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(698,520)	(17,364)	681,156
 Fund balance - July 1, 2008	<u>698,520</u>	<u>702,187</u>	<u>3,667</u>
Fund balance - June 30, 2009	<u><u>\$</u></u>	<u><u>\$ 684,823</u></u>	<u><u>\$ 684,823</u></u>

---

Tualatin Valley Fire and Rescue  
**Combining Statement of Net Assets**  
**Fiduciary Funds**  
June 30, 2009

---

	<b>Pension Trust Fund</b>	<b>Volunteer LOSAP Fund</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 353,225	\$ 386,544	\$ 739,769
Investments, mutual funds at fair value		351,391	351,391
Total assets	<u>353,225</u>	<u>737,935</u>	<u>1,091,160</u>
<b>Net Assets</b>			
Held in trust for pension benefits	<u>\$ 353,225</u>	<u>\$ 737,935</u>	<u>\$ 1,091,160</u>

---

Tualatin Valley Fire and Rescue  
**Combining Statement of Changes in Net Assets**  
**Fiduciary Funds**  
For the Year Ended June 30, 2009

---

	<b>Pension Trust Fund</b>	<b>Volunteer LOSAP Fund</b>	<b>Total Fiduciary Funds</b>
<b>Additions</b>			
Contributions:			
Employer		\$ 60,000	\$ 60,000
Investment earnings:	\$ (306,872)	(100,246)	(407,118)
Total additions	<u>(306,872)</u>	<u>(40,246)</u>	<u>(347,118)</u>
<b>Deductions</b>			
Benefits	342,876	44,840	387,716
Total deductions	<u>342,876</u>	<u>44,840</u>	<u>387,716</u>
Change in net assets	(649,748)	(85,086)	(734,834)
Total net assets, July 1, 2008	1,002,973	823,021	1,825,994
Total net assets, June 30, 2009	<u>\$ 353,225</u>	<u>\$ 737,935</u>	<u>\$ 1,091,160</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, 2009

---

	<b>Original and Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Investment earnings	\$ 29,320	\$ (306,872)	\$ (336,192)
Total revenues	<u>29,320</u>	<u>(306,872)</u>	<u>(336,192)</u>
<b>Expenditures</b>			
Personnel services	361,025	340,356	20,669
Materials and services	5,550	2,520	3,030
Total expenditures	<u>366,575</u>	<u>342,876</u>	<u>23,699</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(337,255)	(649,748)	(312,493)
Fund balance - July 1, 2008	<u>1,047,060</u>	<u>1,002,973</u>	<u>(44,087)</u>
Fund balance - June 30, 2009	<u><u>\$ 709,805</u></u>	<u><u>\$ 353,225</u></u>	<u><u>\$ (356,580)</u></u>

---

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, 2009

---

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>			
Investment earnings	\$ 21,350	\$ (100,246)	\$ (121,596)
Total revenues	<u>21,350</u>	<u>(100,246)</u>	<u>(121,596)</u>
<b>Expenditures</b>			
Personnel services	592,870	44,840	548,030
Total expenditures	<u>592,870</u>	<u>44,840</u>	<u>548,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(571,520)</u>	<u>(145,086)</u>	<u>426,434</u>
<b>Other Financing Sources</b>			
Transfers in	60,000	60,000	
Total other financing sources	<u>60,000</u>	<u>60,000</u>	
Net change in fund balances	<u>(511,520)</u>	<u>(85,086)</u>	<u>426,434</u>
Fund balance - July 1, 2008	762,280	823,021	60,741
Fund balance - June 30, 2009	<u>\$ 250,760</u>	<u>\$ 737,935</u>	<u>\$ 487,175</u>

---

Tualatin Valley Fire and Rescue  
**Schedule of Property Tax Transactions and Outstanding Balances**  
For the Year Ended June 30, 2009

