



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





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.

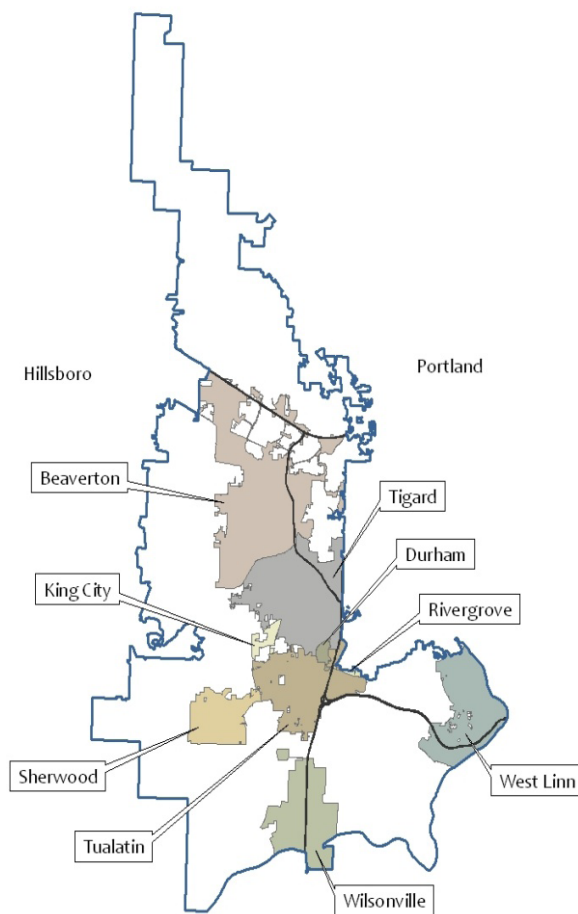
State of Oregon Revised Statutes, ORS 297.405 to 297.555, require an annual audit of the fiscal affairs of the District by independent public accountants selected by the Board of Directors. This requirement has been complied with and the auditor's opinion has been included at the front of the financial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

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 pumps, 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.

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

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

The District serves a population of an estimated 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

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Comprehensive Annual Financial Report
Letter of Transmittal

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

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increases, 2.2 and 2.0 percent, respectively, exceeding the national rate of 1.9 percent. ⁽¹⁾ 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. ⁽¹⁾ ⁽²⁾ 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). ⁽²⁾

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.⁽³⁾ 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.

(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

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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.⁽¹⁾ 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.⁽¹⁾ Nike's world headquarters complex houses 7,000 employees in office buildings bordering a seven-acre man-made lake and five acres of wetlands. ⁽¹⁾ 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. ⁽²⁾

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.

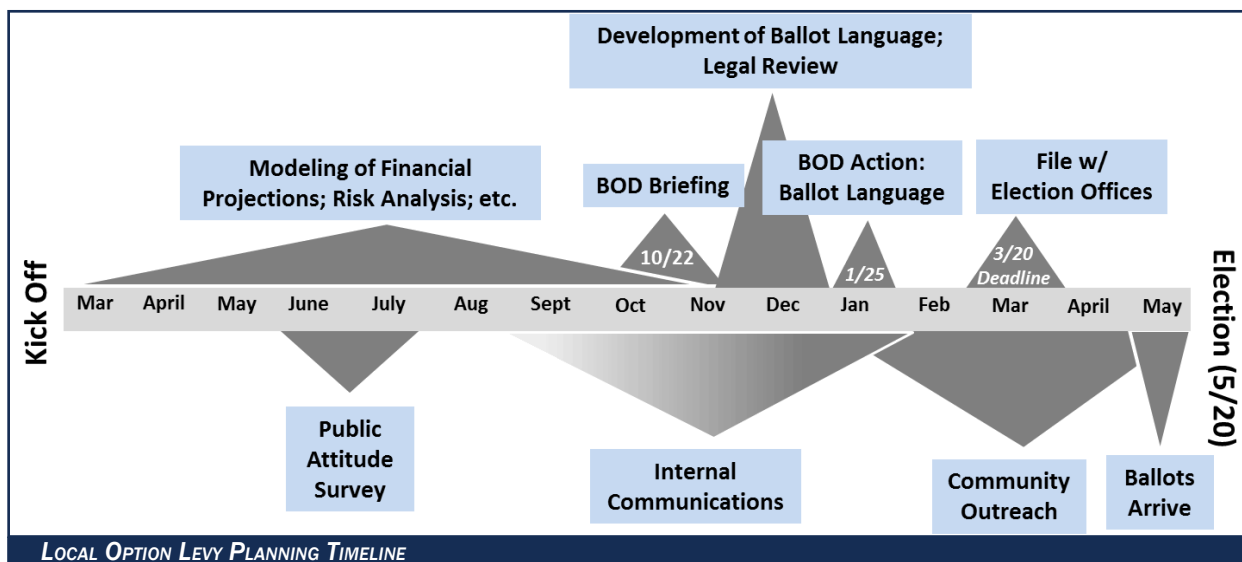
(1) Portland Business Journal, Book of Lists, December 21, 2012

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

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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.



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Comprehensive Annual Financial Report
Letter of Transmittal

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 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
Letter of Transmittal

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.

