

***CLACKAMAS COUNTY FIRE DISTRICT  
NO. 1, Clackamas County, Oregon  
ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2005***

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**

**BOARD OF DIRECTORS**

**JUNE 30, 2005**

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**BOARD OF DIRECTORS**

**TERM EXPIRES**

Tiny Lidstrom, Chair  
8975 SE Spencer Drive  
Portland, Oregon 97266

June 30, 2005

Jim Doane, Vice-Chair  
16550 SE Anna Eve Drive  
Milwaukie, Oregon 97267

June 30, 2007

Dave McTeague, Secretary/Treasurer  
14425 SE Johnson Road  
Milwaukie, Oregon 97267

June 30, 2007

George Warren  
23590 S Beatie Road  
Oregon City, Oregon 97045

June 30, 2005

Marilyn Wall  
3385 SE Aldercrest Road  
Milwaukie, Oregon 97222

June 30, 2007

**OFFICERS**

Norm Whiteley, Fire Chief

**ADMINISTRATION**

Kyle R. Gorman, Executive Officer

Norm Whiteley, Registered Agent  
11300 SE Fuller Road  
Milwaukie, Oregon 97222

Clackamas County Fire District #1  
 Budget Status - CCFD General Fund  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			
		ACTUAL	ANNUAL BUDGET	AMOUNT USED	% USED
<b>REVENUE</b>					
(4450) Current Years Taxes	695,330.95	17,191,928.36	17,042,065.00	149,863.36-	100.88
(4455) Prior Years Taxes	26,575.29	571,492.93	700,000.00	128,507.07	81.64
(4460) Other Taxes	.00	4,476.79	.00	4,476.79-	.00
(4465) WOST	.00	.00	.00	.00	.00
(4470) Property Tax - GF	.00	.00	.00	.00	.00
(4475) Tax Increment Fund	.00	.00	.00	.00	.00
(4480) Unsegregated Interest	1,077.20	8,776.21	.00	8,776.21-	.00
(4490) Sweep Inv. Interest	.00	.00	100,000.00	100,000.00	.00
(4495) Investment Interest	18,370.83	182,639.50	.00	182,639.50-	.00
(4500) Training Contracts	.00	.00	.00	.00	.00
(4502) Training Classes	75.00	675.00	.00	675.00-	.00
(4505) AMR Contract	.00	.00	.00	.00	.00
(4510) Other Manpower Contr.	.00	.00	.00	.00	.00
(4520) Equipment Rental Income	.00	.00	.00	.00	.00
(4535) Contract Income	228,300.00	5,576,629.12	5,456,790.00	119,839.12-	102.20
(4540) Sale of Surplus Goods	111.60	5,639.07	.00	5,639.07-	.00
(4550) Sales to Outside Agcy	.00	.00	.00	.00	.00
(4555) Sale of Goods/Service	.00	.00	.00	.00	.00
(4570) Transportation Response	1,950.76-	22.18	10,000.00	9,977.82	.22
(4575) Sale of Equipment	.00	.00	.00	.00	.00
(4585) Dividends	.00	.00	.00	.00	.00
(4590) Miscellaneous Receipts	36,043.83	89,593.67	15,000.00	74,593.67-	597.29
(4592) ASA Plan Revenue	33,176.00	33,176.00	.00	33,176.00-	.00
(4595) Short Term Note Proceed	.00	.00	.00	.00	.00
(4600) Other Dist. Repairs	.00	.00	.00	.00	.00
(4605) Non-Municipal Repairs	.00	.00	.00	.00	.00
<b>TOTAL REVENUE</b>	<b>1,037,109.94</b>	<b>23,665,048.83</b>	<b>23,323,855.00</b>	<b>341,193.83-</b>	<b>101.46</b>
<b>PERSONNEL SERVICES</b>					
(5501) Fire Chief	8,958.34	107,500.08	107,500.00	.08-	100.00
(5502) Executive Officer	8,004.50	95,112.00	95,103.00	9.00-	100.01
(5503) Assistant Chief	16,962.36	203,548.32	202,604.00	944.32-	100.47
(5504) Deputy Chief	32,018.00	373,563.92	380,412.00	6,848.08	98.20
(5505) Battalion Chief	60,394.88	691,728.02	627,865.00	63,863.02-	110.17
(5506) Program Manager	30,298.42	363,581.04	363,581.00	.04-	100.00
(5507) Community Serv. Officer	13,499.47	158,095.47	162,408.00	4,312.53	97.34
(5508) Fire Prev. Officers	18,336.00	237,815.00	217,866.00	19,949.00-	109.16
(5510) Captain	103,536.00	1,169,100.27	1,265,963.00	96,862.73	92.35
(5512) Lieutenant	163,574.17	1,951,366.76	1,981,570.00	30,203.24	98.48
(5515) Apparatus Operator	205,911.99	2,387,760.41	2,387,590.00	170.41-	100.01
(5520) Fire Fighter	172,528.52	2,104,802.00	2,081,317.00	23,485.00-	101.13
(5530) Clerical	21,719.06	260,628.72	260,629.00	.28	100.00
(5535) Finance/Acctg/Support	21,414.80	256,146.00	265,157.00	9,011.00	96.60
(5540) Temporary Labor	14,705.54	123,067.90	139,696.00	16,628.10	88.10
(5545) EMT Premium	48,572.00	574,632.00	569,280.00	5,352.00-	100.94
(5555) School Replacement	1,164.84	40,325.96	35,000.00	5,325.96-	115.22
(5560-5565) Vacation/Sick Repl	97,575.58	1,141,337.36	1,059,334.00	82,003.36-	107.74
(5570) Administrative Leave	3,912.81	19,972.39	30,000.00	10,027.61	66.57
(5575-5615) Overtime	42,816.68	537,142.22	607,833.00	70,690.78	88.37
(5620) Social Security/Medicar	80,701.73	934,412.52	925,759.00	8,653.52-	100.93
(5640) Tri-Met Taxes	4,123.10	56,673.74	78,195.00	21,521.26	72.48
(5660) PERS Pickup	62,566.63	746,679.14	754,535.00	7,855.86	98.96
(5665) PERS	177,846.41	2,273,186.73	2,330,255.00	57,068.27	97.55
(5670) Deferred Compensation	.00	.00	.00	.00	.00
(5675) Unemployment	535.15	2,480.02	12,000.00	9,519.98	20.67
(5680) Life Insurance	.00	.00	.00	.00	.00
(5685-5690) Med/Den Ins.	159,916.92	1,848,676.48	1,836,330.00	12,346.48-	100.67
(5695) Sick Leave Incentive	1,200.00	1,400.00	1,600.00	200.00	87.50
(5700) Vehicle Allowance	2,774.00	30,680.00	24,784.00	5,896.00-	123.79
(5705) Workers' Compensation	14,071.13	226,592.40	250,871.00	24,278.60	90.32
<b>TOTAL PERSONNEL SERVICES</b>	<b>1,589,639.03</b>	<b>18,918,006.87</b>	<b>19,055,037.00</b>	<b>137,030.13</b>	<b>99.28</b>
<b>MATERIALS AND SERVICES</b>					
(7005) Discounts Taken	428.82-	2,537.44-	.00	2,537.44	.00
(7010) Elections	15,280.11	15,280.11	22,500.00	7,219.89	67.91
(7015) Meeting Expense	2,707.90	11,869.69	15,390.00	3,520.31	77.13
(7020) Short Term Interest	.00	3,275.00	15,000.00	11,725.00	21.83
(7030) Civil Service	90.22	1,534.23	7,600.00	6,065.77	20.19
(7035) Bank Charges	97.02	1,140.26	4,400.00	3,259.74	25.92
(7040) Dues & Publications	1,188.55	19,532.29	25,985.00	6,452.71	75.17
(7045) Awards & Recognition	1,706.64	13,530.79	13,350.00	180.79-	101.35