<b>Tax Year</b>	<b>Taxes Uncollected June 30, 2008</b>	<b>Add Levy as Extended by Assessor</b>	<b>Add (Deduct) Discounts Allowed</b>	<b>Add Interest Received</b>	<b>(Deduct) Cancellations and Adjustments</b>	<b>(Deduct) Collections</b>	<b>Taxes Uncollected June 30, 2009</b>
2008-09		\$70,168,538	(\$1,737,378)	\$25,201	(\$145,060)	(\$66,017,433)	\$2,293,868
2007-08	\$1,768,575		2,305	64,742	(105,660)	(1,112,915)	617,047
2006-07	427,714		511	30,602	(22,777)	(218,288)	217,762
2005-06	161,301		351	23,608	(13,756)	(109,533)	61,971
2004-05	63,317		75	11,167	(4,323)	(45,978)	24,258
2003-04	16,435		18	1,533	(1,805)	(4,066)	12,115
2003 and prior	36,004		5	1,982	(5,115)	(7,334)	25,542
Total prior	2,473,346		3,265	133,634	(153,436)	(1,498,114)	958,695
	<u>\$2,473,346</u>	<u>\$70,168,538</u>	<u>(\$1,734,113)</u>	<u>\$158,835</u>	<u>(\$298,496)</u>	<u>(\$67,515,547)</u>	<u>\$3,252,563</u>

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
Reconciliation to tax revenues on combined financial statements:			
Property tax collections above	\$64,995,337	\$2,520,209	\$67,515,546
Property taxes susceptible to accrual at June 30, 2009	378,482	14,732	393,214
Property taxes susceptible to accrual at June 30, 2008	(325,443)	(14,783)	(340,226)
Taxes in lieu of property taxes	12,111	615	12,726
Tax revenues	<u>\$65,060,487</u>	<u>\$2,520,773</u>	<u>\$67,581,260</u>

	<b>Property Taxes</b>		<b>Taxes in Lieu of Property Taxes</b>	<b>Total</b>	<b>Taxes Uncollected June 30, 2009</b>
	<b>Current Levy</b>	<b>Prior Years</b>			
<b>DISTRIBUTED AS FOLLOWS:</b>					
General Fund	\$63,852,563	\$1,195,813	\$12,111	\$65,060,487	\$3,127,644
Debt Service Fund	2,466,521	53,637	615	2,520,773	124,919
	<u>\$66,319,084</u>	<u>\$1,249,450</u>	<u>\$12,726</u>	<u>\$67,581,260</u>	<u>\$3,252,563</u>

This page intentionally left blank.

# 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.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>89</b>
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>94</b>
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	<b>98</b>
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.	
<b>Demographic and Economic Information</b>	<b>100</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	<b>102</b>
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.	
<b>Sources</b>	
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.	

This page intentionally left blank.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Activities:</b>							
Invested in capital assets, net of related debt	\$ 18,050,203	\$ 19,494,131	\$ 23,463,387	\$ 27,938,890	\$ 25,440,690	\$ 26,022,160	\$ 26,836,071
Restricted	993,589	858,636	1,031,033	1,165,747	1,273,796	1,321,652	22,697,532
Unrestricted	26,115,793	27,576,532	28,809,681	30,663,907	39,349,635	46,748,396	27,186,319
Total primary government net assets	<u>\$ 45,159,585</u>	<u>\$ 47,929,299</u>	<u>\$ 53,304,101</u>	<u>\$ 59,768,544</u>	<u>\$ 66,064,121</u>	<u>\$ 74,092,208</u>	<u>\$ 76,719,922</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
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
Interest on long-term debt	426,663	342,004	280,733	210,432	359,307	921,830	950,457
Loss on sale of capital assets			77,030			38,671	
Total primary government expenses	48,345,638	50,998,610	53,458,373	56,863,405	59,231,691	62,835,198	68,321,476
<b>Program Revenues</b>							
Governmental activities:							
Charges for services <sup>(1)</sup>	5,403,408	3,767,913	704,506	818,382	852,678	916,859	758,476
Operating grants and contributions	65,000	197,112	1,794,138	606,864	583,497	277,094	134,753
Capital grants and contributions				1,453,268		68,535	432,805
Total primary government program revenues	5,468,408	3,965,025	2,498,644	2,878,514	1,436,175	1,262,488	1,326,034
Total primary government net expense	(42,877,230)	(47,033,585)	(50,959,729)	(53,984,891)	(57,795,516)	(61,572,710)	(66,995,442)
<b>General Revenues and Other</b>							
<b>Changes in Net Assets</b>							
Property taxes	47,122,028	48,961,590	55,233,714	58,118,393	61,211,437	66,146,305	68,254,733
Investment earnings	549,532	484,643	875,339	1,645,622	2,504,630	2,755,890	1,006,351
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
Miscellaneous	199,856	32,790	76,822	192,871	81,298	52,372	116,317
Total primary government	48,299,276	49,803,299	56,334,531	60,449,334	64,091,093	69,600,797	69,623,156
<b>Change in Net Assets</b>							
Total primary government	\$ 5,422,046	\$ 2,769,714	\$ 5,374,802	\$ 6,464,443	\$ 6,295,577	\$ 8,028,087	\$ 2,627,714

