



A Rural Fire Protection District, Tigard, Oregon

## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended**

**June 30, 2013**

**Prepared by:**

**The Finance Department**



Tualatin Valley Fire and Rescue

**Comprehensive Annual Financial Report**

For the Fiscal Year Ended June 30, 2013

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## **INTRODUCTORY SECTION**

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October 18, 2013

**To Board President Wyffels and  
Members of the Board of Directors  
of Tualatin Valley Fire and Rescue**

We are pleased to submit the Comprehensive Annual Financial Report of Tualatin Valley Fire and Rescue (District) for the fiscal year ended June 30, 2013. The responsibility for the completeness, fairness, and accuracy of the data presented and all accompanying disclosures rests with the District. To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse; and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Tualatin Valley Fire and Rescue is a special district established to provide a full range of fire protection and emergency response services to its citizens. This report has been prepared in accordance with accounting principles generally accepted in the United States of America and follows guidelines recommended by the Government Finance Officers Association of the United States and Canada.

State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the District by independent public accountants selected by the Board of Directors. This requirement has been complied with and the auditor's opinion has been included at the front of the financial section of this report.

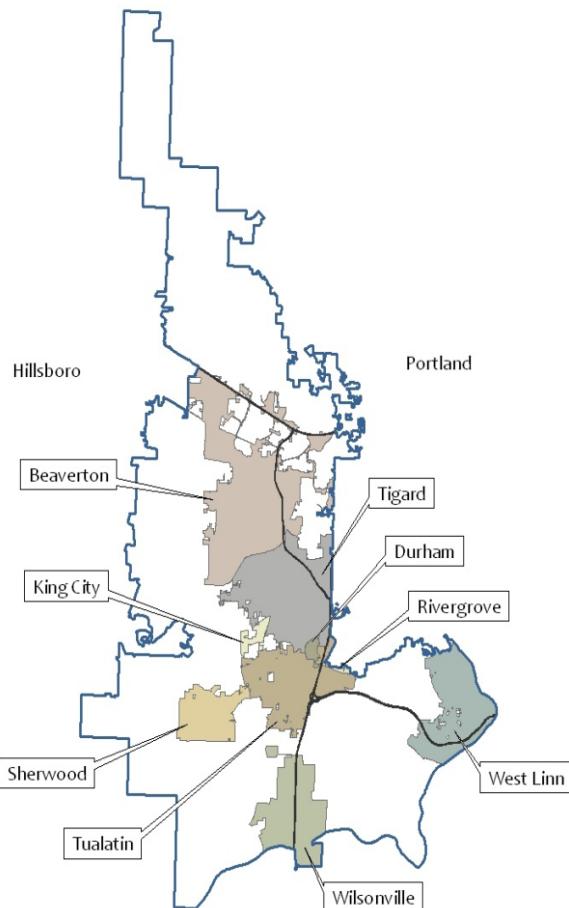
Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
**Letter of Transmittal**

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### **The Reporting Entity and Its Services**

The District operates under Oregon Revised Statutes Chapter 478 as a separate municipal corporation and is managed by a Board of Directors comprised of a President and four Directors including a Vice-President and a Secretary-Treasurer. The Board hires a Fire Chief to manage the day-to-day operations of the District. The governing Board appoints members of the community to serve on boards and commissions, which include the Budget Committee and the Civil Service Commission.



Tualatin Valley Fire and Rescue, a Rural Fire Protection District, was formed in 1989, through the legal merger of Washington County Fire Protection District No. 1 and Tualatin Rural Fire Protection District. Since that time, the District has expanded through the mergers of two additional fire districts, Multnomah County Rural Fire Protection District Nos. 4 and 20, and the annexation of the Valley View Water District on July 1, 1995. The District continued to grow by the annexation of the City of Beaverton to the District's service territory effective July 1, 1996. The most recent annexation was the City of West Linn, which was legally annexed on July 1, 2004.

The District currently operates 21 career and volunteer fire stations with a complement of fire engines, ladder trucks, aerial pumper, hazardous materials response units, technical rescue units, one heavy CBRNE unit, water tenders, brush rigs, and several other pieces of equipment, including medics, response cars, water rescue units, a

mobile command unit, and an additional fleet utilized to supplement response needs. District employees - 455 in 2013 - were supplemented by approximately 50 volunteer firefighters.

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

**Comprehensive Annual Financial Report**

**Letter of Transmittal**

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

The District serves a population of an estimated 454,200 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 \$42.5 billion in 2011-12 to approximately \$43.7 billion in the 2012-13 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 at the November 2008 election. This levy provides funding for operations through June 30, 2015. The District is currently preparing for a replacement levy for voter approval in the May 2014 election.

Capital funding continues to be provided from a series of general obligation bond sales with one remaining \$5 million bond sale to take place. The authority to issue up to \$77.5 million of bonds was strongly supported by the District's voters at the November 2006 election to provide funding for new stations, significant seismic reconstruction of existing stations, a command center, and for emergency response apparatus throughout the District. To date, the District has sold a total of \$72.5 million in four issuances. A final issuance is planned for 2016.

The area served, which includes the cities of Beaverton, Durham, King City, Rivergrove, Tigard, Tualatin, Sherwood, West Linn, and Wilsonville and unincorporated portions of three counties, Washington, Clackamas, and Multnomah, 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. Our planning horizon for the next decade includes the need to deploy additional emergency response units and stations as development occurs within the service area.

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

**Comprehensive Annual Financial Report**

**Letter of Transmittal**

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classification, class 2, according to the standards set forth by the Insurance Services Office, Inc. To the property owners in the District, this classification results in very low premium rates for fire insurance.

The District is a multi-service district with services and programs tailored to meet the needs of the community. The District is committed to creating safer communities through education, prevention, preparedness, and emergency response. Emergency response services include fire suppression, emergency medical services, water, dive, high angle, and heavy rescue. For several years, the District has served as a Regional Hazardous Material Response provider for the State of Oregon, with a service response area ranging from the City of Portland boundary on the east to the Pacific Ocean on the west and from the District's northern boundary in Multnomah County southerly to Marion County.

The District's Integrated Operations staff is dedicated to meeting all of the state mandates regarding fire investigations, commercial and retail occupancy inspections, and educating District citizens. To deal with emergencies, both fire and medical, the District staffs a team of professional firefighters and Paramedics 24-hours a day with skills and equipment necessary to deal with a wide variety of emergencies. Over 58%, or 186, of the District's professional line firefighters are certified as Paramedic, while 100% of the remaining fire suppression personnel are certified at either the Basic or Intermediate Emergency Medical Technician levels. Under the guidance of physician advisors, emergency medical service personnel (all of whom are firefighters) maintain high skill levels through several specialized programs.

Modern training facilities, including a six-story training tower, a burn building for live fire training, a 19-acre training center, and a live TV studio and media center, provide personnel with constant training to keep their skills at the highest level. The TVF&R Training Center facility, which was constructed in several phases using public funding and private donations, provides advanced training opportunities in flammable liquids and gases and usage of live props, including a tanker truck, a vehicle driving course, propane rail cars, a bridge, and excavation tunnels. The Training Center provides private businesses, District employees, and other customers a site to train for actual emergency situations and to meet federally mandated training requirements. The Training Center's facility and grounds are used for the many intensive District training operations, as well as District employers requiring specialized training.

**Economic Condition and Outlook**

The District, through its broad geographic base, serves a relatively strong area of Oregon's economic base. The three counties served by the District are three of the top five counties in Oregon in 2012 providing employment of 75,000 or more people. Clackamas and Multnomah counties posted the largest fourth quarter employment

**Comprehensive Annual Financial Report**

**Letter of Transmittal**

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increases, 2.2 and 2.0 percent, respectively, exceeding the national rate of 1.9 percent.<sup>(1)</sup> The average weekly wage (\$1,101) of workers in Washington County ranks 56th out of the nation's 328 major counties and the county also experienced a 1.4 percent change in fourth quarter weekly wages as compared to the nation's increase of 4.7 percent.<sup>(1) (2)</sup> The other two counties which the District serves a portion of include Multnomah with an average weekly wage of \$988 (ranking 105th in nation) and Clackamas (ranking 175th in nation).<sup>(2)</sup>

The District's assessed valuation continues to grow although real market value has declined for the fifth year in a row from approximately \$67 billion dollars in 2009 to \$55 billion dollars in 2013. In the prior two years, the District embarked upon an intensive analysis of properties in its service area and while most properties have the ability to grow the assessed value by the 3 percent allowed growth, a growing number of properties' real market values have declined sufficiently to dampen the overall expected growth rate of the District's assessed value. The 2013-14 and future financial forecasts include a positive change to this economic trend in approximately 2013-14, with a projected gradual recovery of real estate prices after that time. The recently published 2013 Ratio Study for Washington County, Oregon supports the District's forecast of the change in the trend line for real market value and assessed value to a positive trend with reported sales prices of single family homes increasing on average by 6% for 2012 which provides the assessment base for the 2013-14 fiscal year.<sup>(3)</sup> The District monitors property tax valuation matters closely and has worked extensively with regional officials to monitor trends and forecasts of this critical revenue source and with county assessors to closely analyze property type trends. Assessed valuation of existing property is limited to three percent increases a year; and growth in the District's assessed valuation is largely expected to come from legally allowed increases in assessed valuation, which is at 80% of market value District-wide as of the 2012-13 fiscal year. For 2012-13, the assessed value of the District grew 2.68 percent to over \$43.7 billion dollars. The District has projected an overall increase of 2.75 percent for 2013-14.

The District's population is expected to grow in the next 20 years. Staff is working proactively and cooperatively with other governments and regional planning groups to ensure continued ability to serve this future population. This includes participating in neighborhood and street planning, emergency access and road construction planning processes, as well as evaluating and working across jurisdictional boundaries to ensure closest force response to population centers regardless of where city and county boundary lines fall.

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(1) Bureau of Labor Statistics, Western Information Office, County Employment and Wages in Oregon – Fourth Quarter 2012, <http://www.bls.gov/ro9/qcewor.htm>

(2) Bureau of Labor Statistics, Western Information Office, County Employment and Wages in Oregon – Fourth Quarter 2012, Table 1, <http://www.bls.gov/ro9/qcewor.htm#table1>

(3) Department of Assessment & Taxation, Washington County, Oregon, 2013 Ratio Study, July 26, 2013

**Comprehensive Annual Financial Report**

**Letter of Transmittal**

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The area serves as the home to companies such as Nike, Mentor Graphics, Tektronix, Reser's Fine Foods, and Planar Systems, in addition to several growing companies such as Digimarc, Flir, Leupold & Stevens, and Vanguard EMS. Ten of the top 100 fastest growing private companies in Oregon are located within the District's service area, including CompView.<sup>(1)</sup> Top metropolitan area employers include Intel, Providence Health System, Fred Meyer Stores, Oregon Health & Science University, Wells Fargo, Portland General Electric, Kaiser Permanente, Nike and U.S. Bank, among others.<sup>(1)</sup> Nike's world headquarters complex houses 7,000 employees in office buildings bordering a seven-acre man-made lake and five acres of wetlands. <sup>(1)</sup> Nike announced in April 2013, its plans to add another 500,000 square feet of office space in two buildings in its 213-acre campus, with construction slated to start later this year. 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. <sup>(2)</sup>

**Major Initiatives**

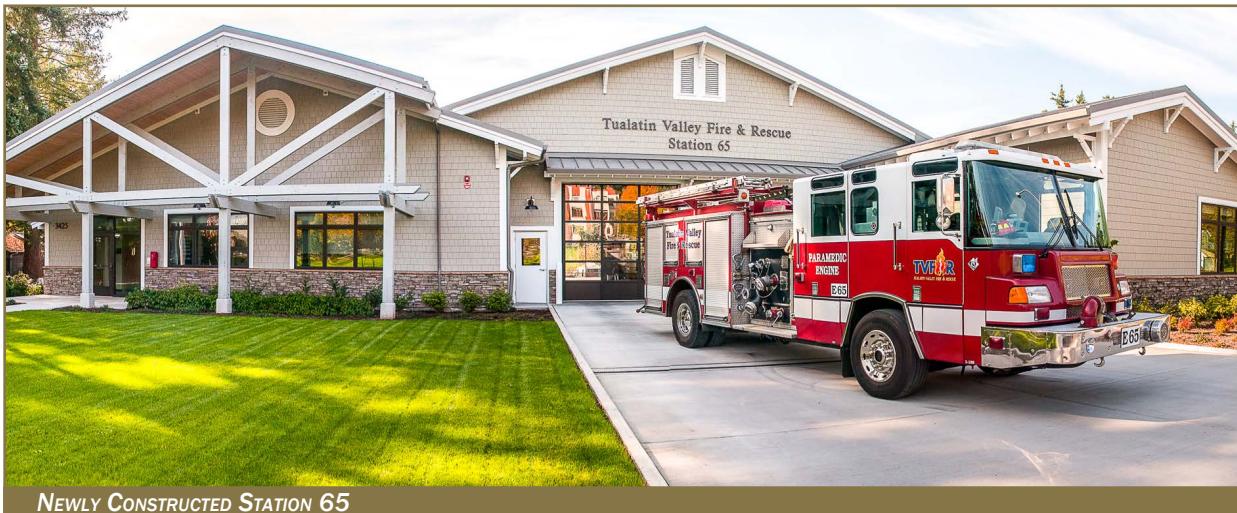
**For the Year and For the Future**

In fiscal year 2013, the District focused on two significant areas. The station construction and project management of the capital projects being funded through the bond program impacts almost every division within the District and will continue to do so through at least 2020 as bond proceeds are managed. Combined efforts are required in order to manage the projects and build fire stations and purchase apparatus that will provide taxpayers the best service and value for the next 20 years. Staff has reviewed standardized station designs to incorporate seismic structural improvements, reduce overall square footage of future projects, and include environmental considerations. The District's efforts in 2013 have been toward the construction and relocation of Fire Station 65 and the construction of a replacement combined Fire Station 56 and South Operating Center facility, and the design and planning for the 2013-14 seismic upgrades of two fire stations and a reconstruction of another. In addition, the District has worked significantly to address challenges in updating building codes and working with appropriate land use agencies in order to facilitate the 2013-14 construction of Station 68 and other stations in the future.

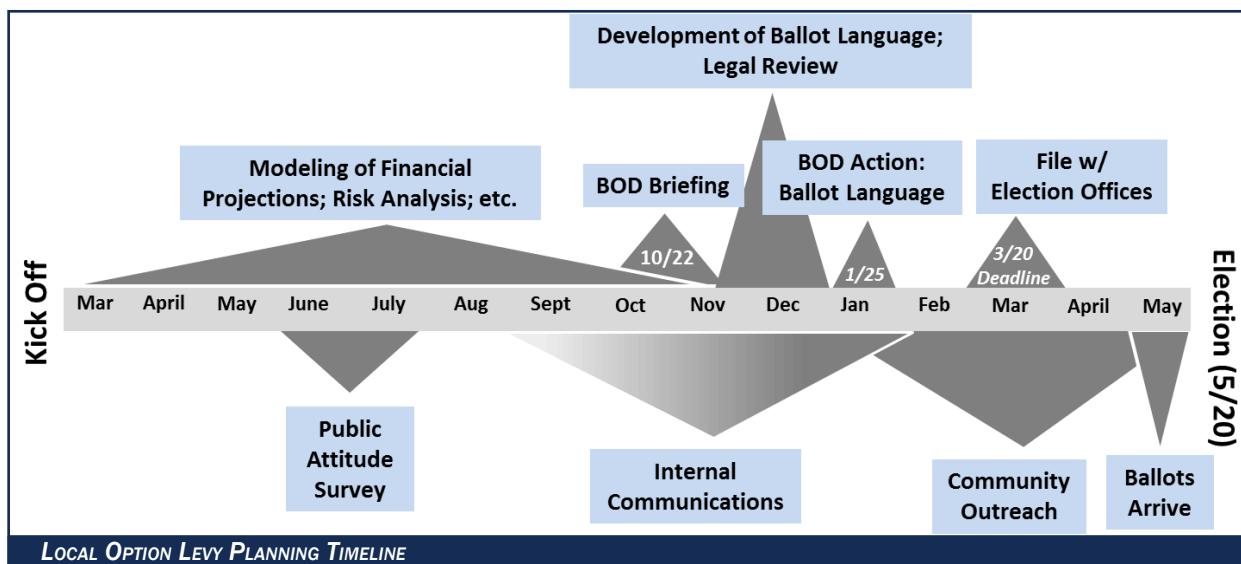
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(1) Portland Business Journal, Book of Lists, December 21, 2012

(2) Siemers, Eric, "Nike Picks Washington County for Headquarters Expansion." Portland Business Journal, April 18, 2013.

**Comprehensive Annual Financial Report****Letter of Transmittal**

The District will spend significant efforts in 2014 completing planning, analysis and information sharing of the District's future operational requirements to serve the future response needs of its citizens. The intensive analysis of emergency response needs into the future as the District population increases and development continues is a critical component of the determination of the local option levy ballot request expected to occur in May 2014. This levy request will contain the first request for an increase since the original levy in 2000 and would be first levied for the 2015-2016 fiscal year.



**Comprehensive Annual Financial Report**

**Letter of Transmittal**

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**Department Service Efforts and Accomplishments**

During the fiscal year ended June 30, 2013, all divisions and departments of the District contributed toward the accomplishments of the 2013 strategic goals. These goals, as outlined in the District's 2013 Strategic Plan are:

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

Accomplishments during the fiscal year ended June 30, 2013 as a result of these goals include continued focus and education of citizens with a hands-only CPR program in local schools with thousands of residents trained by students, continued station implementation of community risk reduction programs and services unique to their service areas, and continued enhancements to our deployments and training to meet our response and strategic goals.

**Other Information**

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tualatin Valley Fire and Rescue for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the 26<sup>th</sup> consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
**Letter of Transmittal**

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A Certificate of Achievement is valid for a period of one year only. The District believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the District also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the budget year ended June 30, 2013. 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 26th year the District received the award.

#### **Acknowledgments**

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

Respectfully submitted,

Tualatin Valley Fire and Rescue

  
Michael R. Duyck

Fire Chief

  
Debra L. Guzman, CPA/CITP, CGMA

Chief Financial Officer



Government Finance Officers Association

# 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, 2012**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Evans'.

Executive Director/CEO

## GFOA AWARD

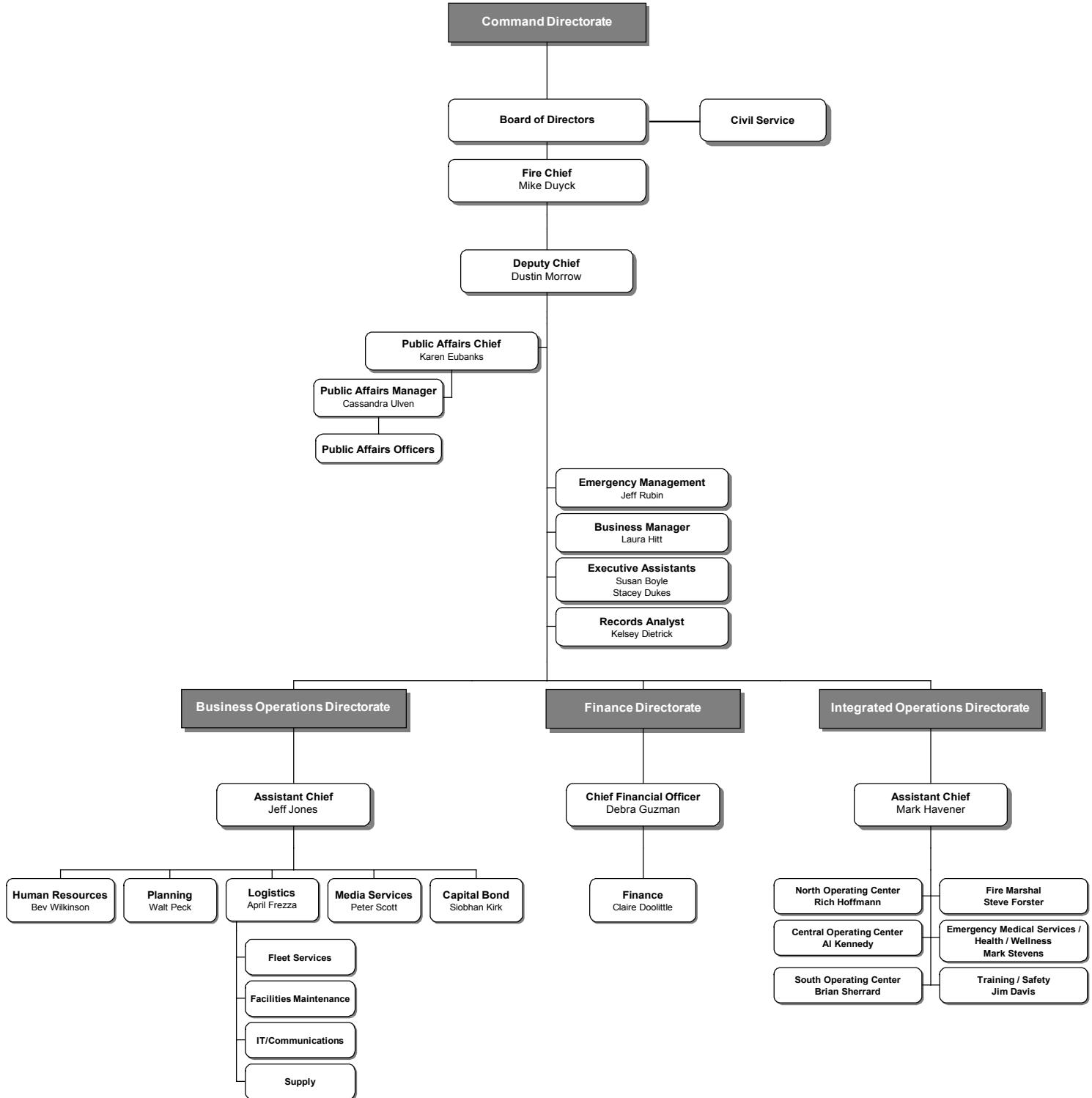
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This was the 26th consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
**Organizational Chart**