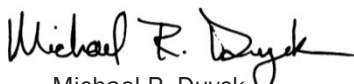
In addition, the District also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the budget year ended June 30, 2013. In order to qualify for the Distinguished Budget Presentation Award, the District's budget document was judged to be proficient in 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, reading "Jeffrey R. Emer", is located below the date.

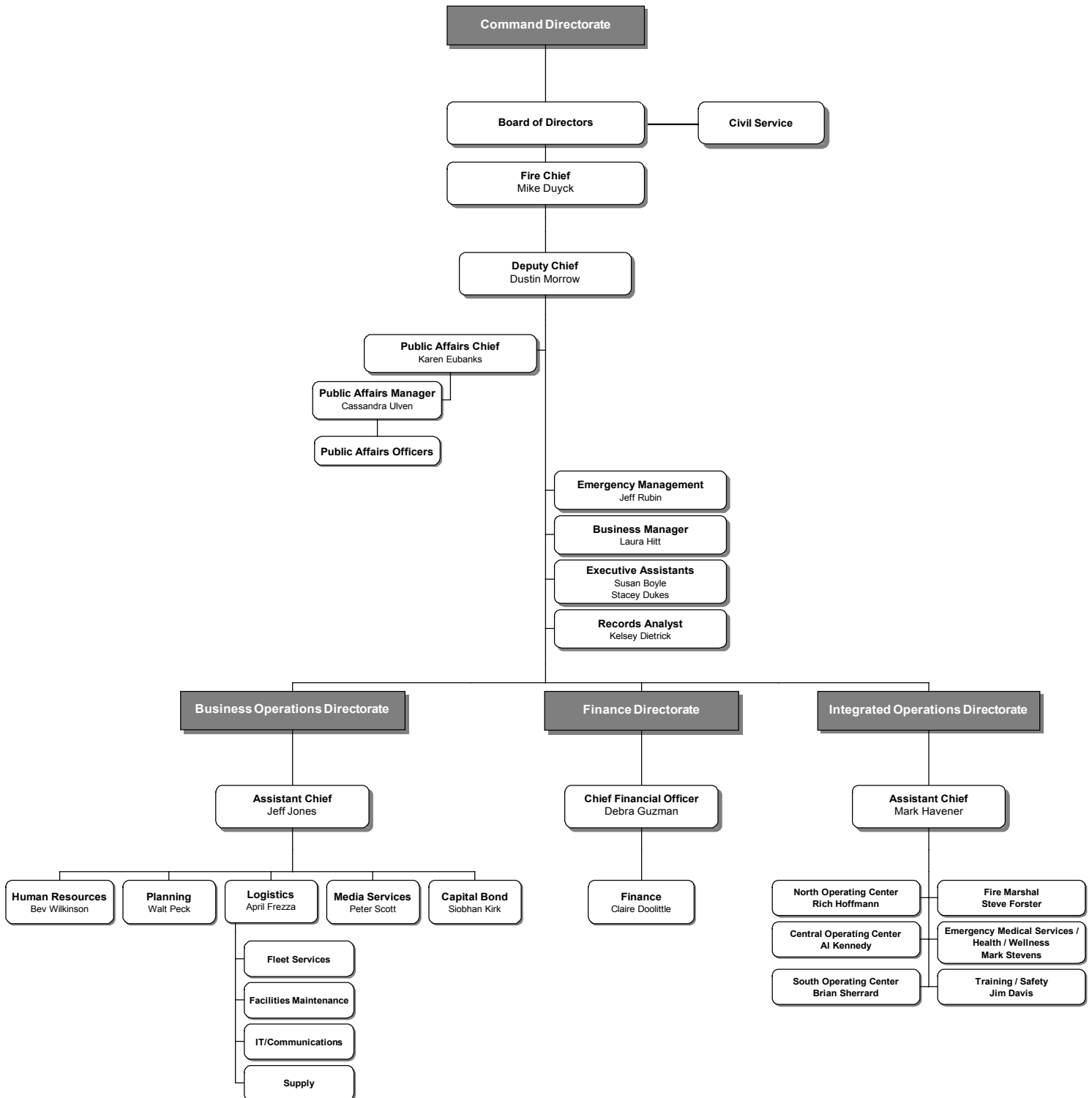
Executive Director/CEO

GFOA AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to Tualatin Valley Fire and Rescue, A Rural Fire Protection District, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012.

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



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

Board of Directors

President



Robert C. Wyffels
Term Ends:
June 30, 2017

Vice President



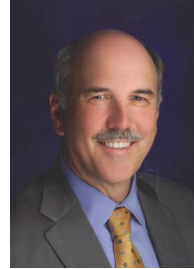
Randy J. Lauer
Term Ends:
June 30, 2015

Secretary/Treasurer



Gordon L. Hovies
Term Ends:
June 30, 2017

Board Member



Clark I. Balfour
Term Ends:
June 30, 2017

Board Member



Brian J. Clopton
Term Ends:
June 30, 2015

Budget Committee

Member

Term Ends

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

Administrative Offices

11945 SW 70th Avenue
Tigard, OR 97223

Registered Agent

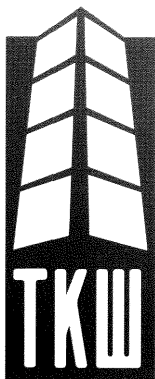
Michael R. Duyck
Fire Chief

Legal Counsel

Jordan Ramis PC

FINANCIAL SECTION





**Talbot, Korvola
& Warwick, LLP**

Certified Public Accountants
& Consultants

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INDEPENDENT AUDITOR'S REPORT