<sup>(1)</sup> 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 Seven Fiscal Years  
 (modified accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>							
Reserved	\$ 198,660	\$ 177,847	\$ 204,312	\$ 225,511	\$ 236,315	\$ 272,292	\$ 302,466
Unreserved	20,516,145	20,213,268	22,218,710 <sup>(1)</sup>	25,737,059	30,458,483	34,934,854	36,809,276
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 <sup>(2)</sup></u>	<u>\$ 35,207,146</u>	<u>\$ 37,111,742</u>
<b>All Other Governmental Funds</b>							
Reserved	\$ 1,261,284	\$ 1,235,280	\$ 1,339,277	\$ 1,428,618	\$ 17,868,637 <sup>(2)</sup>	\$ 11,340,917	\$ 22,908,804
Unreserved, reported in							
Special revenue funds	3,870,283	4,119,430	2,801,691	2,523,009	4,451,489	6,706,623	7,343,692
Capital projects fund	1,820,528	2,656,074	4,224,381	3,882,796	5,848,944	5,982,171	5,959,548
Total all other governmental funds	<u>\$ 6,952,095</u>	<u>\$ 8,010,784</u>	<u>\$ 8,365,349</u>	<u>\$ 7,834,423</u>	<u>\$ 28,169,070</u>	<u>\$ 24,029,711</u>	<u>\$ 36,212,044</u>

<sup>(1)</sup> Fiscal years 2005 and prior were not restated for compensated absences.

<sup>(2)</sup> The increase in total fund balance of the General Fund and the reserved fund balance of the Capital Projects Fund in 2009 and 2008 is explained in Management Discussion and Analysis.

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Revenues</b>							
Taxes	\$ 47,084,315	\$ 48,939,210	\$ 55,433,542	\$ 58,139,673	\$ 61,007,196	\$ 65,684,260	\$ 67,581,260
Interest	539,707	476,100	860,920	1,614,208	2,469,936	2,720,574	992,093
Charges for services	5,416,815	3,767,482	702,918	831,114	848,145	895,648	728,156
Insurance refunds	68,090	92,129	142,632	383,678	239,646	641,668	230,529
Grants and donations		197,112	1,256,727	606,864	230,399	190,593	81,762
Miscellaneous	284,765	82,602	70,635	181,377	73,987	47,083	89,484
Total revenues	53,393,692	53,554,635	58,467,374	61,756,914	64,869,309	70,179,826	69,703,284
<b>Expenditures</b>							
Current							
Public safety	44,450,102	48,012,106	49,622,079	53,080,053	55,487,788	58,494,214	61,873,639
Capital outlay	2,805,918	3,331,000	4,622,077	5,448,168	3,026,118	8,163,030	19,875,402
Debt service:							
Principal	2,835,000	1,520,000	1,582,100	1,190,000	1,280,000	2,375,000	2,475,000
Interest	435,185	345,908	287,532	225,450	170,200	931,892	841,575
Total expenditures	50,526,205	53,209,014	56,113,788	59,943,671	59,964,106	69,964,136	85,065,616
Excess (deficiency) of revenues	2,867,487	345,621	2,353,586	1,813,243	4,905,203	215,690	(15,362,332)
<b>Other Financing Sources (Uses)</b>							
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
Transfers in	4,576,464	3,488,460	4,002,535	4,090,853	2,604,257	2,704,125	(3,204,453)
Transfers out	(4,611,464)	(3,488,460)	(4,002,535)	(4,090,853)	(2,664,257)	(2,704,125)	3,205,453
Total other financing sources (uses)	1,845,450	389,378	32,886	173,229	20,101,672	157,299	29,450,261
Net change in fund balances	\$ 4,712,937	\$ 734,999	\$ 2,386,472	\$ 1,986,472	\$ 25,006,875	\$ 372,989	\$ 14,087,929
Debt service as a percentage of noncapital expenditures	6.85%	3.74%	3.63%	2.60%	2.53%	5.29%	4.28%