Clackamas County Fire District #1  
 Budget Status - CCFD General Fund  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			
		ACTUAL	ANNUAL BUDGET	AMOUNT USED	% USED
(7050) Program R & D	177.12	2,548.16	2,600.00	51.84	98.01
(7055) Operating Expense	8,843.05	49,395.48	73,715.00	24,319.52	67.01
(7065) Fire Fighting Supply	7,334.41	48,122.76	68,750.00	20,627.24	70.00
(7070) Rescue Supply	6,151.46	16,973.21	23,556.00	6,582.79	72.05
(7075) EMS Supplies	5,190.46	42,780.18	66,907.00	24,126.82	63.94
(7080) Fuel	11,011.29	102,480.67	93,665.00	8,815.67	109.41
(7085) Uniform & Protective Eq	42,268.39	140,461.72	164,701.00	24,239.28	85.28
(7090) Office Supply	6,395.87	45,439.05	50,100.00	4,660.95	90.70
(7095) Computer/Video Software	1,733.67	50,667.59	69,410.00	18,742.41	73.00
(7100) Photo Supply	65.73	2,906.49	7,250.00	4,343.51	40.09
(7105) Household Supply	9,026.57	57,000.61	55,325.00	1,675.61	103.03
(7110) Professional Service	48,234.64	418,123.99	428,387.00	10,263.01	97.60
(7115) Dispatch Service	48,321.50	644,430.00	638,136.00	6,294.00	100.99
(7120) Utilities	9,216.30	216,792.51	219,427.00	2,634.49	98.80
(7122) Telephone Service	25,676.85	228,687.25	179,440.00	49,247.25	127.44
(7125) Facility Lease/Rent	.00	.00	.00	.00	.00
(7130) Property/Casualty Insur	.00	118,229.27	132,804.00	14,574.73	89.03
(7135) Medical Exams	10,541.25	117,218.67	138,655.00	21,436.33	84.54
(7140) Conference & Schools	13,444.47	85,172.33	101,250.00	16,077.67	84.12
(7145) Taxes & Assessments	25.00	16,565.12	17,520.00	954.88	94.55
(7150) Volunteer Fire Fighter	36,766.08	119,833.71	112,970.00	6,863.71	106.08
(7155) Vehicle Maintenance	16,808.02	195,432.35	203,400.00	7,967.65	96.08
(7160) Equipment Maintenance	16,377.33	24,701.21	46,020.00	21,318.79	53.67
(7165) Radio Maintenance	4,333.00	23,752.73	19,700.00	4,052.73	120.57
(7170) Facility Maintenance	18,569.22	124,623.91	129,050.00	4,426.09	96.57
(7175) Office Equipment Maint	998.07	12,490.29	15,928.00	3,437.71	78.42
(7180) Computer/Video Maint.	882.49	13,701.30	11,560.00	2,141.30	118.52
(7185) SCBA Program	12,023.24	23,619.46	47,250.00	23,630.54	49.99
(7190) Training	4,548.70	20,167.59	18,800.00	1,367.59	107.27
(7195) Fire Prevention	187.28	29,456.03	29,800.00	343.97	98.85
(7200) Safety	3,872.90	5,218.88	7,235.00	2,016.12	72.13
(7205) Freight & Misc. Expense	1,204.59	10,687.56	11,000.00	312.44	97.16
<b>TOTAL MATERIALS AND SERVICES</b>	<b>379,983.63</b>	<b>3,071,305.01</b>	<b>3,288,536.00</b>	<b>217,230.99</b>	<b>93.39</b>
<b>CAPITAL OUTLAY</b>					
(8805) Fire Apparatus	.00	16,546.06	13,483.00	3,063.06	122.72
(8815) Fire Hose	1,567.42	42,922.90	47,000.00	4,077.10	91.33
(8825) Fire Fighting Equip.	20,950.68	168,665.68	205,250.00	36,584.32	82.18
(8835) EMS & Rescue Equip.	47.00	12,823.51	16,430.00	3,606.49	78.05
(8845) Communication Equip.	.00	23,218.45	18,220.00	4,998.45	127.43
(8850) Staff Vehicles	.00	.00	.00	.00	.00
(8860) Facility Improvement	.00	28,319.39	48,230.00	19,910.61	58.72
(8870) Furn., Appl., & Tool	3,973.90	37,690.48	55,304.00	17,613.52	68.15
(8885) Office Equipment	916.66	14,811.78	17,300.00	2,488.22	85.62
(8890) Computer/A/V Hardware	1,332.70	93,715.24	133,236.00	39,520.76	70.34
(8895) Signal Pre-Empt Equip.	.00	.00	.00	.00	.00
<b>TOTAL CAPITAL OUTLAY</b>	<b>28,788.36</b>	<b>438,713.49</b>	<b>554,453.00</b>	<b>115,739.51</b>	<b>79.13</b>
<b>TOTAL EXPENSES BEFORE CONTINGENCY</b>	<b>1,998,411.02</b>	<b>22,428,025.37</b>	<b>22,898,026.00</b>	<b>470,000.63</b>	<b>97.95</b>
(9910) Contingency Gen. Fund	.00	.00	450,000.00	450,000.00	.00
(9915) Trans. to Rest. Conting	.00	.00	1,000,000.00	1,000,000.00	.00
(9920) Trans to Spec. Rev. Fun	.00	670,000.00	670,000.00	.00	100.00
(9930) Trans to Cap Proj Fund	.00	25,000.00	25,000.00	.00	100.00
(9940) Trans to Training Fund	.00	.00	.00	.00	.00
<b>TOTAL CONTINGENCY &amp; TRANSFER</b>	<b>.00</b>	<b>695,000.00</b>	<b>2,145,000.00</b>	<b>1,450,000.00</b>	<b>32.40</b>
<b>TOTAL REVENUE LESS EXPENSES</b>	<b>961,301.08</b>	<b>542,023.46</b>	<b>1,719,171.00</b>	<b>2,261,194.46</b>	<b>31.53</b>

Clackamas County Fire District #1  
 Budget Status - CCFD Special Revenue  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			
		ACTUAL	ANNUAL BUDGET	UNUSED AMOUNT	% USED
<b>REVENUE</b>					
Investment Int.- Spec Rev Fnd	599.87	5,249.92	862.00	4,387.92-	609.04
Grant Income	38,499.00	38,499.00	38,000.00	499.00-	101.31
Sale of Equipment - SRF	.00	11,406.00	.00	11,406.00-	.00
Sale of Surplus Apparatus	.00	.00	.00	.00	.00
Transfers from Other Funds-SRF	.00	670,000.00	670,000.00	.00	100.00
<b>TOTAL REVENUE</b>	<b>39,098.87</b>	<b>725,154.92</b>	<b>708,862.00</b>	<b>16,292.92-</b>	<b>102.30</b>
<b>CAPITAL OUTLAY</b>					
Fire Equip.-Special Rev Fund	38,650.00	183,475.62	182,000.00	1,475.62-	100.81
Fire Hose - Spec. Rev. Fund	.00	.00	.00	.00	.00
EMS & Rescue Equip-SRF	.00	.00	.00	.00	.00
Comm Equip - Special Rev. Fund	.00	192,673.00	196,000.00	3,327.00	98.30
Staff Vehicles-Spec. Rev.	.00	76,973.87	85,000.00	8,026.13	90.56
Furn. Appl. & Tool:Spec Rev Fu	.00	.00	.00	.00	.00
<b>TOTAL CAPITAL OUTLAY</b>	<b>38,650.00</b>	<b>453,122.49</b>	<b>463,000.00</b>	<b>9,877.51</b>	<b>97.87</b>
<b>TOTAL REVENUE LESS EXPENSES</b>	<b>448.87</b>	<b>272,032.43</b>	<b>245,862.00</b>	<b>26,170.43-</b>	<b>110.64</b>

Clackamas County Fire District #1  
 Budget Status - CCFD Capital Projects  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			% USED
		ACTUAL	ANNUAL BUDGET	AMOUNT UNUSED	
<b>REVENUE</b>					
Investment Int.-Cap. Proj Fund	1,202.13	12,982.81	1,036.00	11,946.81-	1,253.17
Grant Income - CPF	.00	125,150.00	126,000.00	850.00	99.33
Land Sale Contracts	350.00	434,461.00	454,200.00	19,739.00	95.65
Transfers from Other Funds-CPF	.00	25,000.00	25,000.00	.00	100.00
<b>TOTAL REVENUE</b>	<b>1,552.13</b>	<b>597,593.81</b>	<b>606,236.00</b>	<b>8,642.19</b>	<b>98.57</b>
<b>CAPITAL OUTLAY</b>					
Facility Imp. CPF	5,608.00	272,191.91	595,000.00	322,808.09	45.75
Land Purchase Stn 10	.00	.00	.00	.00	.00
<b>TOTAL CAPITAL OUTLAY</b>	<b>5,608.00</b>	<b>272,191.91</b>	<b>595,000.00</b>	<b>322,808.09</b>	<b>45.75</b>
<b>TOTAL REVENUE LESS EXPENSES</b>	<b>4,055.87-</b>	<b>325,401.90</b>	<b>11,236.00</b>	<b>314,165.90-</b>	<b>2,896.07</b>