October 18, 2013

Board of Directors
Tualatin Valley Fire and Rescue
Tigard, Oregon

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)

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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

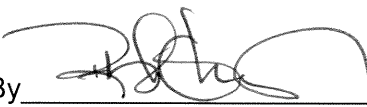
In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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



MANAGEMENT'S DISCUSSION AND ANALYSIS



Management's Discussion and Analysis

June 30, 2013

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

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

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

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.

Net Position	Governmental Activities		Increase (Decrease) from Fiscal 2012
	2013	2012	
Current and other assets	\$ 90,991,605	\$ 92,248,106	\$ (1,256,501)
Capital assets	76,280,759	73,007,397	3,273,362
<i>Total assets</i>	<u>167,272,364</u>	<u>165,255,503</u>	<u>2,016,861</u>
Current liabilities	17,753,764	15,706,249	2,047,515
Long-term debt	58,976,371	62,762,442	(3,786,071)
<i>Total liabilities</i>	<u>76,730,135</u>	<u>78,468,691</u>	<u>(1,738,556)</u>
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
<i>Total net position</i>	<u>\$ 90,542,229</u>	<u>\$ 86,786,812</u>	<u>\$ 3,755,417</u>

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

Management's Discussion and Analysis

June 30, 2013

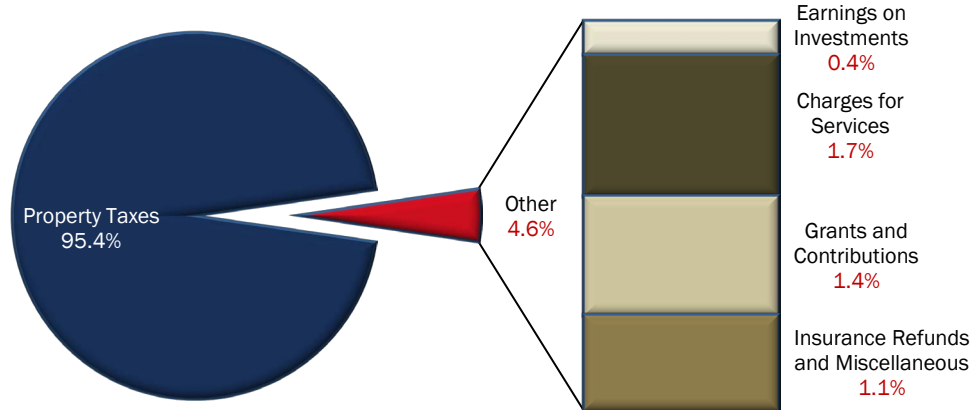
\$551,000 that also increased the net position. Expenses for public safety increased by two percent, reflecting personnel cost increases in wages and benefits and additional depreciation. Expenses were managed to ensure that net position as of year-end increased proportionately to the cost of annual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

Changes in Net Position	Governmental Activities		Increase (Decrease) from Fiscal 2012
	2013	2012	
Revenues			
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
<i>Total revenues</i>	<u>84,213,414</u>	<u>82,517,543</u>	<u>1,695,871</u>
Expenditures/expenses			
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)
<i>Total expenses</i>	<u>80,457,997</u>	<u>78,855,586</u>	<u>1,602,411</u>
<i>Change in net position</i>	3,755,417	3,661,957	93,460
Net position - July 1	86,786,812	83,124,855	3,661,957
Net position - June 30	<u>\$ 90,542,229</u>	<u>\$ 86,786,812</u>	<u>\$ 3,755,417</u>

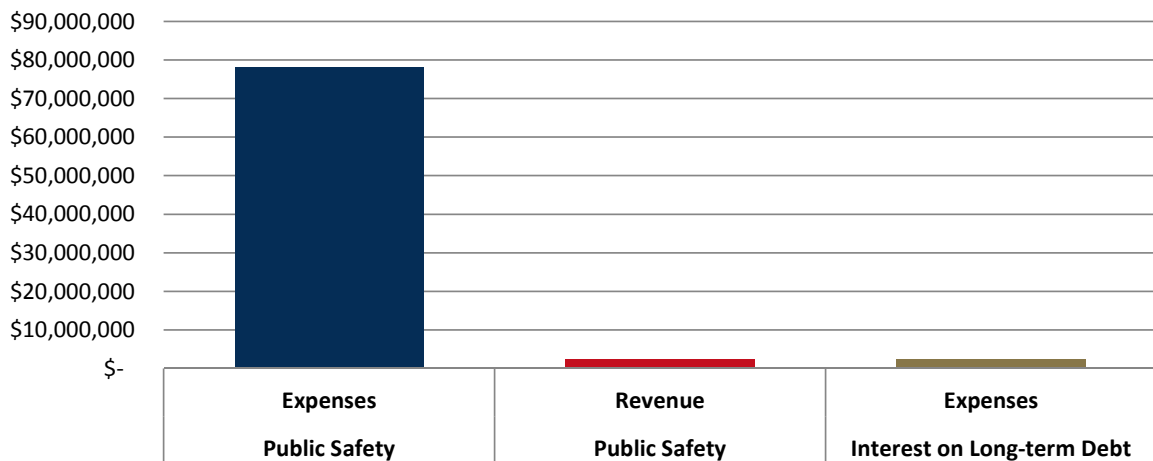
Management's Discussion and Analysis

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

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:

Capital Assets (net of depreciation)	Governmental Activities		Increase (Decrease) from 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
Total	<u>\$ 76,280,759</u>	<u>\$ 73,007,397</u>	<u>\$ 3,273,362</u>

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

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.

BASIC FINANCIAL STATEMENTS

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
Assets						
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
Liabilities and Fund Balances						
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)	
Total liabilities and fund balances	<u>\$ 63,501,552</u>	<u>\$ 15,139,325</u>	<u>\$ 10,279,803</u>	<u>\$ 88,920,680</u>		
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						<u>\$ 90,542,229</u>

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
Revenues						
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	76,592,677	201,065	6,731,037	83,524,779	688,635	84,213,414
Expenditures/expenses						
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	73,469,374	6,861,942	6,828,048	87,159,364	(6,701,367)	80,457,997
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
Other Financing Sources (Uses)						
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)	(470,396)		1,421,885	951,489	(951,489)	
Net change in fund balances/net position	2,652,907	(6,660,877)	1,324,874	(2,683,096)	\$ 6,438,513	3,755,417
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	\$ 53,155,257	\$ 14,211,991	\$ 10,016,161	\$ 77,383,409		\$ 90,542,229

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

General Fund**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**

For the Year Ended June 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
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>
Expenditures				
Current:				
Public Safety				
Command Directorate:				
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
Total Command Directorate	<u>3,044,678</u>	<u>3,158,878</u>	<u>2,941,130</u>	<u>217,748</u>
Integrated Operations Directorate:				
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
Total Integrated Operations Directorate	<u>62,238,694</u>	<u>62,245,394</u>	<u>57,339,055</u>	<u>4,906,339</u>
Finance Directorate:				
Personnel services	1,196,744	1,254,744	1,177,593	77,151
Materials and services	457,848	457,848	405,209	52,639
Total Finance Directorate	<u>1,654,592</u>	<u>1,712,592</u>	<u>1,582,802</u>	<u>129,790</u>
Business Operations Directorate:				
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
Total Business Operations Directorate	<u>10,692,130</u>	<u>10,940,213</u>	<u>9,765,485</u>	<u>1,174,728</u>
Total Public Safety	<u>77,630,094</u>	<u>78,057,077</u>	<u>71,628,472</u>	<u>6,428,605</u>
Operating contingency	<u>5,502,102</u>	<u>5,075,119</u>		<u>5,075,119</u>
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>

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 Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Other Financing Sources (Uses)				
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 6,490,633

GAAP Fund Balance \$ 40,961,529

Tualatin Valley Fire and Rescue

Statement of Net Position

Internal Service Fund

June 30, 2013

		Governmental Activities - Internal Service Fund
Assets		
Current assets:		
Cash and cash equivalents		\$ 638,697
Total assets		<u>638,697</u>
Net Position		
Unrestricted total net position		<u>\$ 638,697</u>

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

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

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

Tualatin Valley Fire and Rescue

Statement of Cash Flows

Internal Service Fund

For the Year Ended June 30, 2013

	Internal Service Fund - Governmental Activities
Cash Flows From Operating Activities	
Received from insurance reimbursements	\$ 1,302
Paid for insurance claims	(6,213)
Net cash from operating activities	(4,911)
Cash Flows From Investing Activities	
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	\$ 638,697
Reconciliation of operating loss to net cash from operating activities	
Operating loss	\$ (4,911)
Net cash from operating activities	\$ (4,911)

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

Tualatin Valley Fire and Rescue

Statement of Net Position

Fiduciary Funds

June 30, 2013

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

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

Tualatin Valley Fire and Rescue

Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended June 30, 2013

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

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

Notes To The Basic Financial Statements

June 30, 2013

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

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

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

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

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

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

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 25th, with taxes due on November 15. Citizens who pay in full by November 15th receive a 3 percent discount. The billings are considered past due 30 days after the respective tax billing date, at which time the applicable property is subject to lien, and penalties and interest are assessed.