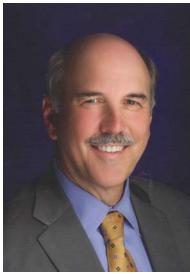
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Tualatin Valley Fire and Rescue  
**Comprehensive Annual Financial Report**  
**Elected and Appointed Officials**

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**Board of Directors**

|  |   |   |  |   |
|--|---|---|--|---|
| President  | Vice President  | Secretary/Treasurer   | Board Member   | Board Member  |
|  Robert C. Wyffels<br>Term Ends:<br>June 30, 2017 |  Randy J. Lauer<br>Term Ends:<br>June 30, 2015 |  Gordon L. Hovies<br>Term Ends:<br>June 30, 2017 |  Clark I. Balfour<br>Term Ends:<br>June 30, 2017 |  Brian J. Clopton<br>Term Ends:<br>June 30, 2015 |

**Budget Committee**

| <u>Member</u>     | <u>Term Ends</u> |
|-------------------|------------------|
| Angie R. Fong     | June 30, 2015    |
| Paul A. Leavy     | June 30, 2015    |
| James W. Petrizzi | June 30, 2014    |
| Michael D. Smith  | June 30, 2016    |
| Jon R. Walsh      | June 30, 2016    |

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**Administrative Offices**  
11945 SW 70<sup>th</sup> Avenue  
Tigard, OR 97223

**Registered Agent**  
Michael R. Duyck  
Fire Chief

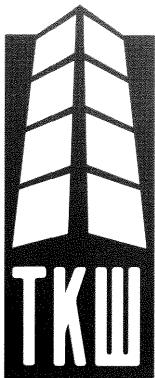
**Legal Counsel**  
Jordan Ramis PC

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

October 18, 2013

Board of Directors  
Tualatin Valley Fire and Rescue  
Tigard, Oregon

Talbot, Korvolta  
& Warwick, LLP

Certified Public Accountants  
& Consultants

4800 Meadows Road, Suite 200  
Lake Oswego, Oregon 97035-4293

P 503.274.2849  
F 503.274.2853  
[www.tkw.com](http://www.tkw.com)

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon, (the District) as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITOR'S RESPONSIBILITY**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

## **INDEPENDENT AUDITOR'S REPORT (Continued))**

Board of Directors  
Tualatin Valley Fire and Rescue  
October 18, 2013  
Page 2

### **AUDITOR'S RESPONSIBILITY (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with U.S. GAAP.

### **OTHER MATTERS**

#### *Required Supplementary Information*

U.S. GAAP requires that Management's Discussion and Analysis and Schedules of Funding Progress, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other statements and schedules, listed in the Table of Contents as Other Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **INDEPENDENT AUDITOR'S REPORT (Continued))**

Board of Directors  
Tualatin Valley Fire and Rescue  
October 18, 2013  
Page 3

### **OTHER MATTERS (Continued)**

#### *Other Information (Continued)*

The Introductory and Statistical Sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

#### *Other Reporting Required by Oregon Minimum Standards*

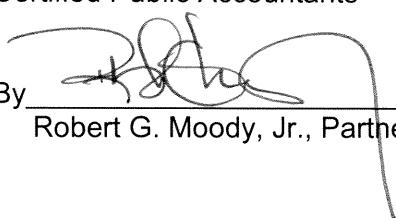
In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 18, 2013, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

**TALBOT, KORVOLA & WARWICK, LLP**

Certified Public Accountants

By

Robert G. Moody, Jr., Partner





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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## Management's Discussion and Analysis

June 30, 2013

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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, 2013. 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 eleven of this report.

### Financial Highlights

- In the government-wide financial statements, the assets of the District exceeded its liabilities at June 30, 2013 by \$90,542,229. Of this amount, \$30,971,036 represents the District's net investment in capital assets; \$1,606,709 is restricted for debt service; \$149,113 is restricted under grant awards, and the balance of \$57,815,371 will be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$3,755,417 for the year ended June 30, 2013. Unrestricted net position increased by \$3,323,583; net position of net investment in capital assets increased by \$352,056, and restricted net position for debt service increased by \$2,560.
- As of June 30, 2013, the District's governmental funds reported combined ending fund balances of \$77,383,409, a decrease of \$2,683,096 in comparison with the prior year. Planned expenditures on projects funded through Capital Projects Fund resulted in a \$6,660,877 reduction in ending fund balance offset by net increases of \$2,652,907 in the General Fund ending fund balance and of \$1,324,874 in nonmajor funds.
- At June 30, 2013, unassigned fund balance for the General Fund was \$40,637,548. A portion of the General Fund unassigned fund balance is identified for mitigation of future Oregon Public Employees Retirement System rate increases and totals \$6,490,633. The remaining unassigned fund balance of \$34,146,915 represents 46.5% of total General Fund expenditures and the continuing achievement of meeting District policy to maintain five months of budgetary basis General Fund expenditures as ending fund balance each year. This policy is in place because the majority of District revenue is provided from property taxes which are not received until the end of the fifth month of each succeeding fiscal year.
- The District's total debt decreased by \$3,502,585 during the current fiscal year. This was due to principal and interest payments on the District's four outstanding bond issues.

## Management's Discussion and Analysis

June 30, 2013

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### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements of the governmental funds, and 3) notes to the basic financial statements. The government-wide and fund financial statements are combined for presentation purposes. This report also contains required supplementary information and other supplemental information in addition to the basic financial statements themselves.

#### Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business, and include the *Statement of Net Position* and the *Statement of Activities*.

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

The combined government-wide and governmental fund financial statements can be found on pages 34 through 36 of this report.

## Management's Discussion and Analysis

June 30, 2013

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### Fund financial statements

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

The District maintains five individual governmental funds for reporting purposes. Information is presented separately in the governmental funds' *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the General Fund and Capital Projects Fund, which are considered to be major funds. Data from three of these governmental funds are combined into a separate aggregated presentation. Individual fund data for the Capital Projects Fund and for each of the nonmajor governmental funds is provided as Other Supplementary Information. The District's implementation of Governmental Accounting Standards Board Statement No. 54 combines for reporting purposes as the General Fund, five separately budgeted funds.

The District adopts an annual appropriated budget for all funds as required by Oregon Budget Law. Budgetary comparison statements/schedules have been provided to demonstrate compliance elsewhere in this report.

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

## Management's Discussion and Analysis

June 30, 2013

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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 39 through 41 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting basis used for fiduciary funds is much like that used for internal service funds. The basic fiduciary fund financial statements can be found on pages 42 and 43 of this report.

**Notes to the 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 44 through 69 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's progress in funding its obligation to provide pension benefits to past employees and volunteer firefighters. Required supplementary information can be found on page 73 of this report.

Combining and individual fund statements and schedules are presented as other supplementary information and can be found on pages 78 through 97 of this report. The Schedule of Property Tax Transactions and Outstanding Balances can be found on page 98 of this report.

### Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$90,542,229 at June 30, 2013. A significant portion of the District's net position (34 percent) reflects its net 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.

Assets consist mainly of cash and cash equivalents, investments, and property taxes receivable which are used

**Management's Discussion and Analysis**

June 30, 2013

to meet the District's ongoing obligations to its citizens. Remaining assets are comprised of capital assets used in operations. The District's largest liability (77 percent) is for the long-term portion of general obligation bonded debt. Current liabilities of the District consist largely of accounts payable, accrued salaries and benefits payable, and accrued compensated absences.

| <u>Net Position</u>              | <b>Governmental Activities</b> |                      | <b>Increase<br/>(Decrease) from<br/>Fiscal 2012</b> |
|----------------------------------|--------------------------------|----------------------|---|
|                                  | <b>2013</b>                    | <b>2012</b>          |   |
| Current and other assets         | \$ 90,991,605                  | \$ 92,248,106        | \$ (1,256,501)                                      |
| Capital assets                   | 76,280,759                     | 73,007,397           | 3,273,362   |
| <b>Total assets</b>              | <b>167,272,364</b>             | <b>165,255,503</b>   | <b>2,016,861</b>                                    |
| Current liabilities              | 17,753,764                     | 15,706,249           | 2,047,515   |
| Long-term debt                   | 58,976,371                     | 62,762,442           | (3,786,071)   |
| <b>Total liabilities</b>         | <b>76,730,135</b>              | <b>78,468,691</b>    | <b>(1,738,556)</b>                                  |
| Net investment in capital assets | 30,971,036                     | 30,618,980           | 352,056   |
| Restricted for debt service      | 1,606,709                      | 1,604,149            | 2,560   |
| Restricted for grants            | 149,113                        | 71,895               | 77,218  |
| Unrestricted                     | 57,815,371                     | 54,491,788           | 3,323,583   |
| <b>Total net position</b>        | <b>\$ 90,542,229</b>           | <b>\$ 86,786,812</b> | <b>\$ 3,755,417</b>                                 |

During the current fiscal year, the District's net position increased by \$3,755,417 due to the District's efforts to build assets identified for future capital asset investments and support of future operations requirements. The District seeks to ensure the net position of the District is sufficient to support operational costs in future years. Interest revenue in future years is expected to remain marginal and the growth rate of property tax collections is expected to continue to be at low levels in 2013-14 with a projected gradual recovery in future years. Because of recent low revenue growth due to lack of property development and lingering economic concerns, forecasted pension and health care costs and the District's desire to manage taxpayer resources prudently; we have continued to focus on planning for and implementing strategies in order to achieve our strategic goal of financial stability.

**Governmental activities.** Governmental activities increased the District's net position in the current year by \$3,755,417. Property tax revenue increased by .7 percent or \$549,355, reflecting a net increase in taxes levied. Earnings on investments decreased slightly during the year ended June 30, 2013. The District sold a closed fire station property for a net gain on sale of capital assets of over

## Tualatin Valley Fire and Rescue

**Management's Discussion and Analysis**

June 30, 2013

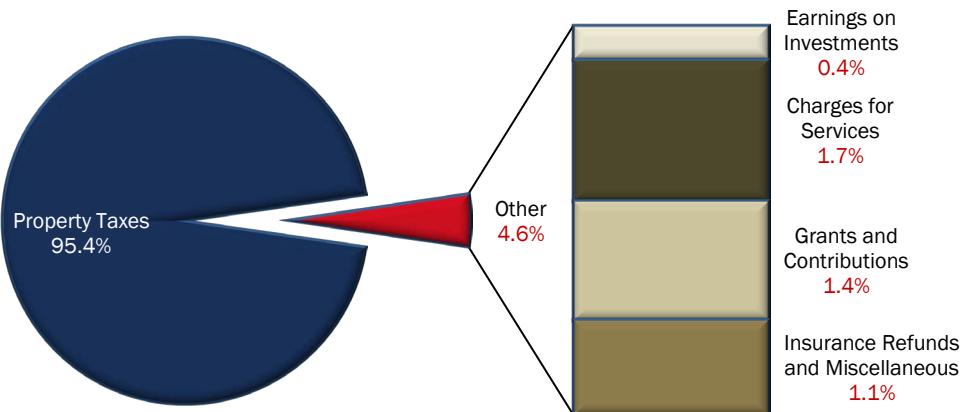
\$551,000 that also increased the net position. Expenses for public safety increased by two percent, reflecting personnel cost increases in wages and benefits and additional depreciation. Expenses were managed to ensure that net position as of year-end increased proportionately to the cost of annual operations.

| <u>Changes in Net Position</u> | <b>Governmental Activities</b> |                      | <b>Increase<br/>(Decrease) from<br/>Fiscal 2012</b> |
|--------------------------------|--------------------------------|----------------------|---|
|                                | <b>2013</b>                    | <b>2012</b>          |   |
| <b>Revenues</b>                |                                |                      |   |
| Program revenues               |                                |                      |   |
| Charges for services           | \$ 1,383,399                   | \$ 1,322,635         | \$ 60,764   |
| Grants and contributions       | 1,161,457                      | 1,086,330            | 75,127  |
| Capital grants                 |                                | 48,450               | (48,450)  |
| General revenues:              |                                |                      |   |
| Property taxes                 | 79,853,105                     | 79,303,750           | 549,355   |
| Earnings on investments        | 336,512                        | 343,772              | (7,260)   |
| Insurance refunds              | 527,435                        | 188,074              | 339,361   |
| Gain on sale of capital assets | 551,304                        |                      | 551,304   |
| Miscellaneous                  | 400,202                        | 224,532              | 175,670   |
| <b>Total revenues</b>          | <b>84,213,414</b>              | <b>82,517,543</b>    | <b>1,695,871</b>                                    |
| <b>Expenditures/expenses</b>   |                                |                      |   |
| Public safety-fire protection  | 78,142,770                     | 76,438,386           | 1,704,384   |
| Interest on long-term debt     | 2,315,227                      | 2,417,200            | (101,973)   |
| <b>Total expenses</b>          | <b>80,457,997</b>              | <b>78,855,586</b>    | <b>1,602,411</b>                                    |
| <b>Change in net position</b>  | <b>3,755,417</b>               | <b>3,661,957</b>     | <b>93,460</b>                                       |
| Net position - July 1          | <b>86,786,812</b>              | <b>83,124,855</b>    | <b>3,661,957</b>                                    |
| Net position - June 30         | <b>\$ 90,542,229</b>           | <b>\$ 86,786,812</b> | <b>\$ 3,755,417</b>                                 |

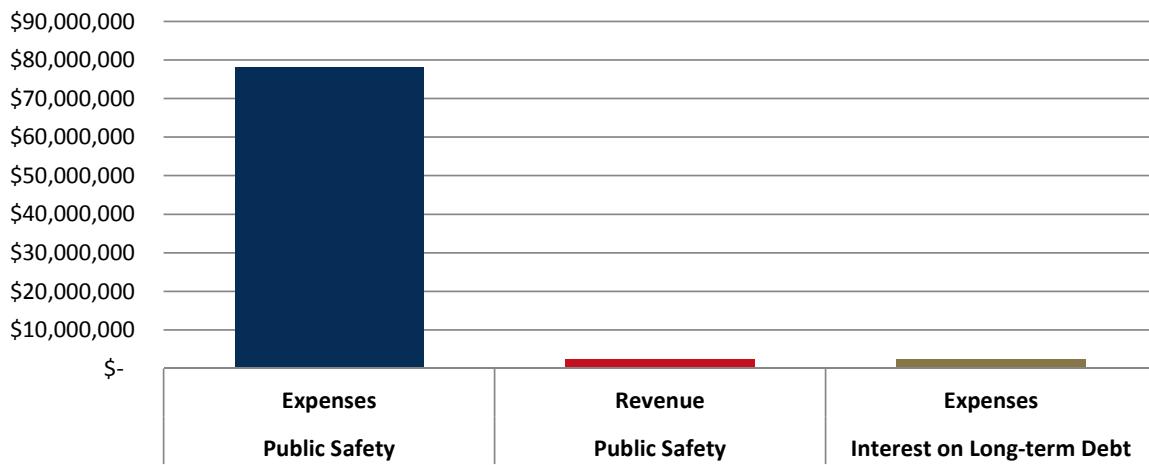
## Management's Discussion and Analysis

June 30, 2013

### Revenue Sources - Governmental Activities Fiscal Year 2013



### Expenses and Program Revenues - Governmental Activities Fiscal Year 2013



## Management's Discussion and Analysis

June 30, 2013

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### Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on short-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2013, the District's governmental funds reported combined ending fund balances of \$77,383,409, a decrease of \$2,683,096 in comparison with the prior year. This decrease is a result of purposeful spending in the Capital Projects Fund of \$6.6 million offset by budget savings in the General Fund and nonmajor funds where reserves are held for future capital use. A large portion of this total amount (52.5 percent) constitutes *unassigned fund balance*, which is a measure of the District's liquidity; it is available for spending at the District's discretion. The remainder of fund balance is either non-spendable (.4 percent), restricted by external parties (20.6 percent), committed by the Board (15.8 percent) or assigned to a specific purpose such as capital projects (10.7 percent).

**General Fund.** The General Fund is the chief operating fund of the District. As of June 30, 2013, unassigned fund balance of the General Fund was \$40,637,548, while total fund balance reached \$53,155,257. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55.3 percent of total General Fund expenditures and the total fund balance represents 72.3 percent of total General Fund expenditures.

The fund balance of the District's General Fund increased by \$2,652,907, or approximately 5.3 percent during the current fiscal year; most of this increase was due to receiving \$2,059,847 more in tax revenue over the prior year and controlling the rate of expenditure growth.

**Capital Projects Fund.** The Capital Projects Fund accounts for the accumulation of resources for building site acquisitions and construction costs for new and existing facilities. As of June 30, 2013, the ending fund balance of the Capital Projects Fund was \$14,211,991 and was restricted for capital projects. This fund accounts for the proceeds of debt issuances to fund construction, land and apparatus purchases.

**Management's Discussion and Analysis**

June 30, 2013

**General Fund Budgetary Highlights**

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

**Capital Assets and Debt Administration**

**Capital assets.** The District's investment in capital assets includes land and improvements, buildings and improvements, fire apparatus and other vehicles, furniture, fixtures and equipment, and construction in progress. As of June 30, 2013, the District had invested \$76,280,759 in capital assets, net of depreciation, as shown in the following table:

| <b>Capital Assets</b><br><b>(net of depreciation)</b> | Governmental Activities |                      | Increase<br>(Decrease) from<br>Fiscal 2012 |
|---|-------------------------|----------------------|--|
|   | 2013                    | 2012                 |  |
| Land  | \$ 12,580,668           | \$ 12,877,726        | \$ (297,058)                               |
| Buildings and improvements                            | 34,724,149              | 36,482,252           | (1,758,103)                                |
| Fire apparatus and other vehicles                     | 13,028,504              | 13,104,312           | (75,808)                                   |
| Furniture, fixtures and equipment                     | 3,067,152               | 3,423,075            | (355,923)                                  |
| Construction in progress                              | 12,655,286              | 7,120,032            | 5,535,254                                  |
| Other capital assets                                  | 225,000                 |                      | 225,000                                    |
| <b>Total</b>  | <b>\$ 76,280,759</b>    | <b>\$ 73,007,397</b> | <b>\$ 3,273,362</b>                        |

During the year, the District's investment in capital assets increased by \$3,273,362, reflecting assets of \$7,677,817 added during the year, offset by \$4,020,065 of depreciation and \$384,390 of disposals. The District's construction in progress includes six fire stations and related land improvements.

Additional information on the District's capital assets can be found in the notes to the basic financial statements on page 54 of this report.

## Management's Discussion and Analysis

June 30, 2013

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**Long-term debt.** At the end of the current fiscal year, the District had total bonded debt of \$60,449,048, consisting of general obligation bonds and unamortized premiums. Reduction of outstanding debt reflects scheduled principal payments made during the fiscal year. The District has been given an “Aaa” rating from Moody’s Investors Service. The State of Oregon mandates a general obligation debt limit of 1.25 percent of true cash value of assessed property. The District’s legal debt margin is approximately \$629 million. Additional information on the District’s long-term debt can be found in note II.F.1 on page 55 of this report.

### Economic Factors and Next Year’s Budget

The District anticipates increased property tax revenues in future years based upon projected assessed value increases which by law may increase 3% a year unless assessed value exceeds real market value. The local economy experienced a continued lack of new construction, and market value declined an additional 1.4 percent under prior year values, for the majority of properties assessed value still remained below market value, with a District-wide assessed value ratio of 79.55% of market value for 2013. The District continued an intensive analysis of property tax trends and valuation issues in the fiscal year and has been sharing the information with District governments and statewide.

The District’s \$.25 local option levy allows the continued funding of 33 firefighters and associated support staff through June 30, 2015, as we were strongly supported by our voters at the November 4, 2008 election to continue to fund this levy. This provides a welcome measure of financial stability in the years ahead. Significant planning efforts will occur in 2013-14 for the next levy vote to determine the levy rate to be requested.

### Requests for Information

This financial report is designed to provide a general overview of Tualatin Valley Fire & Rescue’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Tualatin Valley Fire & Rescue, 11945 SW 70th Avenue, Tigard, Oregon 97223.