Clackamas County Fire District #1  
 Budget Status - CCFD Bond Fund  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			% USED
		ACTUAL	ANNUAL BUDGET	AMOUNT UNUSED	
<b>REVENUE</b>					
Prior Years Taxes-Bond	2,035.92	44,181.02	.00	44,181.02-	.00
Property Tax Rev-Bond	54,684.73	1,330,766.70	1,323,622.00	7,144.70-	100.54
Investment Int.-Bond Fund	7.76	7,431.62	1,546.00	5,885.62-	480.70
<b>TOTAL REVENUE</b>	<b>56,728.41</b>	<b>1,382,379.34</b>	<b>1,325,168.00</b>	<b>57,211.34-</b>	<b>104.32</b>
<b>EXPENSE</b>					
Interest Expense - Bond	.00	400,535.00	400,536.00	1.00	100.00
Principle - Bond	.00	940,000.00	940,000.00	.00	100.00
Transfer to General Fund	.00	.00	.00	.00	.00
Debt Service Fund	.00	.00	.00	.00	.00
<b>TOTAL EXPENSE</b>	<b>.00</b>	<b>1,340,535.00</b>	<b>1,340,536.00</b>	<b>1.00</b>	<b>100.00</b>
<b>TOTAL REVENUE LESS EXPENSE</b>	<b>56,728.41</b>	<b>41,844.34</b>	<b>15,368.00-</b>	<b>57,212.34-</b>	<b>272.28-</b>

Clackamas County Fire District #1  
 Budget Status - CCFD Sinking Fund  
 Expenditures vs Budget  
 FOR THE 12 PERIODS ENDED JUNE 30, 2005

	MONTHLY ACTIVITY THIS MONTH	YEAR TO DATE			% USED
		ACTUAL	ANNUAL BUDGET	UNUSED AMOUNT	
<b>REVENUE</b>					
Bond Proceeds - Sinking	.00	.00	.00	.00	.00
Investment Int.- Sinking Fund	1,746.98	19,054.65	9,475.00	9,579.65-	201.10
<b>TOTAL REVENUE</b>	<b>1,746.98</b>	<b>19,054.65</b>	<b>9,475.00</b>	<b>9,579.65-</b>	<b>201.10</b>
<b>PERSONNEL SERVICES</b>					
Temp. Labor - Sinking Fund	.00	.00	.00	.00	.00
SS/Medicare-Sinking Fund	.00	.00	.00	.00	.00
PERS Pickup-Sinking 6	.00	.00	.00	.00	.00
PERS Retirement - Sinking	.00	.00	.00	.00	.00
Vehicle Allowance - SF 6	.00	.00	.00	.00	.00
Workers' Comp. - Sinking Fund	.00	.00	.00	.00	.00
<b>TOTAL PERSONAL SERVICE</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>
<b>MATERIALS AND SERVICES</b>					
Bond Origination Exp - Sinking	.00	.00	.00	.00	.00
Professional Service-Sinking	.00	.00	.00	.00	.00
<b>TOTAL MATERIALS &amp; SERVICE</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>	<b>.00</b>
<b>CAPITAL OUTLAY</b>					
Fire & EMS Apparatus - Sinking	.00	3,162.00-	.00	3,162.00	.00
Land Aquisition - Sinking	.00	.00	.00	.00	.00
Facility Improvement - Sinking	13,637.96	84,741.74	800,000.00	715,258.26	10.59
Site Development - Stn #5	.00	.00	.00	.00	.00
Capital Shrinking Fund	.00	.00	.00	.00	.00
<b>TOTAL CAPITAL OUTLAY</b>	<b>13,637.96</b>	<b>-81,579.74</b>	<b>800,000.00</b>	<b>718,420.26</b>	<b>10.20</b>
<b>TOTAL REVENUE LESS EXPENSES</b>	<b>11,890.98-</b>	<b>62,525.09-</b>	<b>790,525.00-</b>	<b>727,999.91-</b>	<b>7.91</b>



Clackamas County Fire District #1  
 Fixed Assets  
 June 30, 2005

	Beginning Balance Per Audit Report 6/30/2004	Additions	Deletions	End Balance 6/30/2005
GENERAL				
Land & Buildings	16,444,070	416,827	0	16,860,897
Equipment	11,852,802	342,354	(15,000)	12,632,003
	<u>28,296,872</u>	<u>759,181</u>	<u>(15,000)</u>	<u>29,492,901</u>

ACCUMULATED DEPRECIATION

	Beginning Balance 6/30/2004	Additions	Deletions	End Balance 6/30/2005
Land & Buildings	3,014,010	417,244	-	3,431,254
Equipment	6,829,916	934,779	-	7,764,695
	<u>9,843,926</u>	<u>1,352,024</u>	<u>-</u>	<u>11,195,949</u>

Clackamas County Fire District #1  
Buildings  
June 30, 2005

Current Year 2005  
Useful Life 40

Location	Date Built	Years In Service	Current Value	Const/Purchase Cost	Annual Depreciation	Accumulated Depreciation
Highland Butte Radio Antenna 25341 S Beeson Road Beavercreek	2001 2004	4 1	46,033	40,417 5,616	1,010 152	4,042 152
Training Center 15990 SE 130th Clackamas	1982	23	462,000	269,808	6,745	155,140
Training Tower 15990 SE 130th Clackamas	1982	23	540,800	315,827	7,896	181,601
Station #8 16100 SE 130th Clackamas	1987 2005	18 1	974,801	680,000 94,801	22,000 2,370	396,000 2,370
Station #9 300 Longview Way Oregon City	1976 2004 2005	29 1 0	660,487	372,900 131,947 155,640	9,323 3,299 3,891	270,353 3,299 3,891
Station #12 18081 S Harding Way Oregon City	1980 2005	25 0	485,500	485,500 867	12,138 22	303,438 22
400 Building 6596 SE Lake Road Milwaukie	1972	33	200,000	53,660	1,342	44,270
Station #1 11300 SE Fuller Road Milwaukie	1983 2005	22 1	2,364,266	1,453,125 39,266	36,328 982	799,219 982
Sheriff's Office - Stn #1 11300 SE Fuller Road Milwaukie	1983	22	50,000	31,250	781	17,188
Station #4 6600 SE Lake Road Milwaukie	1999	6	1,456,000	1,456,000	36,400	218,400
NEW Station #10 22310 S Beavercreek Road Beavercreek	2003 2003	2 2	2,138,778	2,122,952 15,826	53,074 396	106,148 791
Station #10 22024 Beavercreek Road Beavercreek	1946	59	1,200,000	63,480	-	63,480
Beavercreek Community Room 22024 Beavercreek Road Beavercreek	1979	26	160,100	73,598	-	73,598
Logistics Center 16170 SE 130th Clackamas	1983 2005	22 0	632,817	391,558 4,817	9,789 120	215,357 120
Station #3 2930 SE Oak Grove Blvd Oak Grove	1996	9	2,812,200	2,812,200	70,305	632,745
Station #8 12801 SE King Road Happy Valley	2002	3	2,000,000	2,000,000	50,000	150,000
Station #11 18265 S Redland Road Redland	2002 2003	3 2	1,537,011	934,671 301,170	23,367 7,529	70,100 15,059
Station #7*** 172nd Avenue Pleasant Valley	2005	0	-	71,104	1,778	1,778
Station #5 9339 SE Causey Avenue Portland	2003 2003	2 2	2,339,574	2,248,391 34,505	56,210 863	112,420 1,725
<b>Totals</b>			<b>20,060,367</b>	<b>16,860,897</b>	<b>417,244</b>	<b>3,841,958</b>

Old Station #10 SOLD Fiscal 2004  
\*\*\*Station 7 Project in process.