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		Total Assessed To Total Market Value	Total Direct Tax Rate
	Assessed Value	Market Value		Assessed Value	Market Value		Assessed Value	Market Value		Assessed Value	Market Value		Assessed Value	Market Value		
2009	\$36,352,459,360	\$64,462,001,645		\$1,365,624,057	\$1,375,655,902		\$51,351,504	\$57,431,190		\$1,063,723,000	\$1,067,347,629		\$38,833,157,921	\$66,962,436,366	57.99	1.84
2008	34,641,993,583	62,615,731,611		1,280,664,739	1,292,853,444		54,128,069	59,845,740		1,020,096,190	1,073,993,240		36,996,882,581	65,042,424,035	56.88	1.87
2007	32,870,751,582	55,887,171,646		1,209,328,395	1,215,420,705		66,468,302	71,311,755		969,696,390	977,289,297		35,116,244,669	58,151,193,403	60.39	1.82
2006	31,203,991,728	45,563,141,842		1,175,706,594	1,184,110,910		70,563,327	74,439,919		927,989,770	929,254,187		33,378,251,419	47,750,946,858	69.90	1.82
2005	28,848,716,198	40,772,439,891		1,165,078,033	1,183,135,033		74,672,926	79,567,132		901,881,166	916,813,830		30,990,348,323	42,951,955,886	72.15	1.83
2004	25,418,465,223	35,783,324,752		1,155,357,494	1,177,160,244		75,064,755	79,974,937		884,130,333	900,479,073		27,533,017,805	37,940,939,006	72.57	1.83
2003	24,306,004,535	33,235,850,673		1,263,151,114	1,282,255,419		81,158,866	86,366,432		886,779,584	903,045,300		26,537,094,099	35,507,517,824	74.74	1.82
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	849,098,635		25,173,975,622	34,654,008,613	72.64	1.83
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	74.75	1.59
2000	20,211,306,315	27,081,664,480		1,160,962,103	1,216,050,650		91,949,693	124,963,516		650,168,888	710,658,588		22,114,386,999	29,133,337,234	75.91	1.56