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**BASIC FINANCIAL STATEMENTS**

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Tualatin Valley Fire and Rescue

**Balance Sheet - Governmental Funds/Statement of Net Position**

June 30, 2013

|   | General Fund  | Capital Projects Fund | Nonmajor Funds | Total Funds   | Adjustments   | Statement of Net Position |
|---|---------------|-----------------------|----------------|---------------|---------------|---------------------------|
| <b>Assets</b>                                       |               |                       |                |               |               |                           |
| Cash and cash equivalents                           | \$ 59,210,030 |                       | \$ 9,972,666   | \$ 69,182,696 | \$ 638,697    | \$ 69,821,393             |
| Receivables:  |               |                       |                |               |               |                           |
| Property taxes receivable                           | 3,728,591     |                       | 280,832        | 4,009,423     |               | 4,009,423                 |
| Accounts receivable                                 | 238,950       |                       | 26,305         | 265,255       |               | 265,255                   |
| Prepays   |               |                       |                |               | 1,177,103     | 1,177,103                 |
| Supplies inventory                                  | 323,981       |                       |                | 323,981       |               | 323,981                   |
| Bond issuance costs                                 |               |                       |                |               | 201,568       | 201,568                   |
| Other post employment benefits                      |               |                       |                |               | 53,557        | 53,557                    |
| Restricted assets:                                  |               |                       |                |               |               |                           |
| Cash and cash equivalents                           |               | \$ 15,139,325         |                | 15,139,325    |               | 15,139,325                |
| Capital assets, not being depreciated:              |               |                       |                |               |               |                           |
| Land  |               |                       |                |               | 12,580,668    | 12,580,668                |
| Other capital assets                                |               |                       |                |               | 225,000       | 225,000                   |
| Construction in progress                            |               |                       |                |               | 12,655,286    | 12,655,286                |
| Capital assets, net of accumulated depreciation:    |               |                       |                |               |               |                           |
| Buildings and improvements                          |               |                       |                |               | 34,724,149    | 34,724,149                |
| Fire apparatus and other vehicles                   |               |                       |                |               | 13,028,504    | 13,028,504                |
| Furniture, fixtures, and equipment                  |               |                       |                |               | 3,067,152     | 3,067,152                 |
| Total assets  | \$ 63,501,552 | \$ 15,139,325         | \$ 10,279,803  | \$ 88,920,680 | \$ 78,351,684 | \$ 167,272,364            |
| <b>Liabilities and Fund Balances</b>                |               |                       |                |               |               |                           |
| Liabilities:  |               |                       |                |               |               |                           |
| Accounts payable                                    | \$ 877,686    | \$ 927,334            | \$ 9,381       | \$ 1,814,401  |               | \$ 1,814,401              |
| Accrued salaries and benefits payable               | 6,083,891     |                       |                | 6,083,891     |               | 6,083,891                 |
| Accrued interest payable                            |               |                       |                |               | \$ 365,884    | 365,884                   |
| Unearned revenue                                    | 3,384,718     |                       | 254,261        | 3,638,979     | (3,638,979)   |                           |
| Accrued compensated absences:                       |               |                       |                |               |               |                           |
| Due within one year                                 |               |                       |                |               | 5,957,003     | 5,957,003                 |
| Due in more than one year                           |               |                       |                |               | 1,452,120     | 1,452,120                 |
| Net pension obligation due in more than one year    |               |                       |                |               | 607,788       | 607,788                   |
| Bonds payable, net of unamortized premium/discount: |               |                       |                |               |               |                           |
| Due within one year                                 |               |                       |                |               | 3,532,585     | 3,532,585                 |
| Due in more than one year                           |               |                       |                |               | 56,916,463    | 56,916,463                |
| Total liabilities                                   | 10,346,295    | 927,334               | 263,642        | 11,537,271    | 65,192,864    | 76,730,135                |

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

*(continued)*

Tualatin Valley Fire and Rescue

**Balance Sheet - Governmental Funds/Statement of Net Position  
(continued)**

June 30, 2013

|  | General Fund      | Capital Projects Fund | Nonmajor Funds    | Total Funds       | Adjustments     | Statement of Net Position |
|--|-------------------|-----------------------|-------------------|-------------------|-----------------|---------------------------|
| Fund balances:                               |                   |                       |                   |                   |                 |                           |
| Non-spendable                                | 323,981           |                       |                   | 323,981           | (323,981)       |                           |
| Restricted for capital projects              |                   | 14,211,991            |                   | 14,211,991        | (14,211,991)    |                           |
| Restricted for grants                        |                   |                       | 149,113           | 149,113           | (149,113)       |                           |
| Restricted for debt service                  |                   |                       | 1,606,709         | 1,606,709         | (1,606,709)     |                           |
| Committed to capital purchases               | 12,116,703        |                       |                   | 12,116,703        | (12,116,703)    |                           |
| Committed to post employment health benefits | 77,025            |                       |                   | 77,025            | (77,025)        |                           |
| Assigned to capital projects                 |                   |                       | 8,260,339         | 8,260,339         | (8,260,339)     |                           |
| Unassigned                                   | 40,637,548        |                       |                   | 40,637,548        | (40,637,548)    |                           |
| Total fund balances                          | 53,155,257        | 14,211,991            | 10,016,161        | 77,383,409        | \$ (77,383,409) |                           |
| <br>Total liabilities and fund balances      | <br>\$ 63,501,552 | <br>\$ 15,139,325     | <br>\$ 10,279,803 | <br>\$ 88,920,680 |                 |                           |
| Net Position:                                |                   |                       |                   |                   |                 |                           |
| Net investment in capital assets             |                   |                       |                   |                   |                 | \$ 30,971,036             |
| Restricted for:                              |                   |                       |                   |                   |                 |                           |
| Debt service                                 |                   |                       |                   |                   |                 | 1,606,709                 |
| Grants                                       |                   |                       |                   |                   |                 | 149,113                   |
| Unrestricted                                 |                   |                       |                   |                   |                 | 57,815,371                |
| Total net position                           |                   |                       |                   |                   |                 | <br>\$ 90,542,229         |

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

Tualatin Valley Fire and Rescue

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds/  
Statement of Activities**

For the Year Ended June 30, 2013

|  | General Fund         | Capital Projects Fund | Nonmajor Funds       | Total Funds          | Adjustments         | Statement of Activities |
|--|----------------------|-----------------------|----------------------|----------------------|---------------------|-------------------------|
| <b>Revenues</b>  |                      |                       |                      |                      |                     |                         |
| Program Revenues:  |                      |                       |                      |                      |                     |                         |
| Charges for services   | \$ 1,406,782         |                       |                      | \$ 1,406,782         | \$ (23,383)         | \$ 1,383,399            |
| Grants and contributions   | 17,541               |                       | \$ 846,961           | 864,502              | 296,955             | 1,161,457               |
| General Revenues:  |                      |                       |                      |                      |                     |                         |
| Taxes  | 74,187,616           |                       | 5,821,898            | 80,009,514           | (156,409)           | 79,853,105              |
| Interest   | 214,895              | \$ 55,752             | 62,178               | 332,825              | 3,687               | 336,512                 |
| Insurance refunds  | 526,133              |                       |                      | 526,133              | 1,302               | 527,435                 |
| Gain on sale of capital assets                                     |                      |                       |                      |                      | 551,304             | 551,304                 |
| Miscellaneous  | 239,710              | 145,313               |                      | 385,023              | 15,179              | 400,202                 |
| Total revenues   | <u>76,592,677</u>    | <u>201,065</u>        | <u>6,731,037</u>     | <u>83,524,779</u>    | <u>688,635</u>      | <u>84,213,414</u>       |
| <b>Expenditures/expenses</b>                                       |                      |                       |                      |                      |                     |                         |
| Current:   |                      |                       |                      |                      |                     |                         |
| Public Safety  | 72,232,233           |                       | 988,413              | 73,220,646           | 4,922,124           | 78,142,770              |
| Debt service:  |                      |                       |                      |                      |                     |                         |
| Principal  |                      |                       | 3,420,000            | 3,420,000            | (3,420,000)         |                         |
| Interest   |                      |                       | 2,419,635            | 2,419,635            | (104,408)           | 2,315,227               |
| Capital outlay   | 1,237,141            | 6,861,942             |                      | 8,099,083            | (8,099,083)         |                         |
| Total expenditures/expenses  | <u>73,469,374</u>    | <u>6,861,942</u>      | <u>6,828,048</u>     | <u>87,159,364</u>    | <u>(6,701,367)</u>  | <u>80,457,997</u>       |
| Excess (deficiency) of revenues over (under) expenditures/expenses | 3,123,303            | (6,660,877)           | (97,011)             | (3,634,585)          | 7,390,002           | 3,755,417               |
| <b>Other Financing Sources (Uses)</b>                              |                      |                       |                      |                      |                     |                         |
| Proceeds on sale of surplus property                               | 29,604               |                       | 921,885              | 951,489              | (951,489)           |                         |
| Transfers in   |                      |                       | 500,000              | 500,000              | (500,000)           |                         |
| Transfers out  | (500,000)            |                       |                      | (500,000)            | 500,000             |                         |
| Total other financing sources (uses)                               | <u>(470,396)</u>     |                       | <u>1,421,885</u>     | <u>951,489</u>       | <u>(951,489)</u>    |                         |
| Net change in fund balances/net position                           | <u>2,652,907</u>     | <u>(6,660,877)</u>    | <u>1,324,874</u>     | <u>(2,683,096)</u>   | <u>\$ 6,438,513</u> | <u>3,755,417</u>        |
| Fund balances/net position:  |                      |                       |                      |                      |                     |                         |
| Beginning of the year  | 50,502,350           | 20,872,868            | 8,691,287            | 80,066,505           |                     | 86,786,812              |
| End of the year  | <u>\$ 53,155,257</u> | <u>\$ 14,211,991</u>  | <u>\$ 10,016,161</u> | <u>\$ 77,383,409</u> |                     | <u>\$ 90,542,229</u>    |

*The notes to the 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, 2013

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual Amounts    | Variance with<br>Final Budget<br>- Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
| <b>Revenues</b>   |                                 |                              |                   |   |
| Property taxes:   |                                 |                              |                   |   |
| Current year's levy                                       | \$ 71,360,490                   | \$ 71,360,490                | \$ 73,080,625     | \$ 1,720,135  |
| Prior years' levies                                       | 1,792,818                       | 1,792,818                    | 1,097,119         | (695,699)   |
| Taxes in lieu of property taxes                           | 862                             | 862                          | 9,872             | 9,010   |
| Interest on unsegregated property taxes                   | 18,632                          | 18,632                       | 13,683            | (4,949)   |
| Interest on taxes   | 1,418                           | 1,418                        | 4,170             | 2,752   |
| Interest on investments                                   | 164,556                         | 164,556                      | 131,561           | (32,995)  |
| Special service charges                                   | 1,031,536                       | 1,031,536                    | 1,119,787         | 88,251  |
| Rental income   | 120,000                         | 120,000                      | 100,729           | (19,271)  |
| Plan review fees  | 2,250                           | 2,250                        | 6,752             | 4,502   |
| Insurance refunds   | 154,791                         | 154,791                      | 526,133           | 371,342   |
| Miscellaneous   | 2,500                           | 2,500                        | 239,710           | 237,210   |
| Total revenues  | <u>74,649,853</u>               | <u>74,649,853</u>            | <u>76,330,141</u> | <u>1,680,288</u>  |
| <b>Expenditures</b>                                       |                                 |                              |                   |   |
| Current:  |                                 |                              |                   |   |
| <b>Public Safety</b>                                      |                                 |                              |                   |   |
| <b>Command Directorate:</b>                               |                                 |                              |                   |   |
| Personnel services  | 2,039,601                       | 2,153,801                    | 2,042,051         | 111,750   |
| Materials and services                                    | 1,005,077                       | 1,005,077                    | 899,079           | 105,998   |
| <b>Total Command Directorate</b>                          | <u>3,044,678</u>                | <u>3,158,878</u>             | <u>2,941,130</u>  | <u>217,748</u>  |
| <b>Integrated Operations Directorate:</b>                 |                                 |                              |                   |   |
| Personnel services  | 58,520,303                      | 58,520,303                   | 54,390,695        | 4,129,608   |
| Materials and services                                    | 3,718,391                       | 3,725,091                    | 2,948,360         | 776,731   |
| <b>Total Integrated Operations Directorate</b>            | <u>62,238,694</u>               | <u>62,245,394</u>            | <u>57,339,055</u> | <u>4,906,339</u>  |
| <b>Finance Directorate:</b>                               |                                 |                              |                   |   |
| Personnel services  | 1,196,744                       | 1,254,744                    | 1,177,593         | 77,151  |
| Materials and services                                    | 457,848                         | 457,848                      | 405,209           | 52,639  |
| <b>Total Finance Directorate</b>                          | <u>1,654,592</u>                | <u>1,712,592</u>             | <u>1,582,802</u>  | <u>129,790</u>  |
| <b>Business Operations Directorate:</b>                   |                                 |                              |                   |   |
| Personnel services  | 6,529,495                       | 6,667,078                    | 6,139,114         | 527,964   |
| Materials and services                                    | 4,162,635                       | 4,273,135                    | 3,626,371         | 646,764   |
| <b>Total Business Operations Directorate</b>              | <u>10,692,130</u>               | <u>10,940,213</u>            | <u>9,765,485</u>  | <u>1,174,728</u>  |
| <b>Total Public Safety</b>                                | <u>77,630,094</u>               | <u>78,057,077</u>            | <u>71,628,472</u> | <u>6,428,605</u>  |
| Operating contingency                                     | 5,502,102                       | 5,075,119                    |                   | 5,075,119   |
| Total expenditures  | <u>83,132,196</u>               | <u>83,132,196</u>            | <u>71,628,472</u> | <u>11,503,724</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>(8,482,343)</u>              | <u>(8,482,343)</u>           | <u>4,701,669</u>  | <u>13,184,012</u>   |

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

(continued)

## 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, 2013

|                                       | Original<br>Budgeted<br>Amounts | Final Budgeted<br>Amounts | Actual Amounts       | Variance with<br>Final Budget -<br>Positive (Negative) |
|---------------------------------------|---------------------------------|---------------------------|----------------------|--|
| <b>Other Financing Sources (Uses)</b> |                                 |                           |                      |  |
| Proceeds on sale of surplus property  |                                 |                           | 4,294                | 4,294  |
| Transfers out                         | (3,558,592)                     | (3,558,592)               | (3,400,120)          | 158,472  |
| Total other financing sources (uses)  | (3,558,592)                     | (3,558,592)               | (3,395,826)          | 162,766  |
| Net change in fund balances           | (12,040,935)                    | (12,040,935)              | 1,305,843            | 13,346,778   |
| Fund balances - July 1, 2012          | 33,103,408                      | 33,103,408                | 33,165,053           | 61,645   |
| Fund balances - June 30, 2013         | <u>\$ 21,062,473</u>            | <u>\$ 21,062,473</u>      | <u>\$ 34,470,896</u> | <u>\$ 13,408,423</u>                                   |

**Reconciliation of Budgetary Fund Balance****Invested in capital assets, net of related debt**

## Fund Balance:

Budgetary Fund Balance: \$ 34,470,896

Advanced recognition of retirement  
obligation not a GAAP expense 6,490,633GAAP Fund Balance \$ 40,961,529

Tualatin Valley Fire and Rescue

**Statement of Net Position**

**Internal Service Fund**

June 30, 2013

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Governmental  
Activities - Internal  
Service Fund

**Assets**

Current assets:

|                           |               |
|---------------------------|---------------|
| Cash and cash equivalents | \$ 638,697    |
| Total assets              | <hr/> 638,697 |

**Net Position**

|                                 |            |
|---------------------------------|------------|
| Unrestricted total net position | \$ 638,697 |
|---------------------------------|------------|

Tualatin Valley Fire and Rescue

**Statement of Revenues, Expenses, and Change in Net Position**  
**Internal Service Fund**

For the Year Ended June 30, 2013

|                             |  | Governmental<br>Activities - Internal<br>Service Fund |
|-----------------------------|--|---|
| <b>Operating Revenue</b>    |  |   |
| Insurance refunds           |  | \$ 1,302  |
| <b>Operating Expense</b>    |  |   |
| Insurance claims            |  | 6,213   |
| Operating loss              |  | (4,911)   |
| <b>Nonoperating Revenue</b> |  |   |
| Interest income             |  | 3,687   |
| Change in net position      |  | (1,224)   |
| Net position, June 30, 2012 |  | 639,921   |
| Net position, June 30, 2013 |  | \$ 638,697  |

## Tualatin Valley Fire and Rescue

**Statement of Cash Flows****Internal Service Fund**

For the Year Ended June 30, 2013

|   |  | Internal Service<br>Fund -<br>Governmental<br>Activities |
|---|--|--|
| <b>Cash Flows From Operating Activities</b>                                   |  |  |
| Received from insurance reimbursements  |  | \$ 1,302   |
| Paid for insurance claims   |  | (6,213)  |
| Net cash from operating activities  |  | <u>(4,911)</u>   |
| <b>Cash Flows From Investing Activities</b>                                   |  |  |
| Interest received on investments  |  | 3,687  |
| Net decrease in cash and cash equivalents                                     |  | (1,224)  |
| Cash and cash equivalents, June 30, 2012                                      |  | 639,921  |
| Cash and cash equivalents, June 30, 2013                                      |  | <u>\$ 638,697</u>  |
| <b>Reconciliation of operating loss to net cash from operating activities</b> |  |  |
| Operating loss  |  | \$ (4,911)   |
| Net cash from operating activities  |  | <u>\$ (4,911)</u>  |

Tualatin Valley Fire and Rescue

**Statement of Net Position**

**Fiduciary Funds**

June 30, 2013

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|   | Pension Trust Funds |
|---|---------------------|
| <b>Assets</b>                           |                     |
| Cash and cash equivalents               | \$ 67,009           |
| Investments, mutual funds at fair value | <u>592,119</u>      |
| Total assets                            | <u>659,128</u>      |
| <b>Net Position</b>                     |                     |
| Held in trust for pension benefits      | <u>\$ 659,128</u>   |

Tualatin Valley Fire and Rescue

**Statement of Changes in Net Position**

**Fiduciary Funds**

For the Year Ended June 30, 2013

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|                                   | Pension Trust Funds |
|-----------------------------------|---------------------|
| <b>Additions</b>                  |                     |
| Contributions:                    |                     |
| Employer                          | \$ 353,076          |
| Investment earnings               | <u>74,252</u>       |
|                                   | <u>427,328</u>      |
| <b>Deductions</b>                 |                     |
| Benefits                          | <u>384,127</u>      |
|                                   | 43,201              |
| Total net position, June 30, 2012 | 615,927             |
| Total net position, June 30, 2013 | <u>\$ 659,128</u>   |

## Notes To The Basic Financial Statements

June 30, 2013

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### I. Summary of significant accounting policies

#### A. Reporting entity

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

The power and authority given to the District is vested in a Board of Directors, each member being elected for a four-year term. The Board of Directors has the statutory authority to adopt and modify the budget; levy taxes; control all assets, including facilities and properties; authorize borrowing, or long-term debt issuances; sign contracts, and develop the programs to be provided. The responsibility and accountability over all funds and fiscal matters are vested in the Board of Directors. The District is responsible for its debts and is entitled to surpluses. No separate agency receives a financial benefit from nor imposes a financial burden on the District.

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

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

#### B. Government-wide and fund financial statements

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

The entity-wide statements and governmental fund statements have been combined as allowed for single-purpose governmental activities. The Statement of Net Position 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 Balances have also been combined. Eliminations have been

## Notes To The Basic Financial Statements

June 30, 2013

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made to minimize the double counting of internal activities. *Governmental activities* are financed primarily through property taxes, investment earnings, grants and contributions, and charges for services to other governments.

Separate financial statements are provided for the internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

The government-wide financial information (Statement of Net Position and Statement of Activities) is reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the internal service fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements have been met.

The governmental fund financial information uses a flow of *current financial resources measurement focus*. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. The governmental fund types are maintained using the *modified accrual basis of accounting*, whereby revenues are recorded in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures are recorded at the time the related fund liabilities are incurred, except for: (1) interfund transactions for services, which are recorded on the accrual basis; (2) interest expense on long-term debt, which is recorded as due; (3) insurance premiums and other short term contracts benefiting more than one fiscal year are recorded when paid; and (4) accrued compensated absences, which are recorded when payment is due.

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

The District considers revenues available if they are collected within 60 days of fiscal year-end, with the exception of investment interest, which is recognized when earned. The most significant revenue source, which is measurable and available under the modified accrual basis of accounting, is property tax revenue. For the Internal Service Fund, a proprietary fund type, the District reports insurance refunds received

## Notes To The Basic Financial Statements

June 30, 2013

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and claims paid as operating revenues and expenses, respectively. Other amounts are reported as non-operating.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund, either legally or by Board direction. The principal revenue source is property taxes. Primary expenditures are for public safety. In addition, certain funds budgeted as Special Revenue Funds are reported as part of the General Fund because their primary source of funds are transfers from the General Fund.
- The *Capital Projects Fund*; a capital projects fund type, accounts for site acquisitions and construction costs for new and existing facilities, as well as the purchase of public safety emergency response apparatus. The principal resources are proceeds from debt issuance.

Additionally, the District reports the following fund types:

- Non-major governmental funds, including special revenue, debt service and other capital projects funds are reported in the aggregate.
- The *internal service fund* includes the District's *Insurance Fund* which 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 comprised of two pension trust funds; the *Pension Trust Fund*, and the *Volunteer Length of Service Award Plan (LOSAP) Fund*. The *Pension Trust Fund* accounts for the resources for the District's pension plan for employees who retired prior to July 16, 1981, and for the payments to these retirees and beneficiaries thereunder. The principal revenue source is employer contributions. The *Volunteer LOSAP Fund* accounts for the accumulation of resources for the District's Length of Service Award Plan for volunteer firefighters. The principal sources of revenue are employer contributions and earnings on investments.

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

## Notes To The Basic Financial Statements

June 30, 2013

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### D. Budgetary information

The District budgets all funds in accordance with the requirements of state law. All funds are budgeted on the modified accrual basis of accounting, except for the Insurance, Pension Trust, and Volunteer LOSAP Funds, which are budgeted on the accrual basis of accounting. The General Fund and its sub-funds are budgeted as five individual funds. They are combined in the Other Supplementary Information of this report.

The Board of Directors adopts the original budget by resolution prior to the beginning of the District's fiscal year (July 1 through June 30). The Board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, capital outlay, and transfers out and contingencies are the levels of control established by the resolution with the exception of the General Fund, where those same appropriation levels are defined by directorate levels. The detailed budget document, however, contains more specific detailed information for the above mentioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board of Directors at a regular Board meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication, 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 two budget transfer resolutions during the year ended June 30, 2013. Appropriations lapse at year-end.