2. Program revenues

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

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

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 actuarily 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
	\$	<u>85,619,846</u>

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

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

The Oregon State Treasury Finance Division administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the state that by law is made the custodian of or 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

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 June 30, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities:				
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, 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 depreciated, net	53,009,639	(2,102,502)	(87,332)	50,819,805
Total capital assets, 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	
	\$ 500,000	\$ 500,000

Notes To The Basic Financial Statements

June 30, 2013

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 June 30,	Amount
2014	\$ 68,305
2015	43,357
2016	14,536
	<u>\$ 126,198</u>

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

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

Issue Dates	Original Issues	Principal			Outstanding at June 30, 2013	Due Within One Year	Interest Rates
		Outstanding at June 30, 2012	Additions	Reductions			
<u>General Obligation Bonds:</u>							
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></u>	<u>(3,420,000)</u>	<u>59,050,000</u>	<u>3,450,000</u>	
Unamortized Premium		<u>1,481,633</u>	<u></u>	<u>(82,585)</u>	<u>1,399,048</u>	<u>82,585</u>	
Total		<u>\$ 63,951,633</u>	<u></u>	<u>\$ (3,502,585)</u>	<u>\$ 60,449,048</u>	<u>\$ 3,532,585</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 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	5,885,000	447,789	6,332,789
	\$ 59,050,000	\$ 21,243,911	\$ 80,293,911

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 June 30, 2012	Additions	Reductions	Balance June 30, 2013	Current Portion
Governmental activities					
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	<u>638,697</u>
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)	3,273,362
Property taxes not meeting the measurable and available criteria	(156,409)
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	55,594
Certain revenues recognized as measurable and available in the current year	(23,999)
Net increase in accrued compensated absences	(286,166)
Net increase in other post employment benefits	20,971
Net decrease in net pension obligations	45,957
Payments on long-term debt and related expenses	3,510,427
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	(1,224)
Net change in net position	<u><u>\$ 3,755,417</u></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

B. Related party transactions

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

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

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.

Notes To The Basic Financial Statements

June 30, 2013

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension 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 Trust Fund
Annual Required Contribution	\$ 336,733
Interest on NPO	14,137
Adjustment to Annual Required Contribution	(84,900)
Annual Pension Cost	265,970
Contributions - actuarially projected	(314,388)
Increase (decrease) in Net Pension Obligation	(48,418)
Net Pension Obligation - beginning of year	706,834
Net Pension Obligation - end of year	\$ 658,416

Condensed Statement of Net Position, June 30, 2013:

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	\$
NET POSITION	
Held in trust for pension benefits	\$

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

	Pension Trust Fund
ADDITIONS	
Employer contributions	\$ 329,069
DEDUCTIONS	
Benefits	329,376
Change in net position	(307)
Total net position, July 1, 2012	307
Total net position, June 30, 2013	\$

Notes To The Basic Financial Statements

June 30, 2013

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 June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension 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 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 LOSAP Fund
ASSETS	
Cash and cash equivalents	\$ 67,009
Investments	592,119
Total assets	659,128
NET POSITION	
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:

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

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

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

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 Ending	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation (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

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

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

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.



REQUIRED SUPPLEMENTARY INFORMATION



Required Supplementary Information

June 30, 2013

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

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

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

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

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

Actuarial Date June 30,	AVA ⁽¹⁾	AAL ⁽²⁾	(UAAL) ⁽⁴⁾	Percent Funded	Covered Payroll	UAAL ⁽³⁾
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

⁽¹⁾ Actuarial Value of Assets⁽²⁾ Actuarial Accrued Liability⁽³⁾ As a Percentage of Covered Payroll⁽⁴⁾ Funded/Unfunded Actuarial Accrued Liability



OTHER SUPPLEMENTARY INFORMATION



COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

Tualatin Valley Fire and Rescue

Capital Projects Fund

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

For the Year Ended June 30, 2013

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
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>
Expenditures			
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>

NONMAJOR GOVERNMENTAL FUNDS

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

Special Revenue Fund:

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

Debt Service Fund:

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

Capital Projects Fund:

Property and Building Fund - accounts for the 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 Governmental Funds
	Special Revenue	Debt Service	Capital Projects	
	Grants Fund	Debt Service Fund	Property and Building Fund	
Assets				
Cash and cash equivalents	\$ 132,189	\$ 1,580,138	\$ 8,260,339	\$ 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>
Liabilities and Fund Balances				
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>

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

For the Year Ended June 30, 2013

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

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 Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Grants and contributions	\$ 1,692,180	\$ 846,961	\$ (845,219)
Expenditures			
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 over (under) expenditures	(190,565)	(141,452)	49,113
Other Financing Sources			
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	\$	\$ 149,113	\$ 149,113

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 Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
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>
Expenditures			
Debt service:			
Principal	3,420,000	3,420,000	
Interest	<u>2,419,637</u>	<u>2,419,635</u>	<u>2</u>
Total expenditures	<u>5,839,637</u>	<u>5,839,635</u>	<u>2</u>
Excess (deficiency) of revenues over (under) 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 Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 30,436	\$ 41,881	\$ 11,445
Expenditures			
Operating contingency	1,617,664		1,617,664
Excess (deficiency) of revenues over (under) expenditures	(1,587,228)	41,881	1,629,109
Other Financing Sources			
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	\$ 5,000,000	\$ 8,260,339	\$ 3,260,339

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 Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
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>
Expenditures			
Materials and services	<u>640,164</u>	<u>6,213</u>	<u>633,951</u>
Excess (deficiency) of revenues over (under) expenditures and net change in fund balances	(636,924)	(1,224)	635,700
Fund balance - July 1, 2012	<u>636,924</u>	<u>639,921</u>	<u>2,997</u>
Fund balance - June 30, 2013	<u>\$</u>	<u>\$ 638,697</u>	<u>\$ 638,697</u>