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
	\$10.83	\$10.66	\$11.93	\$12.01	\$11.51	\$12.09	\$11.96	\$11.21	\$12.37	\$ 12.11
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	to \$17.35	\$17.82	\$18.69	\$18.86	\$21.65	\$20.09	\$21.35	\$20.11	\$20.55	\$ 20.96
Tualatin Valley Fire and Rescue	\$1.56	\$1.59	\$1.83	\$1.82	\$1.83	\$1.83	\$1.82	\$1.82	\$1.87	\$1.84
Washington County	2.54	2.53	2.96	2.91	2.90	2.87	2.84	2.45	3.03	2.98
Washington County School District No. 1J	6.14	5.94	7.18	6.79	6.67	6.60	6.58	6.52	8.06	7.10
Washington County School District No. 1-1	6.35	7.00	6.97	7.22	7.12	7.18	4.77	5.28	6.53	6.53
Beaverton School District 48J	6.19	6.12	6.36	6.56	8.01	6.60	7.98	6.29	6.74	6.56
West Linn School District #101	6.81	9.02	8.97	9.15	9.28	9.18	7.90	9.31	7.57	9.05
Newberg School District #46	6.89	6.72	6.86	6.65	8.82	8.21	8.17	8.27	8.55	8.30
Tigard School District 23J	6.31	7.24	7.03	7.16	7.88	7.79	6.98	6.90	6.86	7.71
School - Tigard/Tualatin Bond										
City of Beaverton		3.79	3.31	3.61	1.13	1.80	1.01	0.90	0.78	0.81
City of Tigard	2.60	2.60	2.57	2.90	2.68	2.70	2.72	4.21	4.18	4.12
City of Durham	1.47	1.88	1.83	1.84	1.96	1.94	1.86	1.83	1.81	1.82
City of King City	2.02	1.99	1.97	1.94	1.93	1.53	1.94	1.94	1.94	1.94
Metzger Water - Combined	0.21	0.25	0.23	0.23	0.22	0.19	0.18	0.19	0.00	0.00
Portland Community College	0.35	0.37	0.55	0.49	0.51	0.51	0.50	0.49	0.51	0.50
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	1.56	1.49	1.47	1.46	1.46	1.46	1.45	1.44	1.43	1.43
Enhanced Sheriffs	1.05	1.08	1.05	1.03	1.17	1.14	1.12	1.11	1.09	1.31
Clackamas Education Service District	0.36	0.37	0.37	0.37	0.37	0.36	0.37	0.37	0.37	0.37
Multnomah Education Service District	0.45	0.46	0.45	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
Clackamas Community College		0.56	0.86	0.54	0.54	0.54	0.54	2.40	0.55	0.55
Clackamas County School District 3J (West Linn/Wilsonville)	6.81	6.37	6.97	6.37	6.37	9.18	9.23	6.37	6.37	6.37
Clackamas County School District No. 7J (Lake Oswego)	5.51	6.08	7.02	6.90	6.90	7.11	7.32	7.04	6.85	7.15
Clackamas County School District No. 86 (Canby)	5.41	4.58	7.91	4.58	4.58	6.54	7.11	4.58	4.58	6.63
Washington County School District No. 88	7.79	7.51	7.44	7.36	7.33	7.30	6.94	7.07	8.92	8.80
City of Sherwood	4.39	4.39	4.71	4.38	4.20	4.19	3.89	3.78	3.72	3.54
City of Tualatin	3.16	2.90	2.75	2.10	2.01	2.01	2.14	2.13	2.26	2.15
City of Wilsonville	2.68	2.67	2.93	2.52	2.36	2.42	2.37	2.32	2.25	2.20
City of Wilsonville - Urban Renewal	0.96	0.73	0.68	1.42	0.73	2.65	0.73	0.69	0.79	0.86
City of West Linn							3.03	2.88	2.12	

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)

	2009			2000		
	Rank	Taxable Assessed Value <sup>(1)</sup>	Percentage of Total Taxable Assessed Valuation	Rank	Taxable Assessed Value <sup>(1)</sup>	Percentage of Total Taxable Assessed Valuation
<b>Private enterprises:</b>						
Nike, Inc.	1	\$ 406,863	1.10 %	3	\$ 182,020	0.88 %
Pacific Realty Associates	4	198,416	0.54	6	123,093	0.59
Tektronix, Inc.	6	135,284	0.37	5	137,625	0.66
Intel Corporation	7	134,635	0.36	1	335,005	1.62
Maxim Integrated Products	8	128,906	0.35	8	071,246	0.32
PS Business Parks	9	102,806	0.28			
BV Centercal, LLC	10	107,786	0.29			
Knickerbocker Prop. Inc.				9	060,712	0.29
Washington Square Inc.				10	054,740	0.26
<b>Public utilities:</b>						
Verizon Northwest, Inc.	2	310,174	0.84			
Portland General Electric	3	210,039	0.57	4	141,227	0.68
Northwest Natural Gas Co	5	177,954	0.48	6	099,097	0.48
General Telephone of NW				2	211,648	1.02
All other taxpayers		36,920,297	95.07		20,697,974	93.60
Total		<u>\$ 38,833,158</u>	<u>100.00 %</u>		<u>\$ 22,114,387</u>	<u>100.00 %</u>