### E. Assets, liabilities, and net position or fund balance

#### 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 from the date of acquisition to be cash and cash equivalents. Investments maintained in the Oregon Local Government Investment Pool (LGIP) are carried at cost, which approximates fair value, and are classified as a cash equivalent. Fair value of the investments in the LGIP is the same as the value of the pool shares. Short-term investments classified as cash equivalents are carried at amortized cost.

## Notes To The Basic Financial Statements

June 30, 2013

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### 2. Investments

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

### 3. Receivables

Property taxes, all of which are receivable from property owners within the District, are assessed on January 1 and become a lien against the property as of July 1 each year. Taxes are payable in three installments on November 15, February 15, and May 15. Taxes unpaid and outstanding on May 15 are considered delinquent. Accounts are periodically reviewed for collectability. At June 30, 2013, no allowance for doubtful accounts is considered necessary.

### 4. Inventories and prepaid items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories are recorded as expenditures when consumed (consumption method) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements based on the purchases method.

### 5. Capital assets

Capital assets, which include property, plant and equipment, are stated at cost in the government-wide financial statements. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated useful life greater than one year. Replacements, which improve or extend the life of property, are capitalized. Interest incurred during construction is not capitalized as a capital asset. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures/expenses as incurred and are not capitalized. Land and construction in progress are not depreciated.

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  |

## Notes To The Basic Financial Statements

June 30, 2013

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### 6. Long-term debt

Long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the related debt using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial information, bond premiums and discounts, as well as bond issuance costs, are recognized when incurred. The face amount of the debt issued, premiums, and discounts received on debt issuances, are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### 7. Fund balance policies

Fund balance classifications, as reported in the governmental funds, comprise a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed on the use of the resources reported. Those classifications are:

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board may commit fund balance by resolution. The Board may also modify or rescind commitments by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Both the Fire Chief and the Chief Financial Officer have been given this authority by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance.

## Notes To The Basic Financial Statements

June 30, 2013

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The Board of Directors has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly, unassigned fund balance.

To preserve a sound financial system and to provide a stable financial base, the governing body has adopted a minimum ending fund balance policy specifying a balance in the budgetary basis General Fund sufficient to meet five months of operating costs in the General Fund.

### **F. Revenues and expenditures/expenses**

#### **1. Property taxes**

Property taxes attach as an enforceable lien on real property and are levied as of July 1st. The tax levy for each property is mailed by county assessors as of October 25<sup>th</sup>, with taxes due on November 15. Citizens who pay in full by November 15th receive a 3 percent discount. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

#### **2. Program revenues**

Amounts reported as program revenues include 1) charges for services for fleet maintenance and occupational health services provided to external agencies and 2) grants and contributions that are restricted to meeting the District's operational or capital requirements of the public safety function.

#### **3. Compensated absences**

##### Vacation and Personal Leave

Accumulated accrued compensated absences for vacation and personal leave benefits are accrued when incurred in the Statement of Net Position 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.

##### Sick Leave

Accumulated sick leave does not vest and is, therefore, recorded when leave is taken.

## Notes To The Basic Financial Statements

June 30, 2013

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### G. 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. Contributions to the pension plan in the amount necessary to pay current benefits are funded annually by the District.

The District maintains a closed defined benefit Length of Service Award Plan (LOSAP) for past volunteer firefighters. No further contributions to the defined benefit plan are actuarially required. The District implemented a new defined contribution plan for its current volunteer firefighters during the fiscal year.

## II. Detailed notes on all activities and funds

### A. Cash, cash equivalents and investments

#### 1. Deposits and investments

The District maintains separate accountability by fund for cash, cash equivalents, and investment accounts.

Deposits with financial institutions include bank demand deposits and bank money market deposits. The combined total book balance at June 30, 2013 was \$39,276,100 and the total bank balance was \$39,697,144. The District's demand deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Any amounts in excess of FDIC insurance would be secured in accordance with Oregon Revised Statutes 295 under Oregon Public Funds Collateralization Program (PFCP), a collateral program administered by the Oregon State Treasurer, which is a shared liability structure for participating bank depositories, protecting public funds though still not guaranteeing that all funds are 100 percent protected. In general, well capitalized bank depositories are required to pledge collateral valued at least 10 percent of their quarter-end public fund uninsured deposits. Adequately capitalized and undercapitalized depositories are required by ORS 295 to pledge collateral valued at 110 percent of their uninsured public fund deposits.

**Notes To The Basic Financial Statements**

June 30, 2013

At June 30, 2013, the District's cash, cash equivalents, and investments are comprised of the following:

|  |               |
|--|---------------|
| Cash on hand                                     | \$ 1,163      |
| Cash with county assessors                       | 346,196       |
| Deposits with financial institutions             | 39,276,100    |
| State of Oregon Local Government Investment Pool | 45,404,268    |
| Investments:                                     |               |
| Open-ended mutual funds                          | 592,119       |
|  | <hr/>         |
|  | \$ 85,619,846 |

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

|   | Governmental<br>Activities | Fiduciary<br>Funds |
|---|----------------------------|--------------------|
| Cash and cash equivalents:                    |                            |                    |
| Unrestricted                                  | \$ 69,821,393              | \$ 67,009          |
| Restricted                                    | 15,139,325                 |                    |
| Investments                                   |                            | 592,119            |
| Total cash, cash equivalents, and investments | \$ 84,960,718              | \$ 659,128         |

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 has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. Cost approximates the District's fair value in the LGIP.

## 2. Custodial credit risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2013, the District does not have investments exposed to custodial credit risk.

## **Notes To The Basic Financial Statements**

June 30, 2013

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### **3. Interest rate risk**

As a means of managing its exposure to fair value loss arising from increasing interest rates, the District's governmental funds investment policies limit maturities to 18 months. Generally, short-term investment funds will be invested for periods less than 12 months. Identified amounts in those funds may be available for investment periods up to 18 months. Investments with a maturity of 12 months or more shall be limited to U.S. Agency or U.S. Treasury securities.

### **4. Credit risk**

State statutes govern the District's investment policy. Permissible investments for governmental funds include general obligations of the United States government and its agencies, obligations of the states of Oregon, California, Idaho, and Washington that have a rating at settlement of AA or better, A-1 rated commercial paper and bankers' acceptances, Aa rated corporate bonds, time deposits, repurchase agreements, and the State of Oregon LGIP. The Pension Trust funds maintain a separate investment policy following fiduciary and trust investment guidelines that allow investment in mutual funds in addition to the above investment types.

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

### **B. Receivables**

Receivables consist of property taxes and other accounts receivable at year end.

**Notes To The Basic Financial Statements**

June 30, 2013

**C. Capital assets**

Capital assets activity for the year ended June 30, 2013 was as follows:

|  | Balance<br>June 30, 2012 | Increases    | Decreases    | Balance<br>June 30, 2013 |
|--|--------------------------|--------------|--------------|--------------------------|
| <b>Governmental activities:</b>                |                          |              |              |                          |
| Non-depreciable capital assets                 |                          |              |              |                          |
| Land   | \$ 12,877,726            |              | \$ (297,058) | \$ 12,580,668            |
| Other capital assets                           |                          | \$ 225,000   |              | 225,000                  |
| Construction in progress                       | 7,120,032                | 6,117,762    | (582,508)    | 12,655,286               |
| Total capital assets,<br>not being depreciated | 19,997,758               | 6,342,762    | (879,566)    | 25,460,954               |
| Capital assets, being depreciated:             |                          |              |              |                          |
| Buildings and improvements                     | 53,502,849               | 25,365       | (785,180)    | 52,743,034               |
| Fire apparatus and other vehicles              | 26,636,686               | 1,481,069    | (72,769)     | 28,044,986               |
| Furniture, fixtures, and equipment             | 8,733,913                | 411,129      | (835,280)    | 8,309,762                |
| Total capital assets, being depreciated        | 88,873,448               | 1,917,563    | (1,693,229)  | 89,097,782               |
| Less accumulated depreciation for:             |                          |              |              |                          |
| Buildings and improvements                     | (17,020,597)             | (1,700,687)  | 702,399      | (18,018,885)             |
| Fire apparatus and other vehicles              | (13,532,374)             | (1,556,877)  | 72,769       | (15,016,482)             |
| Furniture, fixtures, and equipment             | (5,310,838)              | (762,501)    | 830,729      | (5,242,610)              |
| Total accumulated depreciation                 | (35,863,809)             | (4,020,065)  | 1,605,897    | (38,277,977)             |
| Total capital assets being<br>depreciated, net | 53,009,639               | (2,102,502)  | (87,332)     | 50,819,805               |
| Total capital assets,<br>net of depreciation   | \$ 73,007,397            | \$ 4,240,260 | \$ (966,898) | \$ 76,280,759            |

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

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

Interfund transfers for the year ended June 30, 2013 were as follows:

|                             | Transfer In       | Transfer Out      |
|-----------------------------|-------------------|-------------------|
| General Fund                |                   | \$ 500,000        |
| Nonmajor governmental funds | \$ 500,000        |                   |
|                             | <u>\$ 500,000</u> | <u>\$ 500,000</u> |

## Notes To The Basic Financial Statements

June 30, 2013

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The District made transfers from the General Fund to the nonmajor governmental funds in the amount of \$500,000 to accumulate resources to fund acquisition and construction costs for new or existing facilities.

For the year ended June 30, 2013, \$353,076 was paid into the District's Pension Trust and Volunteer LOSAP Funds (fiduciary funds).

### E. Operating leases

The District leases copiers under non-cancelable operating leases. The total cost for these leases amounted to approximately \$71,440 for the year ended June 30, 2013. Future payments are due as follows:

| Ending<br>June 30, | Amount     |
|--------------------|------------|
| 2014               | \$ 68,305  |
| 2015               | 43,357     |
| 2016               | 14,536     |
|                    | <hr/>      |
|                    | \$ 126,198 |

### F. Long-term obligations

#### 1. Bonds payable

The District was authorized by its voters in November 2006, to issue \$77,500,000 of general obligation bonds. The District has outstanding bonds payable from the \$20,000,000 issuance of 20-year bonds dated April 11, 2007, with stated interest rates on specific maturities ranging from 4.0 percent to 4.25 percent, the \$14,000,000 issuance of 15-year bonds dated March 17, 2009, with stated interest rates ranging from 3.0 percent to 4.375 percent, the \$15,000,000 issuance of 20-year bonds dated June 16, 2009, with stated interest rates ranging from 3.0 percent to 4.25 percent and the \$23,500,000 issuance of 20-year bonds dated June 2, 2011, with stated interest rates ranging from 2.0 percent to 5.0 percent. All these bond issues were for purposes of funding fire station construction and command center projects, seismic improvements, and to purchase land and fire apparatus. Interest rates vary by respective maturities. The District has no variable rate debt. At June 30, 2013, the District had \$5,000,000 of remaining authority to issue bonds.

Tualatin Valley Fire and Rescue

**Notes To The Basic Financial Statements**

June 30, 2013

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

| Issue Dates   | Original Issues | Principal                       |           |                              | Outstanding at<br>June 30, 2013 | Due Within<br>One Year     | Interest Rates |
|---|-----------------|---------------------------------|-----------|------------------------------|---------------------------------|----------------------------|----------------|
|   |                 | Outstanding at<br>June 30, 2012 | Additions | Reductions                   |                                 |                            |                |
| <b>General Obligation Bonds:</b>                                      |                 |                                 |           |                              |                                 |                            |                |
| April 11, 2007  | \$ 20,000,000   | \$ 15,000,000                   |           | \$ (1,000,000)               | \$ 14,000,000                   | \$ 1,000,000               | 4.00 - 4.250%  |
| March 17, 2009  | 14,000,000      | 11,520,000                      |           | (960,000)                    | 10,560,000                      | 960,000                    | 3.00 - 4.375   |
| June 16, 2009   | 15,000,000      | 13,315,000                      |           | (580,000)                    | 12,735,000                      | 595,000                    | 3.00 - 4.250   |
| June 2, 2011  | 23,500,000      | 22,635,000                      |           | (880,000)                    | 21,755,000                      | 895,000                    | 2.00 - 5.000   |
| Total General Obligation Bonds  |                 | <u>62,470,000</u>               |           | <u>(3,420,000)</u>           | <u>59,050,000</u>               | <u>3,450,000</u>           |                |
| Unamortized Premium   |                 | <u>1,481,633</u>                |           | <u>(82,585)</u>              | <u>1,399,048</u>                | <u>82,585</u>              |                |
| Total   |                 | <u><u>\$ 63,951,633</u></u>     |           | <u><u>\$ (3,502,585)</u></u> | <u><u>\$ 60,449,048</u></u>     | <u><u>\$ 3,532,585</u></u> |                |
| Outstanding issues are callable as follows:                           |                 |                                 |           |                              |                                 |                            |                |
| April 11, 2007 - at par plus accrued interest beginning April 1, 2017 |                 |                                 |           |                              |                                 |                            |                |
| March 17, 2009 - at par plus accrued interest beginning March 1, 2019 |                 |                                 |           |                              |                                 |                            |                |
| June 16, 2009 - at par plus accrued interest beginning June 15, 2019  |                 |                                 |           |                              |                                 |                            |                |
| June 2, 2011 - at par plus accrued interest beginning June 1, 2021    |                 |                                 |           |                              |                                 |                            |                |

Future bond maturities are as follows:

| Ending<br>June 30, | Principal                   | Interest                    | Total                       |
|--------------------|-----------------------------|-----------------------------|-----------------------------|
| 2014               | \$ 3,450,000                | \$ 2,315,835                | \$ 5,765,835                |
| 2015               | 3,485,000                   | 2,211,285                   | 5,696,285                   |
| 2016               | 3,525,000                   | 2,105,885                   | 5,630,885                   |
| 2017               | 3,565,000                   | 1,990,785                   | 5,555,785                   |
| 2018               | 3,615,000                   | 1,862,485                   | 5,477,485                   |
| 2019-2023          | 19,065,000                  | 7,145,775                   | 26,210,775                  |
| 2024-2028          | 16,460,000                  | 3,164,072                   | 19,624,072                  |
| 2029-2031          | <u>5,885,000</u>            | <u>447,789</u>              | <u>6,332,789</u>            |
|                    | <u><u>\$ 59,050,000</u></u> | <u><u>\$ 21,243,911</u></u> | <u><u>\$ 80,293,911</u></u> |

**Notes To The Basic Financial Statements**

June 30, 2013

**2. Compensated absences**

Compensated absences activity for the year ended June 30, 2013, was as follows:

|                                | Balance<br>June 30,<br>2012 | Additions           | Reductions            | Balance<br>June 30,<br>2013 | Current<br>Portion  |
|--------------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------|
| <b>Governmental activities</b> |                             |                     |                       |                             |                     |
| Compensated absences           | <u>\$ 7,122,957</u>         | <u>\$ 7,008,670</u> | <u>\$ (6,722,504)</u> | <u>\$ 7,409,123</u>         | <u>\$ 5,957,003</u> |

Due to the current financial resources focus of the governmental funds, only the portion of the accrued compensated absences related to retirements or resignations as of June 30, 2013, is recorded on the governmental funds balance sheet. The entire balance is reported on the Statement of Net Position. Also, for the governmental activities, compensated absences are generally liquidated by the General Fund.

**G. Reconciliation of Governmental Fund Statements to Entity-wide Statements of Net Position and Activities**

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

|  |                      |
|--|----------------------|
| Fund balance in the Governmental Fund Balance Sheet  | \$ 77,383,409        |
| Items that are not current financial resources or liabilities, and thus are not reported in the fund statements: |                      |
| Prepaid items  | 1,177,103            |
| Other post-employment benefits   | 53,557               |
| Capital assets, net  | 76,280,759           |
| Unearned revenue recognized on full accrual basis  | 3,638,979            |
| Accrued compensated absences   | (7,409,123)          |
| Accrued interest payable on long-term debt   | (365,884)            |
| Long-term bonded debt  | (60,449,048)         |
| Unamortized bond issuance costs  | 201,568              |
| Net pension obligation   | (607,788)            |
| Net position of internal service funds combined with total governmental activities                               | 638,697              |
| Net position in the Statement of Net Position  | <u>\$ 90,542,229</u> |

**Notes To The Basic Financial Statements**

June 30, 2013

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

|   |                     |
|---|---------------------|
| Net changes in fund balances  | \$ (2,683,096)      |
| 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 (\$7,293,427) less depreciation for the year (\$4,020,065)  |                     |
| Property taxes not meeting the measurable and available criteria  | 3,273,362           |
| Expenditures in the Statement of Activities that do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds   | (156,409)           |
| Certain revenues recognized as measurable and available in the current year   | 55,594              |
| Net increase in accrued compensated absences  | (23,999)            |
| Net increase in other post employment benefits  | (286,166)           |
| Net decrease in net pension obligations   | 20,971              |
| Payments on long-term debt and related expenses   | 45,957              |
| Amounts considered current financial resources and reported in the funds, but which are not considered in the full accrual Statement of Activities:                             |                     |
| Change in net position of internal service fund combined with total governmental activities   | <u>(1,224)</u>      |
| Net change in net position  | <u>\$ 3,755,417</u> |

**III. 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 2011, 2012 and 2013 remain open. The District's maximum liability for premiums related to these three open claim years is approximately \$1.7 million which represents the difference between the maximum possible premium less the premium paid. If the claims experience for any of these open claim years is favorable, the District could receive a refund of a portion of the premiums paid.

## Notes To The Basic Financial Statements

June 30, 2013

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### B. Related party transactions

The District contracts with Washington County Consolidated Communications Agency (WCCA), an ORS 190 entity, which is an intergovernmental entity created by agreement of local governments. WCCA functions as a 911 dispatch agency. The District is a participating member of the agreement. During the year ended June 30, 2013, the District paid \$1,555,067 to WCCA for dispatch fees.

### C. Deferred compensation plans

The District offers all employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional.

Under terms of the bargaining agreement, and in accordance with Internal Revenue Code Section 401(a), participating employees, who meet length of service requirements, receive a District matching contribution in an amount ranging from 4.0 percent to 5.0 percent of base wages. The District made a similar match of 4.0 percent for non-bargaining employees. The District's contribution during fiscal year 2013 was \$1,356,538, of which \$1,006,073 was made for the bargaining unit employees.

### D. Employee retirement systems and pension plans

#### 1. Oregon Public Employees Retirement System (PERS)

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

The Plan offers 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

## Notes To The Basic Financial Statements

June 30, 2013

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Retirement Plan (OPSRP) established for public employees hired after August 29, 2003, are established by state statutes to provide benefits for state and local governments and their employees. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature.

**Funding Policy** - The required employee contribution of six percent is paid by the District as a result of a collective bargaining agreement. The employee's six percent contribution is required to be remitted to the Individual Account Program (IAP) for all eligible employees under the ORS 238A Individual Account Program plan. The District also contributes the remaining amounts necessary to pay benefits when due. The employer rate adopted by the PERS board based on the December 31, 2009 actuarial valuation for the District for fiscal year 2011-12 and 2012-13 was 15.11 percent for Tier One and Tier Two employees. For OPSRP employees, the District remitted contributions based on employee class. The OPSRP contribution rates were 6.67 percent for general service employees and 9.38 percent for police and fire employees.

**Annual Pension Cost** - The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees. The District's contributions to PERS were approximately \$8,243,000 for 2013, \$8,015,000 for 2012, and \$6,446,000 for 2011, equal to the required contributions each year.

### 2. Single-Employer Defined Benefit Pension Plan

**Plan Description** - The District maintains a single-employer defined benefit pension plan for those former employees of Washington County Fire Protection District No. 1 (a merged District), who retired prior to July 16, 1981. Compensation levels and years of service were frozen for benefit purposes as of June 30, 1981. The amortization period for this plan is closed. The plan is accounted for on a flow of economic resources measurement focus and uses the accrual basis of accounting. Benefits are recognized when incurred. Administrative costs are paid with plan assets and consist primarily of professional services.

The Plan is maintained for three retired employees and three beneficiaries currently receiving benefits. Benefits paid are based upon the former employees' years of service and a percentage of their average monthly compensation prior to June 30, 1981.

The Plan is administered by the Fire Chief. Benefits under this plan consist of payments to retirees and beneficiaries. Amendments to the plan may be made at the discretion of the Board. Investments consist primarily of investments in the Oregon Local Government Investment Pool and open-end mutual funds.

## Notes To The Basic Financial Statements

June 30, 2013

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**Actuarial Methods and Assumptions** - The total actuarial present value of accumulated plan benefits as of June 30, 2012, the date of the latest actuarial valuation, was \$2,803,775. All benefits are vested. Significant actuarial assumptions used in the valuation included (a) rate of return of 2.0 percent (reduced from 3.5 percent in the previous valuation), (b) cost of living increases of 2 percent for the 1976 Plan retirees and 1.0 to 3.5 percent for 1973 Plan retirees, and (c) mortality based upon static table pursuant to IRS Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2012. Because all pension participants are retired, the actuarial valuation of liabilities was performed by discounting expected future cash flows at the assumed rate of interest earned by assets. Unfunded liabilities are amortized over a 9-year open amortization period.

**Funded Status** - Based on the June 30, 2012 actuarial valuation, the annual pension costs for June 30, 2013, are \$265,970. The Net Pension Obligation (NPO) as of June 30, 2013 is estimated at \$658,416. Pension benefits for retirees and beneficiaries for future years will be made on a pay-as-you-go basis. As benefits are paid over the remaining lifetime of the current participants, it is expected that the Net Pension Obligation will trend toward zero over the remaining lifetime of the current participants.