Beginning Balance	16,444,070	3,412,708
Additions	416,827	417,244
Deletions	137,078	27,599
	<b>16,723,819</b>	<b>3,857,551</b>

Clackamas County Fire District #1  
 Apparatus  
 June 30, 2005

Current Year 2005  
 Useful Life 12

Asset #	Vehicle	Purchased	Years In Service	\$	Annual Depreciation	Accumulated Depreciation
E14	Ford Pumper	1989	16	180,000	-	180,000
E12	Pierce Pumper	1982	23	60,000	-	60,000
E13	Pierce Pumper	1982	23	60,000	-	60,000
E26	Pierce Pumper	1982	23	60,000	-	60,000
WT14	Mack Tender	1982	23	45,000	-	45,000
WT12	GMC Brigadier Tender	1983	22	110,000	-	110,000
WT13	GMC Tender	1985	20	60,000	-	60,000
E21	Pierce Arrow Pumper	1986	19	75,000	-	75,000
T24	Pierce Telesquirt	1986	19	385,000	-	385,000
WT10	Ford Tender	1986	19	160,000	-	160,000
B-13	Chevy Brush Rig	1990	15	35,000	-	35,000
E28	Western States Pumper	1991	14	190,000	-	190,000
B-12	Dodge Brush Rig	1992	13	90,000	-	90,000
E23	KME Pumper	1992	13	75,000	-	75,000
M23	Ford Rescue	1992	13	60,000	-	60,000
RH10	Ford Marion Rescue	1992	13	80,000	-	80,000
WR8	Ford Water Rescue	1993	12	80,000	6,667	80,000
WT11	International Tender	1993	12	175,000	14,583	175,000
B-11	Dodge Brush Rig	1994	11	91,123	7,594	83,529
SQ3	Ford Rescue	1994	11	70,000	5,833	64,167
T4	Simon Duplex LT	1994	11	525,000	43,750	481,250
	Fire Safety Trailer	1995	10	30,000	2,500	25,000
B-10	Dodge Brush Rig	1995	10	90,000	7,500	75,000
E10	International Pumper	1995	10	177,014	14,751	147,512
E31	KME Pumper	1997	8	70,000	5,833	46,667
E3	Pierce Pumper	1998	7	260,000	21,667	151,667
BC3	GMC Yukon	1999	6	50,000	4,167	25,000
E1	ALF Pumper	1999	6	318,267	26,522	159,133
E5	ALF Pumper	1999	6	314,977	26,248	157,489
E6	ALF Pumper	1999	6	296,264	24,689	148,132
E8	ALF Pumper	1999	6	320,825	26,735	160,413
M3	Ford F350 Ambulance	2000	5	88,071	7,339	36,696
Rehab	Gillig Bus	2000	5	30,000	2,500	12,500
SQ1	Ford F550	2001	4	90,000	7,500	30,000
E2	ALF Pumper	2001	4	290,277	24,190	96,759
SQ9	Ford F550	2001	4	90,000	7,500	30,000
E11	ALF CAFS	2003	2	338,041	30,914	61,827
E10	ALF CAFS	2003	2	338,040	30,914	61,827
T4	ALF Truck	2004	1	643,696	53,641	53,641
E16	Pierce Saber Pumper	2004	1	104,928	8,744	8,744
E36	Central States Pumper	2004	1	60,000	5,000	5,000
T15	Pierce Dash Quint	2004	1	200,000	16,667	16,667
	Western States Pumper	2004	1	22,000	1,833	1,833
	Custom Air Trailer	2004	1	1,000	83	83
	Command Bus	2004	1	112,343	9,362	9,362
	Zodiac Boat Trailer	2004	1	4,500	375	375

DELETIONS:

Totals

7,006,366	445,601	4,130,273
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Beginning Balance  
 Additions  
 Deletions - Deleted Apparatus  
 Ending Balance

6,988,982	3,741,383
17,384	388,890
-	-
7,006,366	4,130,273

Clackamas County Fire District #1  
 Staff Vehicles  
 June 30, 2005

Current Year 2005  
 Useful Life 7

Asset #	Vehicle	Purchased	Years In Service	\$	Annual Depreciation	Accumulated Depreciation
TRNG	Ford F250 Pickup	1983	22	7,500	-	7,500
Logis	Ford Ranger Pickup	1986	19	3,000	-	3,000
FM	Dodge Pickup	1988	17	5,000	-	5,000
Logis	Ford Ranger Pickup	1992	13	9,000	-	9,000
MIS	GMC Safari Van	1992	13	8,000	-	8,000
TRNG	Ford Taurus	1992	13	7,000	-	7,000
	Chevy Caprice	1993	12	5,000	-	5,000
PIO	Chevy Lumina	1994	11	8,000	-	8,000
Logis	Chevy Box Van	1995	10	30,000	-	30,000
	Chevy Suburban	1995	10	40,000	-	40,000
Prev11	Chevy Lumina	1995	10	10,000	-	10,000
C9	Ford Explorer	1996	9	14,500	-	14,500
Prev	Chevy Corsica	1996	9	13,900	-	13,900
Prev3	Chevy Corsica	1996	9	13,900	-	13,900
Prev7	Chevy Corsica	1996	9	13,900	-	13,900
TRNG	Chevy Lumina	1996	9	14,557	-	14,557
BC4	Chevy Tahoe	1997	8	40,000	-	40,000
TRNG	Ford Van	1999	6	30,420	4,346	26,074
	Jeep Cherokee	2000	5	18,805	2,686	13,432
C1	Jeep Cherokee	2000	5	18,805	2,686	13,432
C2	Jeep Cherokee	2000	5	17,111	2,444	12,222
Prev2	Ford Ranger Pickup	2000	5	16,098	2,300	11,499
	Dodge Dakota	2001	4	17,588	2,513	10,050
BC2	Chevy Suburban	2001	4	47,978	6,854	27,416
Prev2	Ford Ranger Pickup	2003	2	13,879	1,983	3,965
Log 2	Logistics Van	2004	1	45,764	6,538	6,538
Prev	Ford Pickup	2004	1	16,294	2,328	2,328
Prev	Ford Pickup	2004	1	14,300	2,043	2,043
BC3	Chevy Suburban	2004	1	48,868	6,981	6,981
	Ford Expedition	2004	1	12,000	1,714	1,714
	Chevrolet Astro Van	2004	1	1,500	214	214
C1	Ford Explorer	2005	0	21,976	-	-
	Fire Safety Trailer	2005	0	54,998	-	-

DELETIONS: - -

Totals	639,641	45,630	381,166
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Beginning Balance	562,667	353,426
Additions	76,974	27,740
Deletions	-	-
	<u>639,641</u>	<u>381,166</u>

Clackamas County Fire District #1  
 Small Equipment  
 June 30, 2005

Useful Life 5

	Prior	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	TOTAL
Equipment Purchased	4,098,607.86	3,079,638.00	546,756.86	586,288.87	1,211,185.95	1,152,077.26	1,118,216.10	551,512.10	12,344,283.00
Less Rolling Stock	3,276,394.06	1,590,752.75	260,279.12	129,723.88	427,662.71	708,896.00	870,220.12	94,357.93	7,358,286.57
Small Equipment	822,213.80	1,488,885.25	286,477.74	456,564.99	783,523.24	443,181.26	247,995.98	457,154.17	4,985,996.43
Deletions	(16,268.00)							(15,000.00)	
	805,945.80	1,488,885.25	286,477.74	456,564.99	783,523.24	443,181.26	247,995.98	442,154.17	4,954,728.43
Annual Depreciation		297,777.05	57,295.55	91,313.00	156,704.65	88,636.25	49,599.20	88,430.83	
Accumulative Depreciation									
Prior	822,213.80								
1998-99		297,777.05							
1999-2000			57,295.55						
2000-01				91,313.00					91,313.00
2001-02					156,704.65				156,904.65
2002-03						88,636.25			88,636.25
2003-04							49,599.20		49,599.20
2004-05								88,430.83	88,430.83
Deletions	(16,268.00)								
Totals	805,945.80	297,777.05	355,072.60	446,385.60	603,090.24	691,726.50	443,548.64	474,883.93	4,118,430.36

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
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**JUNE 30, 2005**

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## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS  
475 Cottage Street NE, Suite 200 • Salem, Oregon 97301  
(503) 581-7788

### *INDEPENDENT AUDITOR'S REPORT*

Board of Directors  
Clackamas County Fire District No. 1  
Milwaukie, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of Clackamas County Fire District No. 1, Milwaukie, Oregon, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 aggregate remaining fund information of Clackamas County Fire District No. 1 as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other required supplemental information are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise Clackamas County Fire District No. 1's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By: \_\_\_\_\_

Charles A. Swank, Shareholder  
September 27, 2005

***MANAGEMENT'S DISCUSSION AND ANALYSIS***



**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**(A Component Unit of Clackamas County)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2005**

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As management of 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, 2005.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$17,153,402 (net assets). Of this amount, \$8,049,576 (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$1,887,399. This increase is attributable to the revenues being greater than expenses.
- The investment in capital assets decreased \$473,355 to \$16,883,876 during the year.
- Long-term debt, including capitalized leases, decreased \$1,084,829 to \$8,638,741 during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The District is a municipal corporation engaged only in fire protection.