Source: Washington County Department of Assessment and Taxation

<sup>(1)</sup> 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
2009	\$ 70,168,538	\$ 66,017,433	94.08 %	\$ 1,498,114	\$ 67,515,547	96.22 %
2008	67,886,825	64,345,840	94.78	1,288,336	65,634,176	96.68
2007	62,860,513	59,799,046	95.13	1,176,222	60,975,268	97.00
2006	59,783,920	56,844,054	95.08	1,339,636	58,183,690	97.32
2005	56,843,613	53,918,038	94.85	1,438,746	55,356,784	97.38
2004	50,483,968	47,697,565	94.48	1,225,232	48,922,797	96.91
2003	48,507,471	45,798,106	94.41	1,292,291	47,090,397	97.08
2002	46,251,187	43,682,532	94.45	1,060,463	44,742,996	96.74
2001	37,636,823	35,530,538	94.40	1,030,065	36,560,603	97.14
2000	34,545,771	32,402,208	93.80	1,007,526	33,409,734	96.71

Source:

District financial statements, current and prior years

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) <sup>(1)</sup>	Gross Bonded Debt <sup>(2)</sup>	Debt Service Monies Available <sup>(2)</sup>	Net General Bonded Debt <sup>(2)</sup>	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita <sup>(3)</sup>	Percentage of Personal Income <sup>(3)</sup>
2009	\$ 38,833,158	\$ 47,000,000	\$ 17,500	\$ 46,982,500	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
2000	22,114,387	11,940,000	204,017	11,735,983	0.05	29.74	0.10

Sources:

<sup>(1)</sup> Washington, Clackamas, and Multnomah County Assessment and Taxation Departments

<sup>(2)</sup> District financial statements, current and prior years

<sup>(3)</sup> 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, 2009

Jurisdiction	Net Direct Debt Outstanding <sup>(1)</sup>	Percentage Applicable to District	Amount Applicable to District
Clackamas School No. 3J (West Linn/Wilsonville)	\$ 201,162,238	100.00 %	\$ 201,162,037
Clackamas County	47,025,000	18.61	8,753,375
Clackamas County School District No. 7J (Lake Oswego)	75,406,819	5.63	4,246,158
Clackamas County School District No. 86 (Canby)	62,860,000	15.23	9,575,024
Clackamas Community College	37,350,000	24.68	9,217,009
City of West Linn	12,140,000	100.00	12,140,000
Columbia County SD 1J (Scappoose)	36,620,000	0.44	161,458
Multnomah County	56,570,000	1.11	627,022
Metro Service District	187,666,896	29.15	54,697,394
Tri-Metropolitan Transport District	36,380,000	28.00	10,185,818
Multnomah County School District 1J (Portland)	15,090,000	1.78	268,195
Portland Community College	234,345,000	32.13	75,287,315
Willamette ESD	2,420,000	0.50	12,056
Washington County	31,535,000	73.05	23,034,867
Tualatin Hills Park & Recreation District	71,685,000	98.02	70,268,648
Washington County School No. 23J (Tigard-Tualatin)	129,495,000	99.90	129,363,692
Washington County District No. 48J (Beaverton)	418,585,000	95.68	400,510,918
Washington County School District No. 88J (Sherwood)	126,034,664	99.26	125,103,772
Washington County School District No. 1J (Hillsboro)	264,958,096	13.53	35,836,112
Washington County School District No. 29 (Reedville Bond)	775,000	54.09	419,222
City of Durham	1,570,000	99.99	1,569,870
City of Sherwood	10,190,857	99.99	10,189,807
City of Tigard	10,011,895	100.00	10,011,675
City of Tualatin	10,570,000	99.99	10,569,345
Yamhill County School District No. 29J (Newberg)	49,070,000	5.24	2,569,600
<b>Total</b>			<b>\$ 1,205,780,387</b>

Note: <sup>(1)</sup> 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, 2009

**Legal Debt Margin Calculation for Fiscal Year 2009**

Real market value of District property	\$ 66,962,436,366
Debt limit under ORS 478.410(2) - (1.25% of the real market value)	837,030,455
Amount of debt applicable to debt limit:	
Gross bonded debt outstanding	\$ 47,000,000
Assets in Debt Service Fund available for debt service	(17,500)
Total amount of debt applicable to debt limit	<u>46,982,500</u>
Legal debt margin	<u><u>\$790,047,955</u></u>
Total net debt applicable to the limit as a percentage of debt limit	5.61%