The Plan does not issue stand-alone financial reports.

Tualatin Valley Fire and Rescue

**Notes To The Basic Financial Statements**

June 30, 2013

**Three-Year Trend Information**

| Year Ended<br>June 30, | Annual Pension<br>Cost (APC) | Percentage of<br>APC Contributed | Net Pension<br>Obligation |
|------------------------|------------------------------|----------------------------------|---------------------------|
| 2013                   | \$ 265,970                   | 118.0%                           | \$ 658,416                |
| 2012                   | 259,220                      | 126.0                            | 706,834                   |
| 2011                   | 341,918                      | 99.0                             | 774,259                   |

**Annual Pension Cost and Net Pension Obligation, June 30, 2013:**

|   | Pension<br>Trust Fund |
|---|-----------------------|
| Annual Required Contribution                  | \$ 336,733            |
| Interest on NPO                               | 14,137                |
| Adjustment to Annual Required Contribution    | <u>(84,900)</u>       |
| Annual Pension Cost                           | 265,970               |
| Contributions - actuarially projected         | <u>(314,388)</u>      |
| Increase (decrease) in Net Pension Obligation | <u>(48,418)</u>       |
| Net Pension Obligation - beginning of year    | 706,834               |
| Net Pension Obligation - end of year          | <u>\$ 658,416</u>     |

**Condensed Statement of Net Position, June 30, 2013:**

|                                    | Pension<br>Trust Fund |
|------------------------------------|-----------------------|
| <b>ASSETS</b>                      |                       |
| Cash and cash equivalents          | <u>\$</u>             |
| <b>NET POSITION</b>                |                       |
| Held in trust for pension benefits | <u>\$</u>             |

**Changes in Net Position for the year ended June 30, 2013:**

|                                   | Pension<br>Trust Fund |
|-----------------------------------|-----------------------|
| <b>ADDITIONS</b>                  |                       |
| Employer contributions            | <u>\$ 329,069</u>     |
| <b>DEDUCTIONS</b>                 |                       |
| Benefits                          | <u>329,376</u>        |
| Change in net position            | <u>(307)</u>          |
| Total net position, July 1, 2012  | 307                   |
| Total net position, June 30, 2013 | <u>\$</u>             |

## Notes To The Basic Financial Statements

June 30, 2013

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### 3. Volunteer Length of Service Award Program (LOSAP)

**Plan Description** - The District maintains two *Volunteer Length of Service Award Programs* (known as the LOSAP Plans), for its volunteer firefighters. The District's current volunteers participate in a defined contribution plan effective January 1, 2012, administered by the Oregon Fire District Directors Association. The District maintains a closed defined benefit plan for prior volunteers under a 1992 plan. The District Finance Division administers investments for the 1992 program and the investment mix consists primarily of investments in the Oregon Local Government Investment Pool and open-end mutual funds. The 1992 program was closed for crediting of additional future benefits on July 1, 1998.

The closed 1992 program is accounted for as a single employer defined benefit plan and provides length of service award benefits of a monthly amount based upon years of service. The Fire Chief, as the Plan Administrator, administers the plan and the Board of Directors provides oversight. Amendments to the plan may be made at the discretion of the Board. Vesting occurred after five years of service and service benefits were limited to 10 years certain-and-life annuity payable at the normal retirement age of 62.

**Actuarial Methods and Assumptions** - The June 30, 2012 actuarial valuation, the latest available, included rate of return of five percent and mortality based upon a static table for annuitants described in Treasury Regulation §1.430(h)(3)-1 for valuation dates occurring in 2012. Because the 1992 program no longer has active participants, and therefore no normal cost, the Entry age Normal was the sole method used in the current valuation. Assets are actuarially valued at market value. Under this method, the actuarial gains or losses, as they occur, reduce or increase the Unfunded Actuarial Accrued Liability while leaving the Normal Cost unchanged.

The actuarially determined annual required contribution in fiscal year 2013 was \$0. The District made a contribution of \$24,007 to the defined contribution plan. There is no explicit assumption for future inflation, as benefits are not tied to inflation.

**Funded Status and Funding Progress** - Based on the June 30, 2012 actuarial valuation, the District's actuarial accrued liability (AAL) at June 30, 2013, for benefits was \$534,531 and the actuarial value of assets was \$615,701, resulting in an unfunded actuarial accrued asset of \$81,170. 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.

**Notes To The Basic Financial Statements**

June 30, 2013

**Three-Year Trend Information**

| Year Ended<br>June 30, | Annual<br>Pension<br>Cost (APC) | Percentage of<br>APC Contributed | Net Pension<br>Obligation (Asset) |
|------------------------|---------------------------------|----------------------------------|-----------------------------------|
| 2013                   | \$ 2,461                        | 0.0%                             | \$ (50,628)                       |
| 2012                   | (26)                            | N/A                              | (53,089)                          |
| 2011                   | 61,426                          | 64.0                             | 548                               |

**Annual Pension Cost and Net Pension Obligation, June 30, 2013:**

|  | Volunteer<br>LOSAP Fund |
|--|-------------------------|
| Annual Required Contribution                       |                         |
| Interest on NPO                                    | \$ (2,654)              |
| Adjustment for NPO                                 | 5,115                   |
| Annual Pension Cost                                | 2,461                   |
| Contributions                                      |                         |
| Decrease in Net Pension Obligation (Asset)         | 2,461                   |
| Net Pension Obligation (Asset) - beginning of year | (53,089)                |
| Net Pension Obligation (Asset) - end of year       | \$ (50,628)             |

**Condensed Statement of Net Position, June 30, 2013:**

|                                    | Volunteer<br>LOSAP Fund |
|------------------------------------|-------------------------|
| <b>ASSETS</b>                      |                         |
| Cash and cash equivalents          | \$ 67,009               |
| Investments                        | 592,119                 |
| Total assets                       | 659,128                 |
| <b>NET POSITION</b>                |                         |
| Held in trust for pension benefits | \$ 659,128              |

**Notes To The Basic Financial Statements**

June 30, 2013

**Condensed Statement of Changes in Net Position, for the year ended June 30, 2013:**

|   | <u>Volunteer</u><br><u>LOSAP Fund</u> |
|---|---------------------------------------|
| <b>ADDITIONS</b>                              |                                       |
| Contributions:                                |                                       |
| Employer                                      | <u>\$ 24,007</u>                      |
| Investment earnings:                          |                                       |
| Net increase in the fair value of investments | <u>74,252</u>                         |
| Total additions                               | <u>98,259</u>                         |
| <b>DEDUCTIONS</b>                             |                                       |
| Benefits                                      | <u>54,751</u>                         |
| Total deductions                              | <u>54,751</u>                         |
| Change in net position                        | 43,508                                |
| Total net position, July 1, 2012              | <u>615,620</u>                        |
| Total net position, June 30, 2013             | <u>\$ 659,128</u>                     |

**E. Other post-employment benefits (OPEB)****1. Health Benefit Retiree Program**

**Plan Description** - The District's Health Benefit Retiree Program was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The District accounts for the resources and expenditures associated with funding this single-employer program through the Retiree Medical Insurance Stipend Fund. The District's Health Benefit Retiree Program has two components: the Explicit Benefit Plan and the Self-Pay Health Plan. The Explicit Benefit Plan is comprised of several agreements made between the District and various employees and employee groups. Under the plan, certain union and non-union retirees are eligible for an explicit benefit in the form of a monthly stipend. This plan was closed effective July 1, 2000, to current active employees. The Self-Pay Health Plan is provided in accordance with ORS 243.303, which requires that retirees, including those ineligible for an explicit benefit, be allowed to continue their health care coverage at their own expense. Since union actives continue their coverage through the Union Trust, only non-union actives are eligible to continue their 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.

## Notes To The Basic Financial Statements

June 30, 2013

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**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 was 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, 2013, the date of the most recent actuarial valuation, there were 111 active employees and 43 retirees and surviving spouses included in the Health Benefit Retiree Program.

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

|  | Retiree Medical<br>Insurance<br>Stipend Fund |
|--|--|
| Annual Required Contribution                       | \$ 101,358                                   |
| Interest on NPO                                    | (978)  |
| Adjustment for NPO                                 | <u>1,663</u>                                 |
| Annual OPEB Cost                                   | <u>102,043</u>                               |
| Expected Contributions                             | <u>(123,014)</u>                             |
| Increase (Decrease) in Net Pension Obligation      | (20,971)                                     |
| Net Pension Obligation (Asset) - beginning of year | <u>(32,586)</u>                              |
| Net Pension Obligation (Asset) - end of year       | <u><u>\$ (53,557)</u></u>                    |

The District's annual OPEB cost, the contribution, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation for 2013 were as follows:

| Three-Year Trend Information |                     |   |                                   |
|------------------------------|---------------------|---|-----------------------------------|
| Fiscal Year<br>Ending        | Annual OPEB<br>Cost | % of Annual<br>OPEB Cost<br>Contributed | Net OPEB<br>Obligation<br>(Asset) |
| 2013                         | \$ 102,043          | 120.55%                                 | \$ (53,557)                       |
| 2012                         | 149,205             | 101.05                                  | (32,586)                          |
| 2011                         | 148,455             | 124.01                                  | (31,014)                          |

## Notes To The Basic Financial Statements

June 30, 2013

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**Funded Status and Funding Progress** - As of June 30, 2013, the District's actuarial accrued liability (AAL) for benefits was \$1,391,312, and the actuarial value of plan assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,391,312 on a covered payroll of \$9,758,266. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. For the governmental activities, OPEBs are generally liquidated by the General Fund.

**Actuarial Methods and Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about 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 35 percent assumption of participants who elect medical coverage at retirement. They also assume medical and vision premiums would increase at 6.5 percent inflation for 2014, grading down to an annual rate of five percent over three years, which is consistent with expectations for long-term health care cost inflation. An open period was used for the medical portion of the plan and a closed period was used to amortize the unfunded liability attributed to the stipend. There is no explicit assumption for future

inflation, as benefits are not tied to inflation. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates, and withdrawal rates, are the same as those used by Oregon PERS.

### 2. PERS Retirement Health Insurance Account (RHIA)

**Plan Description** – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund.

## Notes To The Basic Financial Statements

June 30, 2013

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Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants hired on or after August 29, 2003. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR 97281-37400.

**Funding Policy** – Given that RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS requires that an amount up to \$60 shall be paid from the RHIA toward the monthly cost of health insurance for eligible PERS members. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes .59 percent of annual covered Tier 1 and Tier 2 payroll and .50 percent of OPSRP payroll. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2013, 2012, and 2011 were approximately \$218,000, \$236,000, and \$112,000 respectively.

### 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 postemployment healthcare plan administered by Local 1660. The Health Trust provides medical benefits to retired employees of participating 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.

## Notes To The Basic Financial Statements

June 30, 2013

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**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 \$1,180 per month for medical coverage and \$145 per month for dental coverage to age 65.

Participating 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 (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

The District's contributions to the Union Health Trust specifically for retiree benefits for the plan years ended June 30, 2013, 2012 and 2011 were \$4,780, \$5,460, and \$8,940 respectively, which equaled the required contributions as negotiated for each year.

### 4. Commitments and contingencies

As of June 30, 2013, the District is committed under various accepted bid agreements and contracts for approximately \$2,430,000 for goods, services and construction of facilities.

The District received funding for the majority of costs of nine firefighter positions through a two-year grant which requires the District provide a third year match to fully fund the nine positions a year beyond the two-year grant period which ended May 1, 2013. The District's commitment for these firefighting positions is estimated at approximately \$1,200,000 mostly during the 2013-14 year.

### 5. Subsequent event

On July 23, 2013, the Board voted to authorize the District to enter into a construction contract for the construction of Station 68 in the amount of \$3,800,000. The construction of this station is anticipated to be completed by June, 2014.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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Tualatin Valley Fire and Rescue

**Required Supplementary Information**

June 30, 2013

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

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

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

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

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

| Actuarial<br>Date<br>June 30, | AVA <sup>(1)</sup> | AAL <sup>(2)</sup> | (UAAL) <sup>(4)</sup> | Percent<br>Funded | Covered<br>Payroll | UAAL <sup>(3)</sup> |
|-------------------------------|--------------------|--------------------|-----------------------|-------------------|--------------------|---------------------|
| 2013                          |                    | \$ 1,391,312       | \$ (1,391,312)        | 0.00%             | \$ 9,758,266       | 14.26%              |
| 2011                          |                    | 1,806,831          | (1,806,831)           | 0.00              | 8,460,763          | 21.36               |
| 2009                          |                    | 1,721,578          | (1,721,578)           | 0.00              | 7,450,107          | 23.11               |

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

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

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

<sup>(4)</sup> Funded/Unfunded Actuarial Accrued Liability



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**OTHER SUPPLEMENTARY INFORMATION**

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## **COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES**

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Tualatin Valley Fire and Rescue

**Capital Projects Fund**

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

For the Year Ended June 30, 2013

|   | Original and<br>Final Budgeted<br>Amounts | Actual Amounts       | Variance with Final<br>Budget - Positive<br>(Negative) |
|---|---|----------------------|--|
| <b>Revenues</b>   |   |                      |  |
| Interest  | \$ 76,126                                 | \$ 55,752            | \$ (20,374)  |
| Miscellaneous   |   | 145,313              | 145,313  |
| Total revenues  | <u>76,126</u>                             | <u>201,065</u>       | <u>124,939</u>   |
| <b>Expenditures</b>                                       |   |                      |  |
| Capital outlay  | 11,376,866                                | 6,861,942            | 4,514,924  |
| Operating contingency                                     | 2,449,501                                 |                      | 2,449,501  |
| Total expenditures  | <u>13,826,367</u>                         | <u>6,861,942</u>     | <u>6,964,425</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>(13,750,241)</u>                       | <u>(6,660,877)</u>   | <u>7,089,364</u>                                       |
| Fund balance - July 1, 2012                               | <u>21,750,241</u>                         | <u>20,872,868</u>    | <u>(877,373)</u>                                       |
| Fund balance - June 30, 2013                              | <u>\$ 8,000,000</u>                       | <u>\$ 14,211,991</u> | <u>\$ 6,211,991</u>                                    |

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## NONMAJOR GOVERNMENTAL FUNDS

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

**Special Revenue Fund:**

**Grants Fund** - accounts for the resources used for the acquisition of items approved through awarded grants.

**Debt Service Fund:**

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

**Capital Projects Fund:**

**Property and Building Fund** - accounts for the expenditures for construction costs for new and existing facilities, site acquisition and major facility maintenance projects. Revenue sources are transfers from the General Fund, sales of surplus property, rental revenue and interest earnings.

Tualatin Valley Fire and Rescue  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**

June 30, 2013

|                                      | Fund Type            |                               |                     |             | Total Nonmajor<br>Governmental Funds |  |
|--------------------------------------|----------------------|-------------------------------|---------------------|-------------|--------------------------------------|--|
|                                      | Special Revenue      | Debt Service                  | Capital Projects    | Grants Fund |                                      |  |
|                                      | Debt Service<br>Fund | Property and<br>Building Fund |                     |             |                                      |  |
| <b>Assets</b>                        |                      |                               |                     |             |                                      |  |
| Cash and cash equivalents            | \$ 132,189           | \$ 1,580,138                  | \$ 8,260,339        | \$ 158,494  | \$ 9,972,666                         |  |
| Receivables:                         |                      |                               |                     |             |                                      |  |
| Property taxes receivable            |                      | 280,832                       |                     |             | 280,832                              |  |
| Accounts receivable                  | 26,305               |                               |                     |             | 26,305                               |  |
| Total assets                         | <u>\$ 158,494</u>    | <u>\$ 1,860,970</u>           | <u>\$ 8,260,339</u> |             | <u>\$ 10,279,803</u>                 |  |
| <b>Liabilities and Fund Balances</b> |                      |                               |                     |             |                                      |  |
| Liabilities:                         |                      |                               |                     |             |                                      |  |
| Accounts payable                     | \$ 9,381             |                               |                     |             | \$ 9,381                             |  |
| Unearned revenue                     |                      | \$ 254,261                    |                     |             | \$ 254,261                           |  |
| Total liabilities                    | <u>\$ 9,381</u>      | <u>\$ 254,261</u>             |                     |             | <u>\$ 263,642</u>                    |  |
| Fund balances:                       |                      |                               |                     |             |                                      |  |
| Restricted                           | 149,113              | 1,606,709                     |                     |             | 1,755,822                            |  |
| Assigned                             |                      |                               | \$ 8,260,339        |             | \$ 8,260,339                         |  |
| Total fund balances                  | <u>149,113</u>       | <u>1,606,709</u>              | <u>\$ 8,260,339</u> |             | <u>\$ 10,016,161</u>                 |  |
| Total liabilities and fund balances  | <u>\$ 158,494</u>    | <u>\$ 1,860,970</u>           | <u>\$ 8,260,339</u> |             | <u>\$ 10,279,803</u>                 |  |

Tualatin Valley Fire and Rescue

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**

For the Year Ended June 30, 2013

|   | Fund Type         |                     |                            |                                   |
|---|-------------------|---------------------|----------------------------|-----------------------------------|
|   | Special Revenue   | Debt Service        | Capital Projects           |                                   |
|   | Grants Fund       | Debt Service Fund   | Property and Building Fund | Total Nonmajor Governmental Funds |
| <b>Revenues</b>   |                   |                     |                            |                                   |
| Taxes   |                   | \$ 5,821,898        |                            | \$ 5,821,898                      |
| Interest  |                   | 20,297              | \$ 41,881                  | 62,178                            |
| Grants and contributions                                  | \$ 846,961        |                     |                            | 846,961                           |
| Total revenues  | <u>846,961</u>    | <u>5,842,195</u>    | <u>41,881</u>              | <u>6,731,037</u>                  |
| <b>Expenditures</b>                                       |                   |                     |                            |                                   |
| Current:  |                   |                     |                            |                                   |
| Public safety:  |                   |                     |                            |                                   |
| Personnel services  | 918,692           |                     |                            | 918,692                           |
| Materials and services                                    | 69,721            |                     |                            | 69,721                            |
| Debt service:   |                   |                     |                            |                                   |
| Principal   |                   | 3,420,000           |                            | 3,420,000                         |
| Interest  |                   | 2,419,635           |                            | 2,419,635                         |
| Total expenditures  | <u>988,413</u>    | <u>5,839,635</u>    |                            | <u>6,828,048</u>                  |
| Excess (deficiency) of revenues over (under) expenditures | <u>(141,452)</u>  | <u>2,560</u>        | <u>41,881</u>              | <u>(97,011)</u>                   |
| <b>Other Financing Sources</b>                            |                   |                     |                            |                                   |
| Proceeds from sale of surplus property                    |                   |                     | 921,885                    | 921,885                           |
| Transfers in  |                   |                     | 500,000                    | 500,000                           |
| Total Other Financing Sources                             |                   |                     | <u>1,421,885</u>           | <u>1,421,885</u>                  |
| Net change in fund balances                               | <u>(141,452)</u>  | <u>2,560</u>        | <u>1,463,766</u>           | <u>1,324,874</u>                  |
| Fund balances - July 1, 2012                              | <u>290,565</u>    | <u>1,604,149</u>    | <u>6,796,573</u>           | <u>8,691,287</u>                  |
| Fund balances - June 30, 2013                             | <u>\$ 149,113</u> | <u>\$ 1,606,709</u> | <u>\$ 8,260,339</u>        | <u>\$ 10,016,161</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, 2013

|  | Original and Final<br>Budgeted Amounts | Actual Amounts | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|--|----------------|--|
| <b>Revenues</b>  |  |                |  |
| Grants and contributions                                     | \$ 1,692,180                           | \$ 846,961     | \$ (845,219)   |
| <b>Expenditures</b>  |  |                |  |
| Personnel services   | 1,756,395                              | 918,692        | 837,703  |
| Materials and services                                       | 116,350                                | 69,721         | 46,629   |
| Operating contingency  | 10,000                                 |                | 10,000   |
| Total expenditures   | 1,882,745                              | 988,413        | 894,332  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (190,565)                              | (141,452)      | 49,113   |
| <b>Other Financing Sources</b>                               |  |                |  |
| Transfers in   | 100,000                                |                | (100,000)  |
| Net change in fund balances                                  | (90,565)                               | (141,452)      | (50,887)   |
| Fund balance - July 1, 2012                                  | 90,565                                 | 290,565        | 200,000  |
| Fund balance - June 30, 2013                                 | \$ <u>                  </u>           | \$ 149,113     | \$ 149,113   |