**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.

The *government-wide financial statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report on the functions of the District that are principally supported by property taxes and charges for services. The District's functions are controlled by the Board of Directors and may change from time to time.

The government-wide financial statements can be found on pages 6 and 7 of this report.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2005**

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**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. The District utilizes a general fund, two special revenue funds, a debt service fund and a capital projects fund to conduct its activities.

*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 statements focus 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 the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

As of the end of the current fiscal year, the District's governmental funds reported an ending fund balance of \$8,907,577, an increase of \$1,407,332 in comparison with the prior year.

**INDEPENDENT AUDITOR'S REPORT**

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

**FINANCIAL ANALYSIS**

The District's net assets were \$17,153,402 at June 30, 2005. Of this amount, \$8,049,576 was unrestricted, \$858,691 was restricted and \$8,245,135 was invested in fixed assets.

<i>Net Assets</i>	<u>2005</u>	<u>2004</u>
Cash and investments	\$ 8,718,302	\$ 7,374,160
Current assets	1,477,027	1,645,373
Note receivable	27,239	28,638
Capital assets	<u>16,883,876</u>	<u>17,357,231</u>
<i>Total Assets</i>	27,106,444	26,405,402

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2005**

**FINANCIAL ANALYSIS (Continued)**

	<u>2005</u>	<u>2004</u>
<b>Liabilities</b>		
Accounts payable	\$ 435,405	\$ 615,709
Compensated absences	878,896	800,120
Noncurrent liabilities	<u>8,638,741</u>	<u>9,723,570</u>
<b>Total Liabilities</b>	<b>9,953,042</b>	<b>11,139,399</b>
<b>Net Assets</b>		
Investment in capital assets (net of related debt)	8,245,135	7,595,012
Restricted for special purposes	858,691	824,525
Unrestricted	<u>8,049,579</u>	<u>6,846,466</u>
<b>Total Net Assets</b>	<b><u>\$ 17,153,402</u></b>	<b><u>\$ 15,266,003</u></b>

**Statement of Activities.** During the current fiscal year, the District's net assets increased by \$1,887,399. The key elements of the change in the District's net assets for the year ended June 30, 2005 are as follows:

- Property tax revenues increased \$1,078,798 (6 percent) during the year.
- Charges for services increased \$249,155.
- Capital grants and contributions were \$163,649.

	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 5,667,850	\$ 5,418,695
Capital grants and contributions	163,649	-
General revenues:		
Taxes and assessments	19,232,728	18,153,930
Miscellaneous	68,337	137,317
Gain on disposition of assets	<u>387,662</u>	<u>46,974</u>
<b>Total revenues</b>	<b><u>25,520,226</u></b>	<b><u>23,756,916</u></b>
<b>Expenses:</b>		
Fire protection	23,232,292	21,918,040
Interest on long-term debt	<u>400,535</u>	<u>431,346</u>
<b>Total expenses</b>	<b><u>23,632,827</u></b>	<b><u>22,349,386</u></b>
Change in net assets	1,887,399	1,407,530
Fund net assets - July 1, 2004	<u>15,266,003</u>	<u>13,858,473</u>
Fund net assets - June 30, 2005	<b><u>\$ 17,153,402</u></b>	<b><u>\$ 15,266,003</u></b>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2005**

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 19 of this report.

**REQUIRED SUPPLEMENTAL INFORMATION**

Progress in funding the District's pension obligations and budgetary comparison statement for the General Fund have been provided. The budget is adopted on the modified accrual basis.

**CAPITAL ASSETS**

At June 30, 2005, the District had \$16,883,876 invested in capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions and depreciation) of \$473,355.

This year's additions of \$950,955 are mainly the result of the station upgrades and equipment additions.

**LONG-TERM DEBT**

At June 30, 2005, the District had long-term debt outstanding of \$8,638,741 (general obligation bonds of \$8,309,200 and capital leases of \$329,541). The amount represents a decrease of \$1,084,829.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District is primarily dependent upon property taxes and service contracts for the funding of operations; therefore, the District is affected by the local economic conditions. The budgets for Fiscal 2005-06 have already been approved by the Board, and include both increased revenue related to property value increases and additions and increased expenses due to labor contract commitments. The District's PERS employer rate is set to increase to 23.65% for fiscal 2005-06, and then to 28.77% for fiscal 2007-08. Subsequent to year end, the District pursued bonding to fund the unfunded actuarial liability that has driven the District's employer rates up during the last four years. The payment to PERS has reduced the District's employer rate to 12.86% effective October 1, 2005. The reduction is estimated to save the District approximately \$250,000 to \$400,000 annually.

In May of 2005, citizens of the City of Milwaukie voted to annex their City to the District. The annexation was to be cost neutral to the citizens in that the City of Milwaukie agreed to reduce their permanent tax rate commensurate with the District tax rate (2.4012/\$1,000 A.V.). The effect to the District budget is a shift of revenue from Service Contracts to Tax Revenue.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Susan McSperitt, Budget Officer, Clackamas County Fire District No. 1.

***BASIC FINANCIAL STATEMENTS***

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

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**ASSETS**

Cash and investments	\$ 8,718,302
Accounts receivable	69,654
Property taxes receivable	984,119
Prepaid expenses	124,944
Inventories	298,310
Note receivable	27,239
Capital assets	16,883,876

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*Total Assets* 27,106,444

**LIABILITIES**

Accounts payable	435,405
Noncurrent liabilities:	
Due within one year:	
Loan payable	38,650
Bonds payable	980,000
Capital lease	126,375
Due in more than one year:	
Loan payable	270,550
Bonds payable	7,020,000
Capital lease	203,166
Accrued compensated absences	878,896

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*Total Liabilities* 9,953,042

**NET ASSETS**

Investment in capital assets (net of related debt)	8,245,135
Restricted for special purposes	858,691
Unrestricted	8,049,576

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*Total Net Assets* \$ 17,153,402

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*The accompanying notes are an integral part of the financial statements.*

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2005**

	<i>Program Revenues</i>		<i>Net Changes in Net Assets</i>
	<i>Expenses</i>	<i>Fees, Fines and Charges for Services</i>	
<b>GOVERNMENTAL ACTIVITIES:</b>			
Fire services	\$ 23,232,292	\$ 5,667,850	\$ 163,649
Interest on long-term debt	400,535	-	-
	<u>23,632,827</u>	<u>5,667,850</u>	<u>163,649</u>
<i>Total governmental activities</i>	<u>\$ 23,632,827</u>	<u>\$ 5,667,850</u>	<u>\$ 163,649</u>
<b>GENERAL REVENUES:</b>			
Taxes and assessments			19,232,728
Miscellaneous			68,337
Gain on disposition of assets			387,662
			<u>19,688,727</u>
<i>Change in net assets</i>			1,887,399
<i>Net assets, July 1, 2004</i>			<u>15,266,003</u>
<i>Net assets, June 30, 2005</i>			<u>\$ 17,153,402</u>

The accompanying notes are an integral part of the financial statements.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<i>General</i>	<i>Other Governmental Funds</i>	<i>Totals</i>
<b>ASSETS</b>			
Cash and investments	\$ 7,066,744	\$ 1,651,558	\$ 8,718,302
Accounts receivable	69,654	-	69,654
Note receivable	-	27,239	27,239
Property taxes receivable	797,500	54,847	852,347
Undistributed tax collections	122,311	9,461	131,772
Prepaid expenses	124,944	-	124,944
Inventories	298,310	-	298,310
	<u>8,479,463</u>	<u>1,743,105</u>	<u>10,222,568</u>
<i>Total Assets</i>	<u>\$ 8,479,463</u>	<u>\$ 1,743,105</u>	<u>\$ 10,222,568</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 435,405	\$ -	\$ 435,405
Deferred revenue	797,500	82,086	879,586
	<u>1,232,905</u>	<u>82,086</u>	<u>1,314,991</u>
<i>Total Liabilities</i>	<u>1,232,905</u>	<u>82,086</u>	<u>1,314,991</u>
<b>Fund Balances</b>			
Reserved for debt service	-	54,847	54,847
Reserved for prepaid expenses	124,944	-	124,944
Reserved for inventories	298,310	-	298,310
Reserved for note receivable	-	27,239	27,239
Unreserved, reported in:			
General fund	6,823,304	-	6,823,304
Special revenue funds	-	829,936	829,936
Capital projects fund	-	736,196	736,196
Debt service fund	-	12,801	12,801
	<u>7,246,558</u>	<u>1,661,019</u>	<u>8,907,577</u>
<i>Total Fund Balances</i>	<u>7,246,558</u>	<u>1,661,019</u>	<u>8,907,577</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,479,463</u>	<u>\$ 1,743,105</u>	<u>\$ 10,222,568</u>

The accompanying notes are an integral part of the financial statements.