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

	Pension Trust Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Assets			
Cash and cash equivalents	\$	\$ 67,009	\$ 67,009
Investments, mutual funds at fair value		592,119	592,119
Total assets		659,128	659,128
Net Position			
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 Fund	Volunteer LOSAP Fund	Total Fiduciary Funds
Additions			
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>
Deductions			
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>\$</u>	<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 Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Expenditures			
Personnel services	\$ 346,444	\$ 329,376	\$ 17,068
Other Financing Sources			
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> </u>	<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 Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Investment earnings	\$ 6,850	\$ 74,252	\$ 67,402
Expenditures			
Personnel services	896,729	54,751	841,978
Excess (deficiency) of revenues over (under) expenditures	(889,879)	19,501	909,380
Other Financing Sources			
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



GENERAL FUND

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
Assets							
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
Total assets	<u>\$ 51,082,772</u>	<u>\$ 3,691,112</u>	<u>\$ 8,649,739</u>	<u>\$ 68,970</u>	<u>\$ 77,105</u>	<u>\$ (68,146)</u>	<u>\$ 63,501,552</u>
Liabilities and Fund Balances							
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
Total liabilities	<u>10,121,243</u>		<u>224,148</u>	<u>68,970</u>	<u>80</u>	<u>(68,146)</u>	<u>10,346,295</u>
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
Total fund balances	40,961,529	3,691,112	8,425,591		77,025		53,155,257
Total liabilities and fund balances	<u>\$ 51,082,772</u>	<u>\$ 3,691,112</u>	<u>\$ 8,649,739</u>	<u>\$ 68,970</u>	<u>\$ 77,105</u>	<u>\$ (68,146)</u>	<u>\$ 63,501,552</u>

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
Revenues							
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	76,330,141	18,340	64,111	179,514	571		76,592,677
Expenditures							
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	71,628,472		1,213,976	226,557	47,292	353,077	73,469,374
Excess (deficiency) of revenues over (under) expenditures	4,701,669	18,340	(1,149,865)	(47,043)	(46,721)	(353,077)	3,123,303
Other Financing Sources (Uses)							
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)	(3,395,826)	503,500	2,021,810	47,043		353,077	(470,396)
Net change in fund balances	1,305,843	521,840	871,945		(46,721)		2,652,907
Fund balances - July 1, 2012	39,655,686	3,169,272	7,553,646		123,746		50,502,350
Fund balances - June 30, 2013	\$ 40,961,529	\$ 3,691,112	\$ 8,425,591	\$	\$ 77,025	\$	\$ 53,155,257

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 Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 12,802	\$ 18,340	\$ 5,538
Expenditures			
Operating contingency	500,000		500,000
Excess (deficiency) of revenues over (under) expenditures	(487,198)	18,340	505,538
Other Financing Sources			
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	\$ 2,573,264	\$ 3,691,112	\$ 1,117,848

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 Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 32,423	\$ 46,570	\$ 14,147
Grants and contributions		17,541	17,541
Total revenues	32,423	64,111	31,688
Expenditures			
Capital outlay	3,004,701	1,213,976	1,790,725
Operating contingency	2,648,870		2,648,870
Total expenditures	5,653,571	1,213,976	4,439,595
Excess (deficiency) of revenues over (under) expenditures	(5,621,148)	(1,149,865)	4,471,283
Other Financing Sources			
Transfers in	2,000,000	2,000,000	
Sale of surplus property		21,810	21,810
Total other financing sources	2,000,000	2,021,810	21,810
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	\$ 2,863,487	\$ 8,425,591	\$ 5,562,104

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 Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Program Revenues:				
Charges for Services	\$ 204,982	\$ 204,982	\$ 179,514	\$ (25,468)
Expenditures				
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 over (under) expenditures	(47,046)	(47,046)	(47,043)	3
Other Financing Sources				
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 Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Interest	\$ 500	\$ 571	\$ 71
Expenditures			
Current:			
Public Safety:			
Personnel services	48,256	47,292	964
Excess (deficiency) of revenues 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 Uncollected June 30, 2012	Add Levy as Extended by Assessor	Add (Deduct) Discounts Allowed	Add Interest Received	(Deduct) Cancellations and Adjustments	(Deduct) Collections	Taxes Uncollected June 30, 2013
2012-13		\$ 82,413,293	\$ (2,127,044)	\$ 26,055	\$ 90,516	\$ (78,548,654)	\$ 1,854,166
2011-12	\$ 2,131,205		4,301	67,400	(546,379)	(685,134)	971,393
2010-11	1,140,989		3,182	60,084	(246,430)	(284,498)	673,327
2009-10	669,802		132	76,115	(8,756)	(337,761)	399,532
2008-09	133,128		35	28,812	(3,603)	(111,789)	46,583
2007-08	33,321		26	6,309	(2,502)	(15,360)	21,794
2006-07 and prior	53,504			2,550	(1,568)	(11,858)	42,628
Total prior	4,161,949		7,676	241,270	(809,238)	(1,446,400)	2,155,257
Total	<u>\$ 4,161,949</u>	<u>\$ 82,413,293</u>	<u>\$ (2,119,368)</u>	<u>\$ 267,325</u>	<u>\$ (718,722)</u>	<u>\$ (79,995,054)</u>	<u>\$ 4,009,423</u>