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 364,166,715	\$ 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
Total net debt applicable to limit	11,735,983	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
Legal debt margin	<u>\$ 352,430,732</u>	<u>\$ 384,303,078</u>	<u>\$ 424,326,229</u>	<u>\$ 436,258,904</u>	<u>\$ 468,226,645</u>	<u>\$ 532,610,482</u>	<u>\$ 593,922,583</u>	<u>\$ 705,313,714</u>	<u>\$ 793,876,952</u>	<u>\$ 790,047,955</u>

Total net debt applicable to the limit as a percentage of debt limit	3.22%	2.59%	2.04%	1.71%	1.27%	0.80%	0.50%	2.97%	2.36%	5.61%
--	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

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

Fiscal Year	Population <sup>(1)</sup>	Per Capita Income (Washington County) <sup>(2)</sup>	Total		Unemployment Rate (%) (Washington County)
			Personal Income (Washington County) (in thousands) <sup>(3)</sup>	School Enrollment <sup>(4)</sup>	
2009	447,300	\$ 36,259	\$ 16,218,651	54,519	10.2 %
2008	439,800	34,600	15,217,080	54,480	4.3
2007	430,500	34,000	14,637,000	53,824	4.5
2006	424,000	34,000	14,416,000	52,884	5.4
2005	418,000	32,000	13,376,000	52,034	5.8
2004	417,646	32,000	13,364,672	50,822	6.5
2003	411,500	32,000	13,168,000	50,906	7.0
2002	407,400	32,000	13,036,800	47,985	5.9
2001	399,021	33,000	13,167,693	48,040	3.1
2000	394,680	31,000	12,235,080	45,776	3.3

**Note:** Information regarding the median age and education level of the District's population is not available.

**Sources:** Estimated from information provided by:

<sup>(1)</sup> Metro

<sup>(2)</sup> State of Oregon Employment Division, Research Department

<sup>(3)</sup> Regional Economic Information System, BEA ([www.bea.gov](http://www.bea.gov))

<sup>(4)</sup> Beaverton School District No. 48 and Washington County School District Nos. 23J and 88.

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Fire and Rescue Service	263	287	310	294	300	302	298	301	305	307
Fire Prevention and Training	41	31	32	33	43	42	40	41	40	43
Administrative and Support	52	53	60	60	60	59	65	64	67	67
Total	356	371	402	387	403	403	403	406	412	417

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

<b>Function</b>	<b>2000*</b>	<b>2001*</b>	<b>2002*</b>	<b>2003*</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009 est.</b>
Public Safety										
Fire Prevention Inspections	5,251	6,144	7,150	9,071	4,813	4,452	4,818	8,605	6,802	6,000
Emergency Medical Service Calls**	19,674	21,767	22,505	22,587	22,730	23,347	24,650	25,262	25,381	24,120
Fire Responses**	4,734	5,256	5,239	5,107	4,797	4,758	5,121	4,605	4,527	3,930
Other Responses - including hazardous condition , public service**	2,774	2,352	2,562	2,061	2,502	2,058	2,433	2,020	2,019	2,040
Miscellaneous - including good intent**	1,052	891	958	658	248	182	204	215	166	210

\* Includes Oregon City contract incidents

\*\* Statistics are based on *Dispatch Call Type*

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Number of Stations	24	24	24	22	22	22	22	22	22	23
Equipment <sup>(1)</sup>										
Aerial/Truck/Platform							4	4	4	5
Antique Fire Equipment							3	3	3	3
Brush Rig							8	8	8	9
Elevated Waterway							3	4	4	4
HazMat							3	3	3	3
Medic Unit										3
Mobile Command Unit							1	1	1	1
Pumper/Engine							33	31	37	35
Rehab Unit										2
Rescue <sup>(2)</sup>							8	5	5	
Squad/Rescue <sup>(2)</sup>							4	5	7	
Technical Rescue							6	6	6	4
Water Tender							8	7	7	7
Engines	38	40	41	41	36	36				
Ladder trucks	5	5	5	5	3	4				
Brush rigs	13	11	11	11	8	8				
Tenders	6	7	7	7	7	6				
Hazmat squad	2	2	2	2	1	1				
Squad/Support units	7	12	12	12	11	13				
Technical rescue	2	1	1	1	1	1				
Heavy squad	1									
Muster vehicles		5	5	5	4	4				

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

<sup>(2)</sup> Sold or repurposed Rescue and Squad/Rescue equipment in 2009.