**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**RECONCILIATION TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2005**

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**RECONCILIATION TO THE STATEMENT OF NET ASSETS**

<i>Fund Balances</i>	\$ 8,907,577
The Statement of Net Assets reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.	879,586
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net depreciable value.	16,883,876
All liabilities are reported in the Statement of Net Assets. However, if they are not due and payable in the current period, they are not recorded in governmental funds.	(9,517,637)
	<hr/>
<i>Net Assets of Governmental Activities</i>	<u>\$ 17,153,402</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>REVENUES</b>			
Taxes and assessments	\$ 17,767,898	\$ 1,374,948	\$ 19,142,846
Charges for services	5,576,629	-	5,576,629
Intergovernmental	90,524	163,649	254,173
Miscellaneous	229,998	490,586	720,584
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	23,665,049	2,029,183	25,694,232
<b>EXPENDITURES</b>			
Personal services	18,629,451	-	18,629,451
Materials and services	3,068,031	-	3,068,031
Capital outlay	438,713	806,895	1,245,608
Debt service	3,275	1,340,535	1,343,810
	<hr/>	<hr/>	<hr/>
<i>Total Expenditures</i>	22,139,470	2,147,430	24,286,900
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	1,525,579	(118,247)	1,407,332
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	695,000	695,000
Transfers out	(695,000)	-	(695,000)
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Sources (Uses)</i>	(695,000)	695,000	-
<b>NET CHANGE IN FUND BALANCES</b>	830,579	576,753	1,407,332
<b>FUND BALANCES, Beginning of year</b>	6,415,979	1,084,266	7,500,245
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, End of year</b>	<u>\$ 7,246,558</u>	<u>\$ 1,661,019</u>	<u>\$ 8,907,577</u>

The accompanying notes are an integral part of the financial statements.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**YEAR ENDED JUNE 30, 2005**

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**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**

<i>Net Change in Fund Balances - Governmental Funds</i>	\$ 1,407,332
Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense, net of disposals.	776,949
Depreciation expense on capital assets is reported in the Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(1,381,711)
Proceeds from the issuance of long-term debt provide current financial resources to governmental funds and are reported as revenues. In the same way, repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, neither the receipt of debt proceeds nor the payment of debt principal affect the Statement of Activities, but are reported as increases and decreases in noncurrent liabilities in the Statement of Net Assets.	1,084,829
<i>Change in Net Assets of Governmental Activities.</i>	<u>\$ 1,887,399</u>

*The accompanying notes are an integral part of the financial statements.*

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2005**

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Clackamas County Fire District No. 1 was incorporated under the provisions of Oregon statutes. The District provides fire protection, safety, first aid and public education as authorized by its charter. The administration of the District is governed by a five member board of directors.

The District under contract provides fire protection and emergency medical services to the City of Milwaukie and the City of Oregon City. At June 30, 2005, fire protection to the City of Milwaukie was annexed. The contract with the City of Oregon City is through June 30, 2014.

The financial statements of the Clackamas County Fire District No. 1 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

***Reporting Entity***

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these financial statements.

***Basic Financial Statements***

Basic financial statements are presented at both the government-wide and fund financial level.

*Government-wide financial statements* display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. *Direct disbursements* are those that are clearly identifiable with a specific function or segment. *Program receipts* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general receipts*.

*Fund financial statements* display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the District has only governmental funds (general, special revenue, debt service, and capital projects). The District's financial operations are accounted for in the following funds: General Fund, Debt Service Fund and Capital Projects Fund.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Basic Financial Statements (Continued)*

*General Fund*

This fund accounts for the financial operations of the District not accounted for in any other fund. Principal sources of revenue are property taxes and contract revenues. Primary expenditures are for fire protection and administration.

*Special Revenue Funds*

These funds account for the equipment and facilities reserves. Revenue is primarily from transfers from the General Fund.

*Debt Service Fund*

This fund is used to accumulate resources for payment of general long-term debt. Property taxes are the primary revenue source.

*Capital Projects Fund*

This fund is used to account for resources set aside for capital improvements. Revenue is from bond proceeds.

*Measurement Focus and Basis of Accounting*

Accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board, define principles that should be used to report financial transactions. Accounting principles generally accepted in the United States of America require the use of the accrual basis of accounting for the government-wide financial statements. Under this system, revenues are recorded when they are earned and expenses are recorded when the related liability is incurred.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liabilities are incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

*Use of Estimates*

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 the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

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***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

*Budgets and Budgetary Accounting*

Budgets are adopted on the modified accrual basis of accounting. Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at fiscal year end.

Prior to July 1 of each fiscal year, a budget is prepared by management, approved by the budget committee and adopted and appropriated by the Board of Directors by resolution. The tax levy is certified to the County Tax Assessor by July 15. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total expenditures by the categories of personnel services, materials and services and capital outlay is the level of control established by the resolution.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Board. 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. During the year, two supplemental budgets were adopted.

*Inventories*

Inventories are recorded at cost using the first-in, first-out method. Inventories are charged to expense as consumed.

*Cash and Investments*

The District maintains cash and investments in a common pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined statements of assets and liabilities as cash and investments.

Oregon Revised Statutes authorize the District to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Investments are stated at cost, which approximates fair value.

*Receivables and Deferred Revenues*

Property taxes are levied by the County Assessor and collected by the County Tax collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15 and May 15. Uncollected property taxes levied for the current year are recorded as receivable at year end. The District's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
*NOTES TO BASIC FINANCIAL STATEMENTS (Continued)*  
*YEAR ENDED JUNE 30, 2005*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Capital Assets*

Governmental capital assets are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the funds and capitalized on the Statement of Net Assets. Maintenance and repairs of capital assets are charged to expenditures as incurred and are not capitalized. Upon disposal, the statement of net assets is relieved of the related cost. Depreciation is computed on capital assets, using estimated useful lives of 5 to 40 years.

*Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the statement of net assets. No expenditure is reported for these amounts. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

*Long-Term Obligations*

All long-term debt is recognized as a liability on the Statement of Net Assets. Repayment of general bonded debt will be made from debt service fund.

*Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**CASH AND INVESTMENTS**

Oregon Revised Statutes (294.035) and District policy authorize the Authority to invest in obligations of the U.S. Treasury and agencies, time certificates of deposit, bankers' acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool. Such investments are stated at cost, increased by accretion of discounts and reduced by amortization of premiums, both computed by the straight-line method, which approximates fair value.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

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**CASH AND INVESTMENTS (Continued)**

The District's deposits in its checking accounts were entirely covered by Federal Depository Insurance and certificates of participation as authorized by Oregon Statutes.

	<u>Carrying Value</u>	<u>Fair Value</u>
<b>Cash</b>		
Deposits with financial institutions	\$ 295,389	\$ 295,389
<b>Investments</b>		
Local Government Investment Pool	8,422,913	8,422,913
	<u>\$ 8,718,302</u>	<u>\$ 8,718,302</u>

**Deposits**

At year end, the book balance of the District's bank deposits (checking accounts) was \$295,389 and the bank balance was \$373,974. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

**Investments**

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2005, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was equal to 99.9% of the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

**NOTE RECEIVABLE**

10% note due from Bradley Fleck Properties; monthly payments of \$350 for 15 years. The note is collateralized by an office building and land. Balance owing at June 30, 2005 was \$27,239.