	General Fund	Debt Service Fund	Total
Reconciliation to tax revenues on combined financial statements:			
Property tax collections above	\$ 74,174,232	\$ 5,820,822	\$ 79,995,054
Property taxes susceptible to accrual at June 30, 2013	343,873	26,572	370,445
Property taxes susceptible to accrual at June 30, 2012	(340,361)	(26,200)	(366,561)
Taxes in lieu of property taxes	9,872	704	10,576
Tax revenues	<u>\$ 74,187,616</u>	<u>\$ 5,821,898</u>	<u>\$ 80,009,514</u>

	Property Taxes		Taxes in Lieu of Property Taxes	Total	Taxes Uncollected June 30, 2013
	Current Levy	Prior Years			
DISTRIBUTED AS FOLLOWS:					
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	<u>\$ 78,823,588</u>	<u>\$ 1,175,350</u>	<u>\$ 10,576</u>	<u>\$ 80,009,514</u>	<u>\$ 4,009,423</u>

STATISTICAL SECTION

This part of the District's Comprehensive Annual Financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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

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
Governmental Activities:										
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	<u>\$ 47,929,299</u>	<u>\$ 53,304,101</u>	<u>\$ 59,768,544</u>	<u>\$ 66,064,121</u>	<u>\$ 74,092,208</u>	<u>\$ 76,719,922</u>	<u>\$ 79,856,383</u>	<u>\$ 83,124,855</u>	<u>\$ 86,786,812</u>	<u>\$90,542,229</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
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	<u>50,998,610</u>	<u>53,458,373</u>	<u>56,863,405</u>	<u>59,231,691</u>	<u>62,835,198</u>	<u>68,321,476</u>	<u>71,435,439</u>	<u>73,722,858</u>	<u>78,855,586</u>	<u>80,457,997</u>
Program Revenues										
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	<u>3,965,025</u>	<u>2,498,644</u>	<u>2,878,514</u>	<u>1,436,175</u>	<u>1,262,488</u>	<u>1,326,034</u>	<u>872,639</u>	<u>1,016,579</u>	<u>2,457,415</u>	<u>2,544,856</u>
Total primary government net expense	<u>(47,033,585)</u>	<u>(50,959,729)</u>	<u>(53,984,891)</u>	<u>(57,795,516)</u>	<u>(61,572,710)</u>	<u>(66,995,442)</u>	<u>(70,562,800)</u>	<u>(72,706,279)</u>	<u>(76,398,171)</u>	<u>(77,913,141)</u>
General Revenues and Other										
Changes in Net Position										
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	<u>49,803,299</u>	<u>56,334,531</u>	<u>60,449,334</u>	<u>64,091,093</u>	<u>69,600,797</u>	<u>69,623,156</u>	<u>73,699,259</u>	<u>75,974,751</u>	<u>80,060,128</u>	<u>81,668,558</u>
Change in Net Position										
Total primary government	<u>\$ 2,769,714</u>	<u>\$ 5,374,802</u>	<u>\$ 6,464,443</u>	<u>\$ 6,295,577</u>	<u>\$ 8,028,087</u>	<u>\$ 2,627,714</u>	<u>\$ 3,136,459</u>	<u>\$ 3,268,472</u>	<u>\$ 3,661,957</u>	<u>\$ 3,755,417</u>

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
General Fund										
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
Total General Fund	<u>\$ 20,391,115</u>	<u>\$ 22,423,022</u>	<u>\$ 25,962,570</u>	<u>\$ 30,694,798</u>	<u>\$ 35,207,146</u>	<u>\$ 37,111,742</u>	<u>\$ 46,317,262</u>	<u>\$ 48,368,631</u>	<u>\$ 50,502,350</u>	<u>\$ 53,155,257</u>
All Other Governmental Funds										
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
Total all other governmental funds	<u>\$ 8,010,784</u>	<u>\$ 8,365,349</u>	<u>\$ 7,834,423</u>	<u>\$ 28,169,070</u>	<u>\$ 24,029,711</u>	<u>\$ 36,212,044</u>	<u>\$ 19,083,544</u>	<u>\$ 33,943,158</u>	<u>\$ 29,564,155</u>	<u>\$ 24,228,152</u>