This page intentionally left blank.

**AUDIT COMMENTS AND DISCLOSURES  
REQUIRED BY STATE REGULATION**

Oregon Administrative Rules 162-10-050 through 162-10-320 incorporated in the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, and comments and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.

This page intentionally left blank.



## **AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**

November 19, 2009

Board of Directors  
Tualatin Valley Fire and Rescue  
Aloha, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Aloha, Oregon (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States, and *Minimum Standards for Audits of Oregon Municipal Corporations*.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

We considered the District's internal control over financial reporting as necessary to plan and perform our audit of the basic financial statements. We have issued under separate cover our report on internal control over financial reporting and on compliance and other matters dated November 19, 2009.

### **ACCOUNTING RECORDS**

We found the District's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

### **ADEQUACY OF COLLATERAL SECURING DEPOSITORY BALANCES**

The District has complied with ORS 295 in relation to its deposit accounts for the year ended June 30, 2009.

### **INVESTMENTS**

Our review of deposit and investment balances indicated that, during the year ended June 30, 2009, the District was in compliance with ORS 294 as it pertains to investment of public funds.

**AUDIT COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATIONS (Continued)**

Page 2

**LEGAL REQUIREMENTS RELATING TO DEBT**

The general obligation bonded debt of the District is in compliance with the limitation imposed by state statute. We noted no defaults in principal, interest, sinking fund, or redemption provisions with respect to any of this bonded debt.

**BUDGET COMPLIANCE**

The District appears to have complied with Local Budget Law (ORS 294.305 to 294.520) in the preparation, adoption and execution of its budget and tax levy for the year ended June 30, 2009, and the preparation and adoption of its budget for the year ending June 30, 2010.

A description of the budgeting process is included in the Notes to Basic Financial Statements.

**INSURANCE POLICIES AND FIDELITY BONDS**

We have reviewed the District's insurance and fidelity bond coverage at June 30, 2009. We ascertained that such policies appeared to be in force and in compliance with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to comment on the adequacy of the insurance policies covering District-owned property at June 30, 2009.

**PUBLIC CONTRACTS**

The District's procedures for awarding public contracts were reviewed and found to be in accordance with ORS Chapter 279.

**PROGRAMS FUNDED FROM OUTSIDE SOURCES**

We have reviewed the District's compliance with appropriate laws, rules and regulations that could have a material impact on the financial statements for programs funded wholly or partially by other governmental agencies. The District is in compliance with the guidelines in all material respects.

In a separate report dated November 19, 2009, we have reported on the Schedule of Expenditures of Federal Awards. We have also reported on internal control over financial reporting and on compliance and other matters based on an audit of the basic financial statements performed in accordance with *Government Auditing Standards* and on compliance with requirements applicable to its major programs and on internal control over compliance in accordance with OMB Circular A-133.

**FINANCIAL REPORTING REQUIREMENTS**

We have reviewed financial reports and other data relating to programs funded wholly or partially by other governmental agencies. This data, filed with other governmental agencies, is in agreement with and supported by the accounting records.

**AUDIT COMMENTS AND DISCLOSURES**  
**REQUIRED BY STATE REGULATIONS (Continued)**

Page 3

**OTHER**

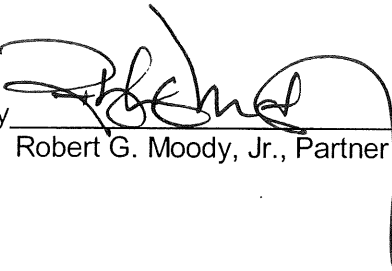
Compliance with the following is not applicable to the District:

- Highway funds

\* \* \* \* \*

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

**TALBOT, KORVOLA & WARWICK, LLP**  
Certified Public Accountants

By  \_\_\_\_\_  
Robert G. Moody, Jr., Partner

This page intentionally left blank.