**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

**CAPITAL ASSETS**

The changes in the capital assets for governmental activities for the ended June 30, 2005 is as follows:

	<i>Balances July 1, 2004</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2005</i>
Land & Buildings	\$ 16,444,070	\$ 416,827	\$ (137,078)	\$ 16,723,819
Equipment and furniture	11,891,452	534,128	(15,000)	12,410,580
	28,335,522	950,955	(152,078)	29,134,399
Less accumulated depreciation	(10,978,291)	(1,381,711)	109,479	(12,250,523)
	<u>\$ 17,357,231</u>	<u>\$ (430,756)</u>	<u>\$ (42,599)</u>	<u>\$ 16,883,876</u>

**LONG-TERM DEBT**

Changes in long-term debt for the year were as follows:

	<i>Outstanding July 1, 2004</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2005</i>	<i>Due Within One Year</i>
Series 1995 Bonds Payable	\$ 695,000	\$ -	\$ (340,000)	\$ 355,000	\$ 355,000
Series 2001 Bonds Payable	8,245,000	-	(600,000)	7,645,000	625,000
Oregon City Loan Payable	347,850	-	(38,650)	309,200	38,650
Capital Leases	435,720	-	(106,179)	329,541	126,375
Accrued Compensated Absences	800,120	78,776	-	878,896	-
	<u>\$ 10,523,690</u>	<u>\$ 78,776</u>	<u>\$ (1,084,829)</u>	<u>\$ 9,517,637</u>	<u>\$ 1,145,025</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

**LONG-TERM DEBT (Continued)**

At June 30, 2005, future maturities of bond principal and interest are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2006	\$ 1,145,025	\$ 373,167	\$ 1,518,192
2007	891,816	331,968	1,223,784
2008	713,650	296,080	1,009,730
2009	748,650	262,330	1,010,980
2010	778,650	232,865	1,011,515
2011-15	4,360,950	618,675	4,979,625
	<u>\$ 8,638,741</u>	<u>\$ 2,115,085</u>	<u>\$ 10,753,826</u>

**PENSION PLAN**

*Plan Description*

The District is a participating employer in the Oregon Public Employees Retirement System ("PERS"), an agent multiple-employer public employee retirement system established under Oregon Revised Statutes 238.600 that acts as a common investment and administrative agent for public employers in the State of Oregon. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.state.or.us](http://www.state.or.us).

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED JUNE 30, 2005**

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**PENSION PLAN (Continued)**

*Funding Policy*

Employer contributions are required by state statute and made at actuarially determined rates as adopted by the OPERB. Covered employees are required by state statute to contribute 6.0% of their annual salary to the system. The District has agreed by contract to pay the employee contribution through December 31, 2005. The District contributed 18.53% of covered payroll to PERS for the fiscal year ended June 30, 2005.

*Annual Pension Cost*

All participating employers are required by law to submit the contributions as adopted by OPERB. For the fiscal year ended June 30, 2005, the District's annual pension expenditures/expense was \$2,273,187. The District's contributions were equal to the annual required contributions.

**INTERFUND TRANSFERS**

<u>Transfers in:</u>	<u>Transfers out:</u>
	<u>General</u>
Equipment	\$ 670,000
Facilities	25,000
	<hr/>
	\$ 695,000
	<hr/> <hr/>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**PRIOR PERIOD ADJUSTMENT**

Beginning net assets has been adjusted to reflect previous payments made on capital leases that were not recognized. The beginning balance was adjusted by \$41,533.

**SUBSEQUENT EVENT**

Subsequent to year end, the District issued \$20,355,000 of PERS bonds to cover the unfunded actuarial liability for the pension plan.

***REQUIRED SUPPLEMENTAL INFORMATION***

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF FUNDING PROGRESS - PUBLIC EMPLOYEES RETIRMENT SYSTEM**  
**YEAR ENDED JUNE 30, 2005**

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The following table presents a schedule of funding progress for the District's defined benefit pension plan:

<i>Actuarial Valuation Ending December 31</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability</i>	<i>Unfunded Actuarial Liability (UAL)</i>	<i>Funded Percent</i>	<i>Covered Payroll</i>	<i>UAL as a Percentage of Covered Payroll</i>
12/31/99	\$ 58,225,274	\$ 60,164,335	\$ 1,939,061	97%	\$ 9,768,912	20%
12/31/01	68,148,540	69,244,769	1,096,228	98	10,639,477	10
12/31/03	66,638,385	83,662,989	17,024,604	80	11,183,305	152

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Budget</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	
<b>REVENUES</b>				
Current year taxes	\$ 17,742,065	\$ 17,742,065	\$ 17,767,898	\$ 25,833
Charges for services	5,456,790	5,456,790	5,576,629	119,839
Intergovernmental	-	-	90,524	90,524
Miscellaneous	125,000	125,000	229,998	104,998
<i>Total Revenues</i>	<u>23,323,855</u>	<u>23,323,855</u>	<u>23,665,049</u>	<u>341,194</u>
<b>EXPENDITURES</b>				
Personal services	18,763,529	18,763,529	18,629,451	134,078
Materials and services	3,273,536	3,273,536	3,068,031	205,505
Capital outlay	554,453	554,453	438,713	115,740
Debt service	15,000	15,000	3,275	11,725
Contingency	1,450,000	1,450,000	-	1,450,000
<i>Total Expenditures</i>	<u>24,056,518</u>	<u>24,056,518</u>	<u>22,139,470</u>	<u>1,917,048</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(732,663)	(732,663)	1,525,579	2,258,242
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(695,000)	(695,000)	(695,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>(1,427,663)</u>	<u>(1,427,663)</u>	<u>830,579</u>	<u>2,258,242</u>
<b>FUND BALANCE, Beginning of year</b>	<u>1,427,663</u>	<u>1,427,663</u>	<u>6,415,979</u>	<u>4,988,316</u>
<b>FUND BALANCE, End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,246,558</u>	<u>\$ 7,246,558</u>

***OTHER SUPPLEMENTAL INFORMATION***

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2005**

	<u>Special Revenue</u>		<u>Debt Service</u>
	<u>Equipment</u>	<u>Facilities</u>	
<b>ASSETS</b>			
Cash and investments	\$ 348,608	\$ 508,567	\$ 58,187
Note receivable	-	27,239	-
Property taxes receivable	-	-	54,847
Undistributed tax collections	-	-	9,461
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$ 348,608</u>	<u>\$ 535,806</u>	<u>\$ 122,495</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Deferred revenue	\$ -	\$ 27,239	\$ 54,847
<b>Fund Balances</b>			
Unreserved, reported in:			
Special revenue funds	348,608	508,567	-
Capital projects fund	-	-	-
Debt service fund	-	-	67,648
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>348,608</u>	<u>508,567</u>	<u>67,648</u>
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 348,608</u>	<u>\$ 535,806</u>	<u>\$ 122,495</u>



<i>Capital Projects</i>	<i>Totals</i>
\$ 736,196	\$ 1,651,558
-	27,239
-	54,847
-	9,461
<u>\$ 736,196</u>	<u>\$ 1,743,105</u>
\$ -	\$ 82,086
-	857,175
736,196	736,196
-	67,648
<u>736,196</u>	<u>1,661,019</u>
<u>\$ 736,196</u>	<u>\$ 1,743,105</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2005**

	<i>Special Revenue</i>		<i>Debt Service</i>
	<i>Equipment</i>	<i>Facilities</i>	
<b>REVENUES</b>			
Taxes and assessments	\$ -	\$ -	\$ 1,374,948
Intergovernmental	38,499	125,150	-
Miscellaneous	16,656	447,444	7,431
<i>Total Revenues</i>	<u>55,155</u>	<u>572,594</u>	<u>1,382,379</u>
<b>EXPENDITURES</b>			
Capital outlay	453,123	272,192	-
Debt service	-	-	1,340,535
<i>Total Expenditures</i>	<u>453,123</u>	<u>272,192</u>	<u>1,340,535</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	(397,968)	300,402	41,844
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	670,000	25,000	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>272,032</u>	<u>325,402</u>	<u>41,844</u>
<b>FUND BALANCES, Beginning of year</b>	<u>76,576</u>	<u>183,165</u>	<u>25,804</u>
<b>FUND BALANCES, End of year</b>	<u>\$ 348,608</u>	<u>\$ 508,567</u>	<u>\$ 67,648</u>

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<i>Capital Projects</i>	<i>Totals</i>
\$ -	\$ 1,374,948
-	163,649
19,055	490,586
19,055	2,029,183
81,580	806,895
-	1,340,535
81,580	2,147,430
(62,525)	(118,247)
-	695,000
(62,525)	576,753
798,721	1,084,266
<u>\$ 736,196</u>	<u>\$ 1,661,019</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND - EQUIPMENT**  
**YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 38,000	\$ 434,200	\$ 38,499	\$ (395,701)
Miscellaneous	862	862	16,656	15,794
<i>Total Revenues</i>	38,862	435,062	55,155	(379,907)
<b>EXPENDITURES</b>				
Capital outlay	463,000	1,029,000	453,123	575,877
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(424,138)	(593,938)	(397,968)	195,970
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	670,000	670,000	670,000	-
<b>NET CHANGE IN FUND BALANCE</b>	245,862	76,062	272,032	195,970
<b>FUND BALANCE, Beginning of year</b>	(245,862)	(245,862)	76,576	322,438
<b>FUND BALANCE, End of year</b>	\$ -	\$ (169,800)	\$ 348,608	\$ 518,408