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
Revenues										
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
Total revenues	<u>53,554,635</u>	<u>58,467,374</u>	<u>61,756,914</u>	<u>64,869,309</u>	<u>70,179,826</u>	<u>69,703,284</u>	<u>74,161,900</u>	<u>77,019,012</u>	<u>81,514,016</u>	<u>83,524,779</u>
Expenditures										
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	<u>53,209,014</u>	<u>56,113,788</u>	<u>59,943,671</u>	<u>59,964,106</u>	<u>69,964,136</u>	<u>85,065,616</u>	<u>82,618,847</u>	<u>84,882,483</u>	<u>84,031,992</u>	<u>87,159,364</u>
over (under) expenditures	<u>345,621</u>	<u>2,353,586</u>	<u>1,813,243</u>	<u>4,905,203</u>	<u>215,690</u>	<u>(15,362,332)</u>	<u>(8,456,947)</u>	<u>(7,863,471)</u>	<u>(2,517,976)</u>	<u>(3,634,585)</u>
Other Financing Sources (Uses)										
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)	<u>389,378</u>	<u>32,886</u>	<u>173,229</u>	<u>20,101,672</u>	<u>157,299</u>	<u>29,449,261</u>	<u>533,967</u>	<u>24,774,454</u>	<u>272,692</u>	<u>951,489</u>
Net change in fund balances	<u>\$ 734,999</u>	<u>\$ 2,386,472</u>	<u>\$ 1,986,472</u>	<u>\$ 25,006,875</u>	<u>\$ 372,989</u>	<u>\$ 14,086,929</u>	<u>\$ (7,922,980)</u>	<u>\$ 16,910,983</u>	<u>\$ (2,245,284)</u>	<u>\$ (2,683,096)</u>
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	Total Direct
	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Assessed Value	Market Value	Market Value	Tax Rate
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
Range of property tax rates for direct and overlapping governments per \$1,000 of assessed value	\$ 11.51 to \$ 21.65	\$ 12.09 to \$ 20.09	\$ 11.96 to \$ 21.35	\$ 11.21 to \$ 20.11	\$ 12.37 to \$ 20.55	\$ 12.11 to \$ 20.96	\$ 12.61 to \$ 21.97	\$ 12.51 to \$ 19.10	\$ 12.59 to \$ 19.59	\$ 12.55 to \$ 19.72
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 ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation	Rank ⁽¹⁾	Taxable Assessed Value ⁽²⁾	Percentage of Total Taxable Assessed Valuation
Private enterprises:						
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
Public utilities:						
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

⁽¹⁾ Ranked by "Levied Taxes" in Washington County in its entirety.

⁽²⁾ 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 ⁽¹⁾	61,131,873	97.25
2006	59,783,920	56,844,054	95.08	(1,735,903)	1,203,963 ⁽¹⁾	58,048,017	97.10
2005	56,843,613	53,918,038	94.85	(1,640,169)	1,285,406 ⁽¹⁾	56,808,180	99.94
2004	50,483,968	47,697,565	94.48	(1,517,683)	1,268,720 ⁽¹⁾	50,454,983	99.94

Source: District financial statements, current and prior years

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

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

Fiscal Year	Assessed Value (in thousands) ⁽¹⁾	Gross Bonded Debt	Debt Service Monies Available	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita ⁽²⁾	Percentage of Personal Income ⁽²⁾
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

Sources:

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

⁽²⁾ 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 Debt Outstanding ⁽¹⁾	Percentage Applicable to District	Amount Applicable 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			<u>\$ 1,330,005,554</u>

Note: ⁽¹⁾ Net direct debt includes General Obligation Bonds and Full Faith and Credit Bonds minus any fully Self-Supporting Unlimited-tax GO Bonds and self-supporting Full Faith and Credit Debt.

Source: 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	<u>1,606,709</u>	
Total amount of debt applicable to debt limit		<u>57,443,291</u>
Legal debt margin		<u><u>\$628,649,971</u></u>
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	<u>6,035,093</u>	<u>4,288,967</u>	<u>2,964,253</u>	<u>21,576,204</u>	<u>19,153,348</u>	<u>46,982,500</u>	<u>43,644,613</u>	<u>64,624,613</u>	<u>60,865,851</u>	<u>57,443,291</u>
Legal debt margin	<u>\$ 468,226,645</u>	<u>\$ 532,610,482</u>	<u>\$ 593,922,583</u>	<u>\$ 705,313,714</u>	<u>\$ 793,876,952</u>	<u>\$ 790,047,955</u>	<u>\$ 738,483,798</u>	<u>\$ 665,180,459</u>	<u>\$ 634,735,604</u>	<u>\$ 628,649,971</u>
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 ⁽¹⁾	Per Capita Income ⁽²⁾ (Washington County)	Total Personal Income ⁽²⁾ (Washington County) <i>(in thousands)</i>	School Enrollment ⁽³⁾ (Washington County)	Unemployment Rate ⁽⁴⁾ (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

⁽¹⁾ US Census

⁽²⁾ Worksource Oregon Employment Department

⁽³⁾ Oregon Department of Education

⁽⁴⁾ 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	188,091	100%	219,620	100%

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
Total	<u>403</u>	<u>403</u>	<u>403</u>	<u>406</u>	<u>412</u>	<u>417</u>	<u>432</u>	<u>443</u>	<u>441</u>	<u>455</u>

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: ⁽¹⁾										
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								

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

Source: Tualatin Valley Fire & Rescue Fleet Department records.



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

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).

An Independently Owned Member
MCGLADREY ALLIANCE



**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*.

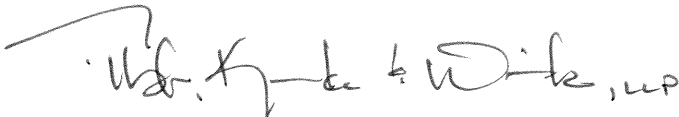
OAR 162-10-230 INTERNAL CONTROL

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.

A handwritten signature in dark ink, appearing to read "W. K. White, CPA", is written over a horizontal line.

Certified Public Accountants