## 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, 2013

|  | Original and Final<br>Budgeted Amounts | Actual Amounts      | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|--|---------------------|--|
| <b>Revenues</b>  |  |                     |  |
| Taxes  | \$ 5,805,023                           | \$ 5,821,898        | \$ 16,875  |
| Interest   | 11,940                                 | 20,297              | 8,357  |
| Total revenues   | <u>5,816,963</u>                       | <u>5,842,195</u>    | <u>25,232</u>  |
| <b>Expenditures</b>  |  |                     |  |
| Debt service:  |  |                     |  |
| Principal  | 3,420,000                              | 3,420,000           |  |
| Interest   | 2,419,637                              | 2,419,635           | 2  |
| Total expenditures   | <u>5,839,637</u>                       | <u>5,839,635</u>    | <u>2</u>   |
| Excess (deficiency) of revenues over (under)<br>expenditures and net change in fund balances | (22,674)                               | 2,560               | 25,234   |
| Fund balance - July 1, 2012  | <u>1,180,593</u>                       | <u>1,604,149</u>    | <u>423,556</u>   |
| Fund balance - June 30, 2013   | <u>\$ 1,157,919</u>                    | <u>\$ 1,606,709</u> | <u>\$ 448,790</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, 2013

|  | Original and<br>Final Budgeted<br>Amounts | Actual Amounts      | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|---|---------------------|--|
| <b>Revenues</b>  |   |                     |  |
| Interest   | \$ 30,436                                 | \$ 41,881           | \$ 11,445  |
| <b>Expenditures</b>  |   |                     |  |
| Operating contingency  | 1,617,664                                 |                     | 1,617,664  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (1,587,228)                               | 41,881              | 1,629,109  |
| <b>Other Financing Sources</b>                               |   |                     |  |
| Proceeds from sale of surplus property                       |   | 921,885             | 921,885  |
| Transfers in   | 500,000                                   | 500,000             |  |
| Total other financing sources                                | 500,000                                   | 1,421,885           | 921,885  |
| Net change in fund balances                                  | (1,087,228)                               | 1,463,766           | 2,550,994  |
| Fund balance - July 1, 2012                                  | 6,087,228                                 | 6,796,573           | 709,345  |
| Fund balance - June 30, 2013                                 | <u>\$ 5,000,000</u>                       | <u>\$ 8,260,339</u> | <u>\$ 3,260,339</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, 2013

|  | Original and<br>Final Budgeted<br>Amounts | Actual Amounts    | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|---|-------------------|--|
| <b>Revenues</b>  |   |                   |  |
| Interest   | \$ 3,240                                  | \$ 3,687          | \$ 447   |
| Insurance refunds  |   | 1,302             | 1,302  |
| Total revenues   | <u>3,240</u>                              | <u>4,989</u>      | <u>1,749</u>   |
| <b>Expenditures</b>  |   |                   |  |
| Materials and services   | 640,164                                   | 6,213             | 633,951  |
| Excess (deficiency) of revenues over (under) expenditures<br>and net change in fund balances | (636,924)                                 | (1,224)           | 635,700  |
| Fund balance - July 1, 2012  | 636,924                                   | 639,921           | 2,997  |
| Fund balance - June 30, 2013   | <u>\$ 636,924</u>                         | <u>\$ 638,697</u> | <u>\$ 638,697</u>                                      |

Tualatin Valley Fire and Rescue  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
June 30, 2013

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|   | Pension Trust<br>Fund | Volunteer LOSAP<br>Fund | Total Fiduciary<br>Funds |
|---|-----------------------|-------------------------|--------------------------|
| <b>Assets</b>                           |                       |                         |                          |
| Cash and cash equivalents               | \$                    | \$ 67,009               | \$ 67,009                |
| Investments, mutual funds at fair value | _____                 | 592,119                 | 592,119                  |
| Total assets                            | _____                 | 659,128                 | 659,128                  |
| <b>Net Position</b>                     |                       |                         |                          |
| Held in trust for pension benefits      | \$ _____              | \$ 659,128              | \$ 659,128               |

## Tualatin Valley Fire and Rescue

**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**

For the Year Ended June 30, 2013

|                                   | Pension Trust<br>Fund | Volunteer LOSAP<br>Fund | Total Fiduciary<br>Funds |
|-----------------------------------|-----------------------|-------------------------|--------------------------|
| <b>Additions</b>                  |                       |                         |                          |
| Contributions:                    |                       |                         |                          |
| Employer                          | \$ 329,069            | \$ 24,007               | \$ 353,076               |
| Investment earnings:              |                       | 74,252                  | 74,252                   |
| Total additions                   | <u>329,069</u>        | <u>98,259</u>           | <u>427,328</u>           |
| <b>Deductions</b>                 |                       |                         |                          |
| Benefits                          | <u>329,376</u>        | <u>54,751</u>           | <u>384,127</u>           |
| Change in net position            | (307)                 | 43,508                  | 43,201                   |
| Total net position, July 1, 2012  | <u>307</u>            | <u>615,620</u>          | <u>615,927</u>           |
| Total net position, June 30, 2013 | <u>\$ 659,128</u>     |                         | <u>\$ 659,128</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, 2013

|                                | Original and<br>Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with Final<br>Budget - Positive<br>(Negative) |
|--------------------------------|---|-------------------|--|
| <b>Expenditures</b>            |   |                   |  |
| Personnel services             | \$ 346,444                                | \$ 329,376        | \$ 17,068  |
| <b>Other Financing Sources</b> |   |                   |  |
| Transfers in                   | <u>346,444</u>                            | <u>329,069</u>    | <u>(17,375)</u>  |
| Net change in fund balances    |   | (307)             | (307)  |
| Fund balance - July 1, 2012    |   | <u>307</u>        | <u>307</u>   |
| Fund balance - June 30, 2013   | <u>\$</u>                                 | <u>\$</u>         | <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, 2013

|  | Original and<br>Final Budgeted<br>Amounts | Actual<br>Amounts | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|---|-------------------|--|
| <b>Revenues</b>  |   |                   |  |
| Investment earnings  | \$ 6,850                                  | \$ 74,252         | \$ 67,402  |
| <b>Expenditures</b>  |   |                   |  |
| Personnel services   | 896,729                                   | 54,751            | 841,978  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (889,879)                                 | 19,501            | 909,380  |
| <b>Other Financing Sources</b>                               |   |                   |  |
| Transfers in   | 65,102                                    | 24,007            | (41,095)   |
| Net change in fund balances                                  | (824,777)                                 | 43,508            | 868,285  |
| Fund balance - July 1, 2012                                  | 824,777                                   | 615,620           | (209,157)  |
| Fund balance - June 30, 2013                                 | \$ 659,128                                | \$ 659,128        |  |



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## GENERAL FUND

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

**General Fund** - accounts for the basic financial operations of the District.

**Apparatus Fund** - accounts for the accumulation of resources for emergency service apparatus and vehicles.

**Capital Improvements Fund** - accounts for the resources provided for firefighting, emergency medical service, office and fire technology and other equipment used in operations.

**Emergency Management Fund** - accounts for resources provided for and used in emergency preparedness, through a regional partnership.

**Retiree Medical Insurance Stipend Fund** - accounts for the use of accumulated resources for the payment of post-employment health benefits under a plan closed in 2000 for firefighters and other employees until age 65.

## Tualatin Valley Fire and Rescue

**Combining Balance Sheet****General Fund**

June 30, 2013

|  | General Fund         | Apparatus Fund      | Capital Improvements Fund | Emergency Management Fund | Retiree Medical Insurance Stipend Fund | Eliminations       | Total General Fund   |
|--|----------------------|---------------------|---------------------------|---------------------------|--|--------------------|----------------------|
| <b>Assets</b>                              |                      |                     |                           |                           |  |                    |                      |
| Cash and cash equivalents                  | \$ 46,795,599        | \$ 3,691,112        | \$ 8,646,214              |                           | \$ 77,105                              |                    | \$ 59,210,030        |
| Receivables:                               |                      |                     |                           |                           |  |                    |                      |
| Property taxes receivable                  | 3,728,591            |                     |                           |                           |  |                    | 3,728,591            |
| Accounts receivable                        | 166,455              |                     | 3,525                     | \$ 68,970                 |  |                    | 238,950              |
| Due from other funds                       | 68,146               |                     |                           |                           |  | \$ (68,146)        |                      |
| Supplies inventory                         | 323,981              |                     |                           |                           |  |                    | 323,981              |
| <b>Total assets</b>                        | <b>\$ 51,082,772</b> | <b>\$ 3,691,112</b> | <b>\$ 8,649,739</b>       | <b>\$ 68,970</b>          | <b>\$ 77,105</b>                       | <b>\$ (68,146)</b> | <b>\$ 63,501,552</b> |
| <b>Liabilities and Fund Balances</b>       |                      |                     |                           |                           |  |                    |                      |
| Liabilities:                               |                      |                     |                           |                           |  |                    |                      |
| Accounts payable                           | \$ 652,634           |                     | \$ 224,148                | \$ 824                    | \$ 80                                  |                    | \$ 877,686           |
| Accrued salaries and benefits payable      | 6,083,891            |                     |                           |                           |  |                    | 6,083,891            |
| Due to other funds                         |                      |                     |                           | 68,146                    |  | \$ (68,146)        |                      |
| Deferred revenue                           | 3,384,718            |                     |                           |                           |  |                    | 3,384,718            |
| <b>Total liabilities</b>                   | <b>\$ 10,121,243</b> |                     | <b>\$ 224,148</b>         | <b>\$ 68,970</b>          | <b>\$ 80</b>                           | <b>\$ (68,146)</b> | <b>\$ 10,346,295</b> |
| Fund balances:                             |                      |                     |                           |                           |  |                    |                      |
| Nonspendable                               | 323,981              |                     |                           |                           |  |                    | 323,981              |
| Committed                                  |                      | \$ 3,691,112        | 8,425,591                 |                           | 77,025                                 |                    | 12,193,728           |
| Unassigned                                 | 40,637,548           |                     |                           |                           |  |                    | 40,637,548           |
| <b>Total fund balances</b>                 | <b>\$ 40,961,529</b> | <b>\$ 3,691,112</b> | <b>8,425,591</b>          |                           | <b>\$ 77,025</b>                       |                    | <b>\$ 53,155,257</b> |
| <b>Total liabilities and fund balances</b> | <b>\$ 51,082,772</b> | <b>\$ 3,691,112</b> | <b>\$ 8,649,739</b>       | <b>\$ 68,970</b>          | <b>\$ 77,105</b>                       | <b>\$ (68,146)</b> | <b>\$ 63,501,552</b> |

Tualatin Valley Fire and Rescue  
**Combining Schedule of Revenues,  
Expenditures and Changes in Fund Balances**

**General Fund**

For the Year Ended June 30, 2013

|   | General Fund         | Apparatus Fund      | Capital Improvements Fund | Emergency Management Fund | Retiree Medical Insurance Stipend Fund | Eliminations   | Total General Fund   |
|---|----------------------|---------------------|---------------------------|---------------------------|--|----------------|----------------------|
| <b>Revenues</b>   |                      |                     |                           |                           |  |                |                      |
| Program Revenues:   |                      |                     |                           |                           |  |                |                      |
| Charges for services                                      | \$ 1,227,268         |                     |                           | \$ 179,514                |  |                | \$ 1,406,782         |
| Grants and contributions                                  |                      |                     | \$ 17,541                 |                           |  |                | 17,541               |
| General Revenues:   |                      |                     |                           |                           |  |                |                      |
| Taxes   | 74,187,616           |                     |                           |                           |  |                | 74,187,616           |
| Interest  | 149,414              | \$ 18,340           | 46,570                    |                           | \$ 571                                 |                | 214,895              |
| Insurance refunds   | 526,133              |                     |                           |                           |  |                | 526,133              |
| Miscellaneous   | 239,710              |                     |                           |                           |  |                | 239,710              |
| Total revenues  | <u>76,330,141</u>    | <u>18,340</u>       | <u>64,111</u>             | <u>179,514</u>            | <u>571</u>                             |                | <u>76,592,677</u>    |
| <b>Expenditures</b>                                       |                      |                     |                           |                           |  |                |                      |
| Current:  |                      |                     |                           |                           |  |                |                      |
| Public safety:  |                      |                     |                           |                           |  |                |                      |
| Personnel services  | 63,749,453           |                     |                           | 190,319                   | 47,292                                 | \$ 353,077     | 64,340,141           |
| Materials and services                                    | 7,879,019            |                     |                           | 13,073                    |  |                | 7,892,092            |
| Capital outlay  |                      |                     | 1,213,976                 | 23,165                    |  |                | 1,237,141            |
| Total expenditures  | <u>71,628,472</u>    | <u></u>             | <u>1,213,976</u>          | <u>226,557</u>            | <u>47,292</u>                          | <u>353,077</u> | <u>73,469,374</u>    |
| Excess (deficiency) of revenues over (under) expenditures | 4,701,669            | 18,340              | (1,149,865)               | (47,043)                  | (46,721)                               | (353,077)      | 3,123,303            |
| <b>Other Financing Sources (Uses)</b>                     |                      |                     |                           |                           |  |                |                      |
| Transfers in  |                      | 500,000             | 2,000,000                 | 47,043                    |  | (2,547,043)    |                      |
| Transfers out   | (3,400,120)          |                     |                           |                           |  | 2,900,120      | (500,000)            |
| Proceeds on sale of surplus property                      | 4,294                | 3,500               | 21,810                    |                           |  |                | 29,604               |
| Total other financing sources (uses)                      | <u>(3,395,826)</u>   | <u>503,500</u>      | <u>2,021,810</u>          | <u>47,043</u>             |  | <u>353,077</u> | <u>(470,396)</u>     |
| Net change in fund balances                               | 1,305,843            | 521,840             | 871,945                   |                           | (46,721)                               |                | 2,652,907            |
| Fund balances - July 1, 2012                              | <u>39,655,686</u>    | <u>3,169,272</u>    | <u>7,553,646</u>          |                           | <u>123,746</u>                         |                | <u>50,502,350</u>    |
| Fund balances - June 30, 2013                             | <u>\$ 40,961,529</u> | <u>\$ 3,691,112</u> | <u>\$ 8,425,591</u>       | <u>\$</u>                 | <u>\$ 77,025</u>                       | <u>\$</u>      | <u>\$ 53,155,257</u> |

## Tualatin Valley Fire and Rescue

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

For the Year Ended June 30, 2013

|  | Original and Final<br>Budgeted Amounts | Actual Amounts      | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|--|---------------------|--|
| <b>Revenues</b>  |  |                     |  |
| Interest   | \$ 12,802                              | \$ 18,340           | \$ 5,538   |
| <b>Expenditures</b>  |  |                     |  |
| Operating contingency  | 500,000                                |                     | 500,000  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (487,198)                              | 18,340              | 505,538  |
| <b>Other Financing Sources</b>                               |  |                     |  |
| Transfers in   | 500,000                                | 500,000             |  |
| Sales of surplus property                                    |  | 3,500               | 3,500  |
| Total other financing sources                                | 500,000                                | 503,500             | 3,500  |
| Net change in fund balances                                  | 12,802                                 | 521,840             | 509,038  |
| Fund balance - July 1, 2012                                  | 2,560,462                              | 3,169,272           | 608,810  |
| Fund balance - June 30, 2013                                 | <u>\$ 2,573,264</u>                    | <u>\$ 3,691,112</u> | <u>\$ 1,117,848</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, 2013

|  | Original and Final<br>Budgeted Amounts | Actual Amounts      | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|--|---------------------|--|
| <b>Revenues</b>  |  |                     |  |
| Interest   | \$ 32,423                              | \$ 46,570           | \$ 14,147  |
| Grants and contributions                                     |  | 17,541              | 17,541   |
| Total revenues   | <u>32,423</u>                          | <u>64,111</u>       | <u>31,688</u>  |
| <b>Expenditures</b>  |  |                     |  |
| Capital outlay   | 3,004,701                              | 1,213,976           | 1,790,725  |
| Operating contingency  | 2,648,870                              |                     | 2,648,870  |
| Total expenditures   | <u>5,653,571</u>                       | <u>1,213,976</u>    | <u>4,439,595</u>                                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(5,621,148)</u>                     | <u>(1,149,865)</u>  | <u>4,471,283</u>                                       |
| <b>Other Financing Sources</b>                               |  |                     |  |
| Transfers in   | 2,000,000                              | 2,000,000           |  |
| Sale of surplus property                                     |  | 21,810              | 21,810   |
| Total other financing sources                                | <u>2,000,000</u>                       | <u>2,021,810</u>    | <u>21,810</u>  |
| Net change in fund balances                                  | (3,621,148)                            | 871,945             | 4,493,093  |
| Fund balance - July 1, 2012                                  | 6,484,635                              | 7,553,646           | 1,069,011  |
| Fund balance - June 30, 2013                                 | <u>\$ 2,863,487</u>                    | <u>\$ 8,425,591</u> | <u>\$ 5,562,104</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, 2013

|  | Original<br>Budgeted<br>Amounts | Final Budgeted<br>Amounts | Actual Amounts | Variance with<br>Final Budget -<br>Positive (Negative) |
|--|---------------------------------|---------------------------|----------------|--|
| <b>Revenues</b>  |                                 |                           |                |  |
| Program Revenues:  |                                 |                           |                |  |
| Charges for Services   | \$ 204,982                      | \$ 204,982                | \$ 179,514     | \$ (25,468)  |
| <b>Expenditures</b>  |                                 |                           |                |  |
| Current:   |                                 |                           |                |  |
| Public safety:   |                                 |                           |                |  |
| Personnel services   | 186,458                         | 191,458                   | 190,319        | 1,139  |
| Materials and services                                       | 44,570                          | 36,570                    | 13,073         | 23,497   |
| Capital outlay   | 21,000                          | 24,000                    | 23,165         | 835  |
| Total expenditures   | 252,028                         | 252,028                   | 226,557        | 25,471   |
| Excess (deficiency) of revenues<br>over (under) expenditures | (47,046)                        | (47,046)                  | (47,043)       | 3  |
| <b>Other Financing Sources</b>                               |                                 |                           |                |  |
| Transfers in   | 47,046                          | 47,046                    | 47,043         | (3)  |
| Fund balance - July 1, 2012                                  |                                 |                           |                |  |
| Fund balance - June 30, 2013                                 | \$ _____                        | \$ _____                  | \$ _____       | \$ _____   |

## 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, 2013

|  | Original and Final<br>Budgeted Amounts | Actual Amounts | Variance with Final<br>Budget - Positive<br>(Negative) |
|--|--|----------------|--|
| <b>Revenues</b>  |  |                |  |
| Interest   | \$ 500                                 | \$ 571         | \$ 71  |
| <b>Expenditures</b>  |  |                |  |
| Current:   |  |                |  |
| Public Safety:   |  |                |  |
| Personnel services   | 48,256                                 | 47,292         | 964  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (47,756)                               | (46,721)       | 1,035  |
| Fund balance - July 1, 2012                                  | 123,745                                | 123,746        | 1  |
| Fund balance - June 30, 2013                                 | \$ 75,989                              | \$ 77,025      | \$ 1,036   |

## Tualatin Valley Fire and Rescue

## **Schedule of Property Tax Transactions and Outstanding Balances**

For the fiscal year ended June 30, 2013

| Tax Year  | Taxes<br>Uncollected<br>June 30,<br>2012 | Add Levy as<br>Extended by<br>Assessor | Add<br>(Deduct)<br>Discounts<br>Allowed | Add<br>Interest<br>Received | (Deduct)<br>Cancellations<br>and<br>Adjustments | Taxes<br>Uncollected<br>June 30,<br>2013 |
|---|--|--|---|-----------------------------|---|--|
|   |  |  |   |                             |   |  |
| 2012-13   |  | \$ 82,413,293                          | \$ (2,127,044)                          | \$ 26,055                   | \$ 90,516                                       | \$ (78,548,654)                          |
| 2011-12   | \$ 2,131,205                             |  | 4,301                                   | 67,400                      | (546,379)                                       | (685,134)                                |
| 2010-11   | 1,140,989                                |  | 3,182                                   | 60,084                      | (246,430)                                       | (284,498)                                |
| 2009-10   | 669,802                                  |  | 132                                     | 76,115                      | (8,756)   | (337,761)                                |
| 2008-09   | 133,128                                  |  | 35                                      | 28,812                      | (3,603)   | (111,789)                                |
| 2007-08   | 33,321                                   |  | 26                                      | 6,309                       | (2,502)   | (15,360)                                 |
| 2006-07 and prior   | 53,504                                   |  |   | 2,550                       | (1,568)   | (11,858)                                 |
| Total prior   | 4,161,949                                |  | 7,676                                   | 241,270                     | (809,238)                                       | (1,446,400)                              |
| Total   | \$ 4,161,949                             | \$ 82,413,293                          | \$ (2,119,368)                          | \$ 267,325                  | \$ (718,722)                                    | \$ (79,995,054)                          |
|   |  |  |   |                             | General<br>Fund                                 | Debt<br>Service<br>Fund                  |
|   |  |  |   |                             |   | Total                                    |
| Reconciliation to tax revenues on<br>combined financial statements: |  |  |   |                             |   |  |
| Property tax collections above                                      |  |  |   | \$ 74,174,232               | \$ 5,820,822                                    | \$ 79,995,054                            |
| Property taxes susceptible to accrual<br>at June 30, 2013           |  |  |   | 343,873                     | 26,572  | 370,445                                  |
| Property taxes susceptible to accrual<br>at June 30, 2012           |  |  |   | (340,361)                   | (26,200)  | (366,561)                                |
| Taxes in lieu of property taxes                                     |  |  |   | 9,872                       | 704   | 10,576                                   |
| Tax revenues  |  |  |   | \$ 74,187,616               | \$ 5,821,898                                    | \$ 80,009,514                            |
|   |  |  |   |                             |   |  |
|   |  |  |   | Property Taxes              | Taxes in<br>Lieu of<br>Property<br>Taxes        | Taxes<br>Uncollected<br>June 30,<br>2013 |
|   |  |  |   | Current<br>Levy             | Prior<br>Years                                  |  |
|   |  |  |   |                             |   | Total                                    |
| <b>DISTRIBUTED AS FOLLOWS:</b>                                      |  |  |   |                             |   |  |
| General Fund  |  | \$ 73,080,625                          | \$ 1,097,119                            | \$ 9,872                    | \$ 74,187,616                                   | \$ 3,728,591                             |
| Debt Service Fund   |  | 5,742,963                              | 78,231                                  | 704                         | 5,821,898                                       | 280,832                                  |
| Total   |  | \$ 78,823,588                          | \$ 1,175,350                            | \$ 10,576                   | \$ 80,009,514                                   | \$ 4,009,423                             |

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## STATISTICAL SECTION

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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.

| <u>Contents</u>   | <u>Page</u> |
|---|-------------|
| <b>Financial Trends:</b><br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.   | <b>100</b>  |
| <b>Revenue Capacity:</b><br>These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.   | <b>104</b>  |
| <b>Debt Capacity:</b><br>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>108</b>  |
| <b>Demographic and Economic Information:</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.  | <b>111</b>  |
| <b>Operating Information:</b><br>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>113</b>  |

*Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.*

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| <b>Governmental Activities:</b>                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 19,494,131        | \$ 23,463,387        | \$ 27,938,890        | \$ 25,440,690        | \$ 26,022,160        | \$ 26,836,071        | \$ 27,397,380        | \$ 30,510,984        | \$ 30,618,980        | \$ 30,971,036        |
| Restricted                                      | 858,636              | 1,031,033            | 1,165,747            | 1,273,796            | 1,321,652            | 544,419              | 1,298,395            | 1,312,282            | 1,676,044            | 1,755,822            |
| Unrestricted                                    | 27,576,532           | 28,809,681           | 30,663,907           | 39,349,635           | 46,748,396           | 49,339,432           | 51,160,608           | 51,301,589           | 54,491,788           | 57,815,371           |
| Total primary government net position           | <b>\$ 47,929,299</b> | <b>\$ 53,304,101</b> | <b>\$ 59,768,544</b> | <b>\$ 66,064,121</b> | <b>\$ 74,092,208</b> | <b>\$ 76,719,922</b> | <b>\$ 79,856,383</b> | <b>\$ 83,124,855</b> | <b>\$ 86,786,812</b> | <b>\$ 90,542,229</b> |

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

|   | <b>Fiscal Year</b> |               |               |               |               |               |               |               |               |               |
|---|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2004               | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          |
| <b>Expenses</b>   |                    |               |               |               |               |               |               |               |               |               |
| Governmental activities:                                  |                    |               |               |               |               |               |               |               |               |               |
| Public safety - fire protection                           | \$ 50,656,606      | \$ 53,100,610 | \$ 56,652,973 | \$ 58,872,384 | \$ 61,874,697 | \$ 67,371,019 | \$ 69,649,810 | \$ 71,961,409 | \$ 76,438,386 | \$ 78,142,770 |
| Interest on long-term debt                                | 342,004            | 280,733       | 210,432       | 359,307       | 921,830       | 950,457       | 1,785,629     | 1,761,449     | 2,417,200     | 2,315,227     |
| Loss on sale of capital assets                            | 77,030             |               |               |               | 38,671        |               |               |               |               |               |
| Total primary government expenses                         | 50,998,610         | 53,458,373    | 56,863,405    | 59,231,691    | 62,835,198    | 68,321,476    | 71,435,439    | 73,722,858    | 78,855,586    | 80,457,997    |
| <b>Program Revenues</b>                                   |                    |               |               |               |               |               |               |               |               |               |
| Governmental activities:                                  |                    |               |               |               |               |               |               |               |               |               |
| Charges for services                                      | 3,767,913          | 704,506       | 818,382       | 852,678       | 916,859       | 758,476       | 587,305       | 738,171       | 1,322,635     | 1,383,399     |
| Grants and contributions                                  | 197,112            | 1,794,138     | 606,864       | 583,497       | 277,094       | 134,753       | 241,384       | 278,408       | 1,086,330     | 1,161,457     |
| Capital grants and contributions                          |                    | 1,453,268     |               |               | 68,535        | 432,805       | 43,950        |               | 48,450        |               |
| Total primary government program revenues                 | 3,965,025          | 2,498,644     | 2,878,514     | 1,436,175     | 1,262,488     | 1,326,034     | 872,639       | 1,016,579     | 2,457,415     | 2,544,856     |
| Total primary government net expense                      | (47,033,585)       | (50,959,729)  | (53,984,891)  | (57,795,516)  | (61,572,710)  | (66,995,442)  | (70,562,800)  | (72,706,279)  | (76,398,171)  | (77,913,141)  |
| <b>General Revenues and Other Changes in Net Position</b> |                    |               |               |               |               |               |               |               |               |               |
| Property taxes  | 48,961,590         | 55,233,714    | 58,118,393    | 61,211,437    | 66,146,305    | 68,254,733    | 72,601,267    | 74,905,936    | 79,303,750    | 79,853,105    |
| Investment earnings                                       | 484,643            | 875,339       | 1,645,622     | 2,504,630     | 2,755,890     | 1,006,351     | 406,556       | 299,393       | 343,772       | 336,512       |
| Gain on sale of capital assets                            | 204,634            |               | 42,130        | 20,567        |               | 8,834         |               |               |               | 551,304       |
| Insurance refunds   | 119,642            | 148,656       | 450,318       | 273,161       | 646,230       | 236,921       | 420,993       | 655,797       | 188,074       | 527,435       |
| Miscellaneous   | 32,790             | 76,822        | 192,871       | 81,298        | 52,372        | 116,317       | 270,443       | 113,625       | 224,532       | 400,202       |
| Total primary government general revenues                 | 49,803,299         | 56,334,531    | 60,449,334    | 64,091,093    | 69,600,797    | 69,623,156    | 73,699,259    | 75,974,751    | 80,060,128    | 81,668,558    |
| <b>Change in Net Position</b>                             |                    |               |               |               |               |               |               |               |               |               |
| Total primary government                                  | \$ 2,769,714       | \$ 5,374,802  | \$ 6,464,443  | \$ 6,295,577  | \$ 8,028,087  | \$ 2,627,714  | \$ 3,136,459  | \$ 3,268,472  | \$ 3,661,957  | \$ 3,755,417  |

TOTAL

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 |
| <b>General Fund</b>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 177,847           | \$ 204,312           | \$ 225,511           | \$ 236,315           | \$ 272,292           | \$ 302,466           |                      |                      |                      |                      |
| Unreserved                                | 20,213,268           | 22,218,710           | 25,737,059           | 30,458,483           | 34,934,854           | 36,809,276           |                      |                      |                      |                      |
| Non-spendable                             |                      |                      |                      |                      |                      |                      | \$ 281,282           | \$ 283,918           | \$ 275,878           | \$ 323,981           |
| Committed                                 |                      |                      |                      |                      |                      |                      | 8,056,103            | 8,004,148            | 10,846,664           | 12,193,728           |
| Unassigned                                |                      |                      |                      |                      |                      |                      | 37,979,877           | 40,080,565           | 39,379,808           | 40,637,548           |
| <b>Total General Fund</b>                 | <b>\$ 20,391,115</b> | <b>\$ 22,423,022</b> | <b>\$ 25,962,570</b> | <b>\$ 30,694,798</b> | <b>\$ 35,207,146</b> | <b>\$ 37,111,742</b> | <b>\$ 46,317,262</b> | <b>\$ 48,368,631</b> | <b>\$ 50,502,350</b> | <b>\$ 53,155,257</b> |
| <b>All Other Governmental Funds</b>       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Reserved                                  | \$ 1,235,280         | \$ 1,339,277         | \$ 1,428,618         | \$ 17,868,637        | \$ 11,340,917        | \$ 22,908,804        |                      |                      |                      |                      |
| Unreserved, reported in                   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Special revenue funds                     | 4,119,430            | 2,801,691            | 2,523,009            | 4,451,489            | 6,706,623            | 7,343,692            |                      |                      |                      |                      |
| Capital projects fund                     | 2,656,074            | 4,224,381            | 3,882,796            | 5,848,944            | 5,982,171            | 5,959,548            |                      |                      |                      |                      |
| Non-spendable                             |                      |                      |                      |                      |                      |                      | \$ 18,670            | \$ 18,670            |                      |                      |
| Restricted                                |                      |                      |                      |                      |                      |                      | \$ 12,151,239        | 27,722,449           | 22,548,912           | \$ 15,967,813        |
| Assigned                                  |                      |                      |                      |                      |                      |                      | 6,932,305            | 6,202,039            | 6,996,573            | 8,260,339            |
| <b>Total all other governmental funds</b> | <b>\$ 8,010,784</b>  | <b>\$ 8,365,349</b>  | <b>\$ 7,834,423</b>  | <b>\$ 28,169,070</b> | <b>\$ 24,029,711</b> | <b>\$ 36,212,044</b> | <b>\$ 19,083,544</b> | <b>\$ 33,943,158</b> | <b>\$ 29,564,155</b> | <b>\$ 24,228,152</b> |

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Notes:

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

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

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

|   | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 2004              | 2005              | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              |
| <b>Revenues</b>   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Taxes   | \$ 48,939,210     | \$ 55,433,542     | \$ 58,139,673     | \$ 61,007,196     | \$ 65,684,260     | \$ 67,581,260     | \$ 72,431,406     | \$ 75,053,455     | \$ 78,390,053     | \$ 80,009,514     |
| Interest  | 476,100           | 860,920           | 1,614,208         | 2,469,936         | 2,720,574         | 992,093           | 402,132           | 296,086           | 340,389           | 332,825           |
| Charges for services                                    | 3,767,482         | 702,918           | 831,114           | 848,145           | 895,648           | 728,156           | 583,312           | 763,085           | 1,308,643         | 1,406,782         |
| Insurance refunds                                       | 92,129            | 142,632           | 383,678           | 239,646           | 641,668           | 230,529           | 415,446           | 655,797           | 179,479           | 526,133           |
| Grants and contributions                                | 197,112           | 1,256,727         | 606,864           | 230,399           | 190,593           | 81,762            | 225,052           | 156,951           | 1,072,899         | 864,502           |
| Miscellaneous   | 82,602            | 70,635            | 181,377           | 73,987            | 47,083            | 89,484            | 104,552           | 93,638            | 222,553           | 385,023           |
| <b>Total revenues</b>                                   | <b>53,554,635</b> | <b>58,467,374</b> | <b>61,756,914</b> | <b>64,869,309</b> | <b>70,179,826</b> | <b>69,703,284</b> | <b>74,161,900</b> | <b>77,019,012</b> | <b>81,514,016</b> | <b>83,524,779</b> |
| <b>Expenditures</b>                                     |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Current:  |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Public safety   | 48,012,106        | 49,622,079        | 53,080,053        | 55,487,788        | 58,494,214        | 61,873,639        | 65,697,931        | 67,630,668        | 70,506,595        | 73,220,646        |
| Capital outlay  | 3,331,000         | 4,622,077         | 5,448,168         | 3,026,118         | 8,163,030         | 19,875,402        | 13,007,737        | 12,993,142        | 7,609,985         | 8,099,083         |
| Debt service:   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Principal   | 1,520,000         | 1,582,100         | 1,190,000         | 1,280,000         | 2,375,000         | 2,475,000         | 2,115,000         | 2,520,000         | 3,395,000         | 3,420,000         |
| Interest  | 345,908           | 287,532           | 225,450           | 170,200           | 931,892           | 841,575           | 1,798,179         | 1,738,673         | 2,520,412         | 2,419,635         |
| Total expenditures                                      | 53,209,014        | 56,113,788        | 59,943,671        | 59,964,106        | 69,964,136        | 85,065,616        | 82,618,847        | 84,882,483        | 84,031,992        | 87,159,364        |
| over (under) expenditures                               | 345,621           | 2,353,586         | 1,813,243         | 4,905,203         | 215,690           | (15,362,332)      | (8,456,947)       | (7,863,471)       | (2,517,976)       | (3,634,585)       |
| <b>Other Financing Sources (Uses)</b>                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Proceeds from debt issuance                             |                   |                   |                   | 20,000,000        |                   | 29,000,000        |                   | 23,500,000        |                   |                   |
| Premiums from debt issuance                             |                   |                   |                   |                   |                   | 362,404           |                   | 1,249,264         |                   |                   |
| Proceeds from sales of surplus property                 | 389,378           | 32,886            | 173,229           | 161,672           | 157,299           | 86,857            | 533,967           | 25,190            | 272,692           | 951,489           |
| Transfers in  | 3,488,460         | 4,002,535         | 4,090,853         | 2,604,257         | 2,704,125         | 3,205,453         | 4,641,755         | 3,185,885         | 1,200,000         | 500,000           |
| Transfers out   | (3,488,460)       | (4,002,535)       | (4,090,853)       | (2,664,257)       | (2,704,125)       | (3,205,453)       | (4,641,755)       | (3,185,885)       | (1,200,000)       | (500,000)         |
| Total other financing sources (uses)                    | 389,378           | 32,886            | 173,229           | 20,101,672        | 157,299           | 29,449,261        | 533,967           | 24,774,454        | 272,692           | 951,489           |
| Net change in fund balances                             | \$ 734,999        | \$ 2,386,472      | \$ 1,986,472      | \$ 25,006,875     | \$ 372,989        | \$ 14,086,929     | \$ (7,922,980)    | \$ 16,910,983     | \$ (2,245,284)    | \$ (2,683,096)    |
| Debt service as a percentage of noncapital expenditures | 3.74%             | 3.63%             | 2.60%             | 2.53%             | 5.29%             | 5.09%             | 5.62%             | 5.92%             | 7.74%             | 7.39%             |

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     |                                      |                       |
| 2013        | \$41,153,875,254 | \$52,242,895,589 | \$1,285,083,148   | \$1,300,882,754 | \$37,473,333         | \$49,143,750 | \$1,186,894,151  | \$1,294,538,870 | \$43,663,325,886 | \$54,887,460,963 | 79.55%                               | \$1.91                |
| 2012        | 40,033,905,433   | 53,094,082,885   | 1,242,926,832     | 1,254,219,436   | 41,878,148           | 54,190,090   | 1,205,943,990    | 1,245,624,000   | 42,524,654,403   | 55,648,116,411   | 76.42                                | 1.93                  |
| 2011        | 38,896,351,775   | 55,859,041,477   | 1,239,530,152     | 1,251,419,908   | 45,889,216           | 59,433,410   | 1,209,023,665    | 1,214,510,966   | 41,390,794,808   | 58,384,405,761   | 70.89                                | 1.88                  |
| 2010        | 37,743,268,296   | 60,010,991,508   | 1,291,172,910     | 1,302,244,097   | 54,963,237           | 62,488,050   | 1,193,592,740    | 1,194,549,230   | 40,282,997,183   | 62,570,272,885   | 64.38                                | 1.90                  |
| 2009        | 36,352,459,360   | 64,462,001,645   | 1,365,624,057     | 1,375,655,902   | 51,351,504           | 57,431,190   | 1,063,723,000    | 1,067,347,629   | 38,833,157,921   | 66,962,436,366   | 57.99                                | 1.84                  |
| 2008        | 34,641,993,583   | 62,615,731,611   | 1,280,664,739     | 1,292,853,444   | 54,128,069           | 59,845,740   | 1,020,096,190    | 1,073,993,240   | 36,996,882,581   | 65,042,424,035   | 56.88                                | 1.87                  |
| 2007        | 32,870,751,582   | 55,887,171,646   | 1,209,328,395     | 1,215,420,705   | 66,468,302           | 71,311,755   | 969,696,390      | 977,289,297     | 35,116,244,669   | 58,151,193,403   | 60.39                                | 1.82                  |
| 2006        | 31,203,991,728   | 45,563,141,842   | 1,175,706,594     | 1,184,110,910   | 70,563,327           | 74,439,919   | 927,989,770      | 929,254,187     | 33,378,251,419   | 47,750,946,858   | 69.90                                | 1.82                  |
| 2005        | 28,848,716,198   | 40,772,439,891   | 1,165,078,033     | 1,183,135,033   | 74,672,926           | 79,567,132   | 901,881,166      | 916,813,830     | 30,990,348,323   | 42,951,955,886   | 72.15                                | 1.83                  |
| 2004        | 25,418,465,223   | 35,783,324,752   | 1,155,357,494     | 1,177,160,244   | 75,064,755           | 79,974,937   | 884,130,333      | 900,479,073     | 27,533,017,805   | 37,940,939,006   | 72.57                                | 1.83                  |

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

|   | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | \$ 11.51        | \$ 12.09        | \$ 11.96        | \$ 11.21        | \$ 12.37        | \$ 12.11        | \$ 12.61        | \$ 12.51        | \$ 12.59        | \$ 12.55        |
| <b>Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value</b> | <b>\$ 21.65</b> | <b>\$ 20.09</b> | <b>\$ 21.35</b> | <b>\$ 20.11</b> | <b>\$ 20.55</b> | <b>\$ 20.96</b> | <b>\$ 21.97</b> | <b>\$ 19.10</b> | <b>\$ 19.59</b> | <b>\$ 19.72</b> |
| Tualatin Valley Fire and Rescue   | \$ 1.83         | \$ 1.83         | \$ 1.82         | \$ 1.82         | \$ 1.87         | \$ 1.84         | \$ 1.89         | \$ 1.88         | \$ 1.93         | \$ 1.91         |
| Washington County   | 2.90            | 2.87            | 2.84            | 2.45            | 3.03            | 2.98            | 2.98            | 2.98            | 2.97            | 2.97            |
| Hillsboro School District   | 6.67            | 6.60            | 6.58            | 6.52            | 8.06            | 7.10            | 7.46            | 7.58            | 7.47            | 7.50            |
| Portland School District  | 7.12            | 7.18            | 4.77            | 5.28            | 6.53            | 6.53            | 6.53            | 6.53            | 7.27            | 7.27            |
| Beaverton School District   | 8.01            | 6.60            | 7.98            | 6.29            | 6.74            | 6.56            | 6.88            | 6.78            | 6.86            | 6.77            |
| West Linn / Wilsonville School District   | 9.28            | 9.18            | 7.90            | 9.31            | 7.57            | 9.05            | 9.18            | 9.34            | 9.36            | 9.38            |
| Newberg School District   | 8.82            | 8.21            | 8.17            | 8.27            | 8.55            | 8.30            | 8.24            | 8.33            | 7.46            | 7.44            |
| Tigard-Tualatin School District   | 7.88            | 7.79            | 6.98            | 6.90            | 6.86            | 7.71            | 7.68            | 7.37            | 7.85            | 7.41            |
| City of Beaverton   | 3.97            | 4.10            | 4.01            | 4.21            | 4.18            | 4.12            | 4.20            | 4.20            | 4.83            | 4.24            |
| City of Tigard  | 2.68            | 2.70            | 2.72            | 2.73            | 2.74            | 2.68            | 2.72            | 2.72            | 3.80            | 2.94            |
| City of Durham  | 1.96            | 1.94            | 1.86            | 1.83            | 1.81            | 1.82            | 1.83            | 1.81            | 1.82            | 1.84            |
| City of King City   | 1.93            | 1.53            | 1.94            | 1.94            | 1.94            | 1.94            | 1.94            | 2.08            | 2.08            | 2.08            |
| Portland Community College  | 0.51            | 0.51            | 0.50            | 0.49            | 0.51            | 0.50            | 0.63            | 0.64            | 0.60            | 0.67            |
| 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 Parks & Recreation   | 1.46            | 1.46            | 1.45            | 1.44            | 1.43            | 1.43            | 1.73            | 1.74            | 1.74            | 1.73            |
| Enhanced Sheriff Patrol   | 1.17            | 1.14            | 1.12            | 1.11            | 1.09            | 1.31            | 1.28            | 1.27            | 1.25            | 1.23            |
| Clackamas ESD   | 0.37            | 0.36            | 0.37            | 0.37            | 0.37            | 0.37            | 0.37            | 0.37            | 0.37            | 0.37            |
| Multnomah ESD   | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            | 0.46            |
| N.W. Regional ESD   | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            | 0.15            |
| Clackamas County  | 2.40            | 2.82            | 2.40            | 2.87            | 2.40            | 2.85            | 2.86            | 2.98            | 3.22            | 2.86            |
| Clackamas Community College   | 0.54            | 0.54            | 0.54            | 2.40            | 0.55            | 0.55            | 0.74            | 0.72            | 0.70            | 0.70            |
| Lake Oswego School District   | 6.90            | 7.11            | 7.32            | 7.04            | 6.85            | 7.15            | 7.16            | 6.90            | 6.85            | 6.85            |
| Canby School District   | 4.58            | 6.54            | 7.11            | 4.58            | 4.58            | 6.63            | 6.91            | 6.88            | 4.58            | 6.74            |
| Sherwood School District  | 7.33            | 7.30            | 6.94            | 7.07            | 8.92            | 8.80            | 8.92            | 8.88            | 9.84            | 8.82            |
| City of Sherwood  | 4.20            | 4.19            | 3.89            | 3.78            | 3.72            | 3.54            | 3.56            | 4.00            | 3.96            | 3.48            |
| City of Tualatin  | 2.01            | 2.01            | 2.14            | 2.13            | 2.26            | 2.15            | 2.18            | 2.53            | 2.56            | 2.56            |
| City of Wilsonville   | 2.36            | 2.42            | 2.37            | 2.32            | 2.25            | 2.20            | 2.17            | 2.69            | 2.69            | 2.12            |
| City of Wilsonville Urban Renewal   | 0.73            | 2.65            | 0.73            | 0.69            | 0.79            | 0.86            | 2.42            | 2.23            | 2.98            | 3.41            |
| City of West Linn   |                 |                 | 3.03            | 2.88            | 2.12            | 2.12            | 2.45            | 2.45            | 2.42            | 2.56            |

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)

|                             | 2013                |   |   | 2004                |   |   |
|-----------------------------|---------------------|---|---|---------------------|---|---|
|                             | Rank <sup>(1)</sup> | Taxable<br>Assessed<br>Value <sup>(2)</sup> | Percentage of<br>Total Taxable<br>Assessed<br>Valuation | Rank <sup>(1)</sup> | Taxable<br>Assessed<br>Value <sup>(2)</sup> | Percentage of<br>Total Taxable<br>Assessed<br>Valuation |
|                             |                     |   |   |                     |   |   |
| <b>Private enterprises:</b> |                     |   |   |                     |   |   |
| Intel Corporation           | 1                   | \$ 1,317,485                                | 2.67 %  | 1                   | \$ 1,057,565                                | 3.12 %  |
| Nike, Inc.                  | 2                   | 458,135                                     | 0.93  | 3                   | 335,105                                     | 0.99  |
| Pacific Realty Associates   | 4                   | 301,554                                     | 0.61  | 4                   | 207,439                                     | 0.61  |
| Comcast Corporation         | 6                   | 247,209                                     | 0.50  |                     |   |   |
| Frontier Communications     | 7                   | 250,268                                     | 0.51  |                     |   |   |
| Fred Meyer Stores, Inc.     | 8                   | 149,533                                     | 0.30  |                     |   |   |
| Maxim Integrated Products   | 9                   | 142,777                                     | 0.29  | 10                  | 119,073                                     | 0.35  |
| PS Business Parks LP        | 10                  | 112,151                                     | 0.23  | 5                   | 140,896                                     | 0.42  |
| Verizon Northwest, Inc.     |                     |   |   | 2                   | 361,026                                     | 1.07  |
| Novellus Systems, Inc.      |                     |   |   | 8                   | 125,487                                     | 0.37  |
| Tektronix, Inc.             |                     |   |   | 9                   | 121,924                                     | 0.36  |
| <b>Public utilities:</b>    |                     |   |   |                     |   |   |
| Portland General Electric   | 3                   | 430,133                                     | 0.87  | 4                   | 309,602                                     | 0.91  |
| Northwest Natural Gas Co    | 5                   | 303,517                                     | 0.61  | 6                   | 199,792                                     | 0.59  |
| All other taxpayers         |                     | 45,642,899                                  | 92.48   |                     | 30,864,521                                  | 92.21   |
| Total                       |                     | \$ 49,355,660                               | 100.00 %  |                     | \$ 33,842,430                               | 100.00 %  |

Source: Washington County Department of Assessment and Taxation

<sup>(1)</sup> Ranked by "Levied Taxes" in Washington County in its entirety.

<sup>(2)</sup> Data presented is for Washington County only. The District also levies taxes in portions of Multnomah and Clackamas counties.

Tualatin Valley Fire and Rescue  
Property Tax Levies and Collections  
Last Ten Fiscal Years

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percent of Levy Collected | Cancellations, Discounts and Adjustments | Delinquent Tax Collections | Total Tax Collections | Percent of Total Tax Collections to Tax Levy |
|-------------|----------------|-------------------------|---------------------------|--|----------------------------|-----------------------|--|
| 2013        | \$ 82,413,293  | \$ 78,548,654           | 95.31 %                   | \$ (2,010,473)                           |                            | \$ 78,548,654         | 95.31 %                                      |
| 2012        | 81,106,617     | 76,988,839              | 94.92                     | (1,986,573)                              | \$ 1,159,810               | 78,148,649            | 96.35  |
| 2011        | 76,954,903     | 72,714,192              | 94.49                     | (2,307,702)                              | 1,259,683                  | 73,973,875            | 96.13  |
| 2010        | 74,662,973     | 70,399,625              | 94.29                     | (2,058,674)                              | 1,805,142                  | 72,204,767            | 96.71  |
| 2009        | 70,168,538     | 66,017,433              | 94.08                     | (1,857,237)                              | 2,247,284                  | 68,264,717            | 97.29  |
| 2008        | 67,886,825     | 64,345,840              | 94.78                     | (1,772,410)                              | 1,746,783                  | 66,092,623            | 97.36  |
| 2007        | 62,860,513     | 59,799,046              | 95.13                     | (1,686,012)                              | 1,332,827 <sup>(1)</sup>   | 61,131,873            | 97.25  |
| 2006        | 59,783,920     | 56,844,054              | 95.08                     | (1,735,903)                              | 1,203,963 <sup>(1)</sup>   | 58,048,017            | 97.10  |
| 2005        | 56,843,613     | 53,918,038              | 94.85                     | (1,640,169)                              | 1,285,406 <sup>(1)</sup>   | 56,808,180            | 99.94  |
| 2004        | 50,483,968     | 47,697,565              | 94.48                     | (1,517,683)                              | 1,268,720 <sup>(1)</sup>   | 50,454,983            | 99.94  |

Source: District financial statements, current and prior years

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

Tualatin Valley Fire and Rescue  
**Ratio of Net General Bonded Debt to Assessed Value  
 and Net General Bonded Debt Per Capita**  
 Last Ten Fiscal Years

| Fiscal Year | Assessed Value (in thousands) <sup>(1)</sup> | Gross Bonded Debt | Debt Service Monies Available | Net General Bonded Debt | Ratio of Net General Bonded Debt to Assessed Value | Net General Bonded Debt Per Capita <sup>(2)</sup> | Percentage of Personal Income <sup>(2)</sup> |
|-------------|--|-------------------|-------------------------------|-------------------------|--|---|--|
| 2013        | \$ 43,663,326                                | \$ 59,050,000     | \$ 1,606,709                  | \$ 57,443,291           | 0.13 %   | \$ 126  | 0.30   |
| 2012        | 42,524,654                                   | 62,470,000        | 1,604,149                     | 60,865,851              | 0.14   | 138   | 0.34   |
| 2011        | 41,390,795                                   | 65,865,000        | 1,240,387                     | 64,624,613              | 0.16   | 148   | 0.38   |
| 2010        | 40,282,997                                   | 44,885,000        | 1,207,841                     | 43,677,159              | 0.11   | 99  | 0.25   |
| 2009        | 38,833,158                                   | 47,000,000        | 544,418                       | 46,455,582              | 0.12   | 105   | 0.29   |
| 2008        | 36,996,882                                   | 20,475,000        | 1,321,652                     | 19,153,348              | 0.05   | 44  | 0.13   |
| 2007        | 35,116,244                                   | 22,850,000        | 1,273,796                     | 21,576,204              | 0.06   | 50  | 0.15   |
| 2006        | 33,378,251                                   | 4,130,000         | 1,165,747                     | 2,964,253               | 0.01   | 7   | 0.02   |
| 2005        | 30,990,348                                   | 5,320,000         | 1,031,033                     | 4,288,967               | 0.01   | 10  | 0.03   |
| 2004        | 27,533,018                                   | 6,902,100         | 867,007                       | 6,035,093               | 0.02   | 14  | 0.05   |

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Sources:

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

<sup>(2)</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

Tualatin Valley Fire and Rescue  
**Computation of Overlapping Net Direct Debt**  
June 30, 2013

| Jurisdiction                                   | Net Direct<br>Debt<br>Outstanding <sup>(1)</sup> | Percentage<br>Applicable<br>to District | Amount<br>Applicable<br>to District |
|--|--|---|-------------------------------------|
| City of Durham                                 | \$ 1,035,000                                     | 99.99 %                                 | \$ 1,034,876                        |
| City of Hillsboro                              | 36,330,000                                       | 0.16                                    | 58,709                              |
| City of Sherwood                               | 5,423,939  | 99.97                                   | 5,422,518                           |
| City of Tigard                                 | 28,805,000                                       | 100.00                                  | 28,804,078                          |
| City of Tualatin                               | 8,005,000  | 99.99                                   | 8,004,312                           |
| City of West Linn                              | 19,415,000                                       | 100.00                                  | 19,415,000                          |
| Clackamas Community College                    | 27,365,000                                       | 25.07                                   | 6,860,597                           |
| Clackamas County                               | 108,260,000                                      | 18.97                                   | 20,535,082                          |
| Clackamas County ESD                           | 2,093,395  | 18.33                                   | 383,776                             |
| Clackamas County SD 3J (West Linn/Wilsonville) | 198,367,238                                      | 100.00                                  | 198,366,841                         |
| Clackamas County SD 7J (Lake Oswego)           | 102,979,109                                      | 5.81                                    | 5,985,043                           |
| Clackamas County SD 86 (Canby)                 | 82,430,881                                       | 14.13                                   | 11,647,896                          |
| Columbia County SD 1J (Scappoose)              | 31,505,000                                       | 0.20                                    | 62,317                              |
| Metro Service District                         | 248,275,000                                      | 28.58                                   | 70,959,478                          |
| Multnomah County                               | 201,275,000                                      | 0.96                                    | 1,933,850                           |
| Multnomah County SD 1J (Portland)              | 587,997,948                                      | 1.51                                    | 8,849,957                           |
| Portland Community College                     | 176,450,000                                      | 31.17                                   | 54,994,348                          |
| Tualatin Hills Park & Recreation District      | 101,682,100                                      | 98.77                                   | 100,432,834                         |
| Washington County                              | 26,765,000                                       | 72.73                                   | 19,467,175                          |
| Washington County SD 1J (Hillsboro)            | 297,468,096                                      | 12.57                                   | 37,382,518                          |
| Washington County SD 23J (Tigard-Tualatin)     | 122,453,239                                      | 99.90                                   | 122,333,969                         |
| Washington County SD 48J (Beaverton)           | 450,175,000                                      | 95.19                                   | 428,504,026                         |
| Washington County SD 88J (Sherwood)            | 115,473,374                                      | 99.22                                   | 114,569,679                         |
| Willamette ESD                                 | 1,625,000  | 0.42                                    | 6,840                               |
| Yamhill County SD 29J (Newberg)                | 79,309,811                                       | 4.46                                    | 3,540,787                           |
| Subtotal overlapping debt                      |  |   | 1,269,556,506                       |
| District direct debt                           |  |   | 60,449,048                          |
| Total direct and overlapping debt              |  |   | \$ 1,330,005,554                    |

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: Oregon State Treasury, Debt Management Division

Tualatin Valley Fire and Rescue  
**Legal Debt Margin Information**  
June 30, 2013

|  |                   |
|--|-------------------|
| Real market value of District property                             | \$ 54,887,460,963 |
| Debt limit under ORS 478.410(2) - (1.25% of the real market value) | 686,093,262       |
| Amount of debt applicable to debt limit:                           |                   |
| Gross bonded debt outstanding                                      | \$ 59,050,000     |
| Assets in Debt Service Fund available for debt service             | 1,606,709         |
| Total amount of debt applicable to debt limit                      | 57,443,291        |
| Legal debt margin  | \$628,649,971     |

Total net debt applicable to the limit as a percentage of debt limit 8.37%

|  | 2004           | 2005           | 2006           | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Debt Limit   | \$ 474,261,738 | \$ 536,899,449 | \$ 596,886,836 | \$ 726,889,918 | \$ 813,030,300 | \$ 837,030,455 | \$ 782,128,411 | \$ 729,805,072 | \$ 695,601,455 | \$ 686,093,262 |
| Total net debt applicable to limit                                   | 6,035,093      | 4,288,967      | 2,964,253      | 21,576,204     | 19,153,348     | 46,982,500     | 43,644,613     | 64,624,613     | 60,865,851     | 57,443,291     |
| Legal debt margin  | \$ 468,226,645 | \$ 532,610,482 | \$ 593,922,583 | \$ 705,313,714 | \$ 793,876,952 | \$ 790,047,955 | \$ 738,483,798 | \$ 665,180,459 | \$ 634,735,604 | \$ 628,649,971 |
| Total net debt applicable to the limit as a percentage of debt limit | 1.27%          | 0.80%          | 0.50%          | 2.97%          | 2.36%          | 5.61%          | 5.58%          | 8.86%          | 8.75%          | 8.37%          |

Source: District financial statements 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 <sup>(2)</sup><br>(Washington County) | Total Personal Income <sup>(2)</sup><br>(Washington County)<br><i>(in thousands)</i> | School Enrollment <sup>(3)</sup><br>(Washington County) | Unemployment Rate <sup>(4)</sup><br>(Washington County) |
|-------------|---------------------------|---|--|---|---|
| 2013        | 454,223                   | \$ 42,639   | \$ 19,367,617  | 57,147  | 6.60%   |
| 2012        | 440,603                   | \$ 40,606   | \$ 17,891,110  | 56,410  | 6.90  |
| 2011        | 436,154                   | \$ 39,465   | \$ 17,212,812  | 56,768  | 7.70  |
| 2010        | 431,750                   | \$ 40,188   | \$ 17,351,169  | 55,672  | 9.15  |
| 2009        | 427,346                   | \$ 39,660   | \$ 16,948,548  | 54,519  | 7.68  |
| 2008        | 422,987                   | \$ 37,969   | \$ 16,060,402  | 54,480  | 4.42  |
| 2007        | 418,673                   | \$ 35,991   | \$ 15,068,451  | 53,824  | 4.30  |
| 2006        | 414,402                   | \$ 34,298   | \$ 14,213,170  | 52,884  | 4.73  |
| 2005        | 410,175                   | \$ 33,301   | \$ 13,659,250  | 52,034  | 5.63  |
| 2004        | 405,992                   | \$ 32,706   | \$ 13,278,361  | 50,822  | 6.85  |

<sup>(1)</sup> US Census

<sup>(2)</sup> Worksource Oregon Employment Department

<sup>(3)</sup> Oregon Department of Education

<sup>(4)</sup> Bureau of Labor Statistics

## Tualatin Valley Fire and Rescue

## Major Employment Industries

Current Year and Nine Years Ago

|  | 2013           |             | 2004           |             |
|--|----------------|-------------|----------------|-------------|
|  | Fiscal Average | % of Total  | Fiscal Average | % of Total  |
| Natural Resources & Mining                 | 2,380          | 1%          | 3,727          | 2%          |
| Construction                               | 9,051          | 5%          | 12,483         | 6%          |
| Manufacturing                              |                |             |                |             |
| Wood products                              | 774            |             | 1,615          |             |
| Fabricated metal products                  | 2,208          |             | 2,508          |             |
| Food                                       | 1,214          |             | 1,708          |             |
| Plastics and rubber products               | 1,215          |             | 1,843          |             |
| Computer Products                          | 20,125         |             | 25,535         |             |
| Machinery                                  | 2,743          |             | 3,457          |             |
| Other                                      | 4,764          |             | 7,719          |             |
| Total Manufacturing                        | 33,041         | 18%         | 44,384         | 20%         |
| Trade, Transportation, and Utilities       |                |             |                |             |
| Wholesale                                  | 12,078         |             | 15,986         |             |
| Retail                                     | 21,614         |             | 26,281         |             |
| Transportation, warehousing, and utilities | 2,876          |             | 4,835          |             |
| Total Trade, Transportation, and Utilities | 36,567         | 19%         | 47,102         | 21%         |
| Information                                |                |             |                |             |
| Publishing                                 | 2,392          |             | 3,621          |             |
| Telecommunications                         | 1,657          |             | 1,942          |             |
| Other (broadcasting, ISPs, etc.)           | 1,729          |             | 1,165          |             |
| Total Information                          | 5,778          | 3%          | 6,728          | 3%          |
| Financial Activities                       |                |             |                |             |
| Finance and insurance                      | 8,381          |             | 9,229          |             |
| Real estate                                | 2,275          |             | 3,518          |             |
| Total Financial Activities                 | 10,656         | 6%          | 12,747         | 6%          |
| Professional & Business Services           | 30,774         | 16%         | 29,116         | 13%         |
| Education                                  | 3,777          | 2%          | 3,812          | 2%          |
| Health & Social Assistance                 | 18,545         | 10%         | 17,070         | 8%          |
| Leisure & Hospitality                      | 15,599         | 8%          | 17,646         | 8%          |
| Other Services                             | 5,976          | 3%          | 7,434          | 3%          |
| Private Non-Classified                     | 108            | 0%          | 101            | 0%          |
| Total All Government                       | 15,842         | 8%          | 17,271         | 8%          |
| Total Employment                           | <b>188,091</b> | <b>100%</b> | <b>219,620</b> | <b>100%</b> |

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

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

| Function                     | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Fire and Rescue Service      | 300        | 302        | 298        | 301        | 305        | 307        | 319        | 325        | 330        | 340        |
| Fire Prevention and Training | 43         | 42         | 40         | 41         | 40         | 43         | 37         | 25         | 22         | 23         |
| Administrative and Support   | 60         | 59         | 65         | 64         | 67         | 67         | 76         | 93         | 89         | 92         |
| <b>Total</b>                 | <b>403</b> | <b>403</b> | <b>403</b> | <b>406</b> | <b>412</b> | <b>417</b> | <b>432</b> | <b>443</b> | <b>441</b> | <b>455</b> |

Source: Tualatin Valley Fire & Rescue Human Resources records.

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

| Function   | 2004   | 2005   | 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013 est. |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| Public Safety  |        |        |        |        |        |        |        |        |        |           |
| Fire Prevention Inspections                                      | 4,813  | 4,452  | 4,818  | 8,605  | 6,802  | 6,704  | 7,729  | 4,731  | 3,957  | 5,600     |
| Emergency Medical Service Calls*                                 | 22,730 | 23,347 | 24,650 | 25,262 | 25,381 | 24,092 | 24,671 | 25,539 | 27,118 | 28,589    |
| Fire Responses*  | 4,797  | 4,758  | 5,121  | 4,605  | 4,527  | 4,079  | 3,564  | 3,293  | 3,282  | 3,630     |
| Other Responses - including hazardous condition, public service* | 2,502  | 2,058  | 2,433  | 2,020  | 2,019  | 2,114  | 1,883  | 1,898  | 2,155  | 2,349     |
| Miscellaneous - including good intent*                           | 248    | 182    | 204    | 215    | 166    | 224    | 266    | 154    | 271    | 329       |

\* Statistics are based on *Dispatch Call Type*

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

Source: Tualatin Valley Fire & Rescue Planning and Integrated Operations records.

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

| Function                  | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---------------------------|------|------|------|------|------|------|------|------|------|------|
| Public Safety             |      |      |      |      |      |      |      |      |      |      |
| Number of Stations        | 22   | 22   | 22   | 22   | 22   | 23   | 23   | 23   | 21   | 21   |
| Equipment: <sup>(1)</sup> |      |      |      |      |      |      |      |      |      |      |
| Aerial/Truck/Platform     |      |      | 4    | 4    | 4    | 5    | 5    | 5    | 3    | 4    |
| Antique Fire Equipment    |      |      | 3    | 3    | 3    | 3    | 3    | 3    | 2    | 3    |
| Brush Rig                 |      |      | 8    | 8    | 8    | 9    | 9    | 9    | 8    | 9    |
| Cars                      |      |      |      |      |      |      | 4    | 4    | 4    | 4    |
| Elevated Waterway         |      |      | 3    | 4    | 4    | 4    | 3    | 3    | 3    | 3    |
| HazMat                    |      |      | 3    | 3    | 3    | 3    | 3    | 3    | 5    | 5    |
| Medic Unit                |      |      |      |      |      | 3    | 4    | 4    | 3    | 4    |
| Mobile Command Unit       |      |      | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Pumper/Engine             |      |      | 33   | 31   | 37   | 35   | 30   | 30   | 30   | 30   |
| Rehab Unit                |      |      |      |      |      | 2    | 2    | 4    | 3    | 2    |
| Rescue                    |      |      | 8    | 5    | 5    |      |      |      |      |      |
| Squad/Rescue              |      |      | 4    | 5    | 7    |      |      |      |      |      |
| Technical Rescue          |      |      | 6    | 6    | 6    | 4    | 6    | 6    | 7    | 7    |
| Water Tender              |      |      | 8    | 7    | 7    | 7    | 7    | 7    | 6    | 9    |
| Engines                   | 36   | 36   |      |      |      |      |      |      |      |      |
| Ladder Trucks             | 3    | 4    |      |      |      |      |      |      |      |      |
| Brush Rigs                | 8    | 8    |      |      |      |      |      |      |      |      |
| Tenders                   | 7    | 6    |      |      |      |      |      |      |      |      |
| Hazmat Squad              | 1    | 1    |      |      |      |      |      |      |      |      |
| Squad/Support Units       | 11   | 13   |      |      |      |      |      |      |      |      |
| Technical Rescue          | 1    | 1    |      |      |      |      |      |      |      |      |
| Heavy Squad               |      |      |      |      |      |      |      |      |      |      |
| Muster Vehicles           | 4    | 4    |      |      |      |      |      |      |      |      |

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

Source: Tualatin Valley Fire & Rescue Fleet Department records.

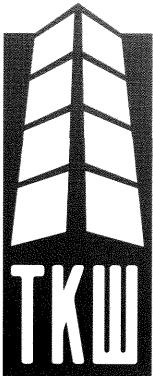


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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS**

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

October 18, 2013

Board of Directors  
Tualatin Valley Fire and Rescue  
Tigard, Oregon

**Talbot, Korvolta  
& Warwick, LLP**

Certified Public Accountants  
& Consultants

4800 Meadows Road, Suite 200  
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We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tualatin Valley Fire and Rescue, Tigard, Oregon, (the District) as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2013. We conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed the procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

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

Page 2

**COMPLIANCE (Continued)**

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

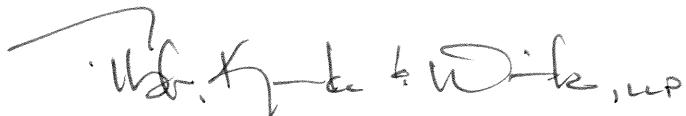
**OAR 162-10-230 INTERNAL CONTROL**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements in accordance with *Government Auditing Standards*, dated October 18, 2013, is presented under separate cover.

**RESTRICTIONS ON USE**

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



Certified Public Accountants