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND - FACILITIES**  
**YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 126,000	\$ 125,150	\$ (850)
Miscellaneous	455,236	455,236	447,444	(7,792)
<i>Total Revenues</i>	455,236	581,236	572,594	(8,642)
<b>EXPENDITURES</b>				
Capital outlay	-	595,000	272,192	322,808
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	455,236	(13,764)	300,402	314,166
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	25,000	25,000	-
<b>NET CHANGE IN FUND BALANCE</b>	480,236	11,236	325,402	314,166
<b>FUND BALANCE, Beginning of year</b>	86,295	86,295	183,165	96,870
<b>FUND BALANCE, End of year</b>	\$ 566,531	\$ 97,531	\$ 508,567	\$ 411,036

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes and assessments	\$ 1,323,622	\$ 1,323,622	\$ 1,374,948	\$ 51,326
Miscellaneous	1,546	1,546	7,431	5,885
<i>Total Revenues</i>	1,325,168	1,325,168	1,382,379	57,211
<b>EXPENDITURES</b>				
Debt service	1,340,536	1,340,536	1,340,535	1
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(15,368)	(15,368)	41,844	57,212
<b>FUND BALANCE, Beginning of year</b>	15,368	15,368	25,804	10,436
<b>FUND BALANCE, End of year</b>	\$ -	\$ -	\$ 67,648	\$ 67,648

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - CAPITAL PROJECTS FUND - SINKING FUND**  
**YEAR ENDED JUNE 30, 2005**

	<i>Budgeted Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Miscellaneous	\$ 9,475	\$ 9,475	\$ 19,055	\$ 9,580
<i>Total Revenues</i>	9,475	9,475	19,055	9,580
<b>EXPENDITURES</b>				
Capital outlay	-	800,000	81,580	718,420
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	9,475	(790,525)	(62,525)	728,000
<b>FUND BALANCE, Beginning of year</b>	789,589	789,589	798,721	9,132
<b>FUND BALANCE, End of year</b>	\$ 799,064	\$ (936)	\$ 736,196	\$ 737,132

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**STATEMENT OF PROPERTY TAX TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2005**

<u>Tax Year</u>	<u>Uncollected Balance July 1, 2004</u>	<u>2004-05 Levy</u>	<u>Current Year Collections</u>	<u>Net Adjustment to Tax Roll</u>	<u>Uncollected Balance June 30, 2005</u>
2004-2005	\$ -	\$ 19,673,290	\$ 18,596,475	\$ (552,065)	\$ 524,750
2003-2004	572,514	-	350,542	(50,755)	171,217
2002-2003	208,391	-	80,729	(29,915)	97,747
2001-2002	101,956	-	44,515	(23,437)	34,004
2000-2001	35,748	-	22,086	(5,378)	8,284
1999-2000	13,407	-	1,083	(3,039)	9,285
1998-1999	3,974	-	(420)	(2,127)	2,267
1997-1998	1,686	-	(589)	(1,082)	1,193
1996-1997	1,357	-	(865)	(1,143)	1,079
1995-1996	845	-	(848)	(966)	727
Prior	2,350	-	(505)	(1,061)	1,794
	<u>\$ 942,228</u>	<u>\$ 19,673,290</u>	<u>\$ 19,092,203</u>	<u>\$ (670,968)</u>	<u>\$ 852,347</u>



**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF DEBT TRANSACTIONS**  
**YEAR ENDED JUNE 30, 2005**

	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Fiscal Year of Maturity</u>
<b>DEBT PRINCIPAL TRANSACTIONS</b>			
Series 1995 Bonds	3.65-4.75%	1995	2006
Series 2001 Bonds	4.00-4.25%	2001	2015
Capital Leases	7.51-7.66%	1999	2008
Oregon City Loan		2004	2013
			<b>Unmatured Interest Outstanding</b>
	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>July 1, 2004</u>
<b>DEBT INTEREST TRANSACTIONS</b>			
Series 1995 Bonds	3.65-4.75%	1995	\$ 33,199
Series 2001 Bonds	4.00-4.25%	2001	2,459,690
Capital Leases	7.51-7.66%	1999	57,395
Oregon City Loan		2004	-
			<u>\$ 2,550,284</u>

<i>Outstanding July 1, 2004</i>	<i>Debt Issued</i>	<i>Debt Paid</i>	<i>Outstanding June 30, 2005</i>
\$ 695,000	\$ -	\$ 340,000	\$ 355,000
8,245,000	-	600,000	7,645,000
435,720	-	106,179	329,541
347,850	-	38,650	309,200
<u>\$ 9,723,570</u>	<u>\$ -</u>	<u>\$ 1,084,829</u>	<u>\$ 8,638,741</u>

<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2005</i>
\$ -	\$ 24,768	\$ 8,431
-	375,767	2,083,923
-	34,664	22,731
-	-	-
<u>\$ -</u>	<u>\$ 435,199</u>	<u>\$ 2,115,085</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE**  
**JUNE 30, 2005**

<i>Fiscal Year</i> <i>Ending</i> <i>June 30,</i>	<i>Series 1995 Bonds</i>			<i>Series 2001 Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2006	\$ 355,000	\$ 8,431	\$ 363,431	\$ 625,000	\$ 350,268	\$ 975,268
2007	-	-	-	650,000	323,705	973,705
2008	-	-	-	675,000	296,080	971,080
2009	-	-	-	710,000	262,330	972,330
2010	-	-	-	740,000	232,865	972,865
2011	-	-	-	770,000	202,155	972,155
2012	-	-	-	805,000	165,580	970,580
2013	-	-	-	850,000	125,330	975,330
2014	-	-	-	890,000	82,830	972,830
2015	-	-	-	930,000	42,780	972,780
	<u>\$ 355,000</u>	<u>\$ 8,431</u>	<u>\$ 363,431</u>	<u>\$ 7,645,000</u>	<u>\$ 2,083,923</u>	<u>\$ 9,728,923</u>

<i>Oregon City Loan</i>			<i>Capital Leases</i>		
<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
\$ 38,650	\$ -	\$ 38,650	\$ 126,375	\$ 14,468	\$ 140,843
38,650	-	38,650	203,166	8,263	211,429
38,650	-	38,650	-	-	-
38,650	-	38,650	-	-	-
38,650	-	38,650	-	-	-
38,650	-	38,650	-	-	-
38,650	-	38,650	-	-	-
38,650	-	38,650	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 309,200</u>	<u>\$ -</u>	<u>\$ 309,200</u>	<u>\$ 329,541</u>	<u>\$ 22,731</u>	<u>\$ 352,272</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE (Continued)**  
**JUNE 30, 2005**

<i>Fiscal Year Ending June 30,</i>	<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2006	\$ 1,145,025	\$ 373,167	\$ 1,518,192
2007	891,816	331,968	1,223,784
2008	713,650	296,080	1,009,730
2009	748,650	262,330	1,010,980
2010	778,650	232,865	1,011,515
2011	808,650	202,155	1,010,805
2012	843,650	165,580	1,009,230
2013	888,650	125,330	1,013,980
2014	890,000	82,830	972,830
2015	930,000	42,780	972,780
	<u>\$ 8,638,741</u>	<u>\$ 2,115,085</u>	<u>\$ 10,753,826</u>

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**SCHEDULE OF INSURANCE IN FORCE**  
**JUNE 30, 2005**

<u>Company</u>	<u>Policy Number</u>	<u>Policy Term</u>	<u>Amount of Insurance</u>	<u>Coverage</u>
Special Districts Insurance Services	17P52015	1/1/04-05	Various	Property Liability Crime General - Automobiles
Provident Agency	DCC6442314	7/1/03-04	\$ 25,000 2,500 1,000	Accidental Death & Dismemberment Accidental Medical Expense Weekly Disability Income
Hartford Fire Insurance Company Bond	52BPEAI9284	Continuous	200,000	Public Employee Fidelity
SAIF	431322138	7/1/03- 6/30/04	500,000 500,000 500,000	Each Accident Disease - Policy Limit Disease - Employee Limit

***REGULATORY SECTION***





**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**AUDITOR'S COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**  
**YEAR ENDED JUNE 30, 2005**

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

*Significant Accounting Policies*

The significant accounting policies followed in preparing the District's financial statements are summarized in the notes to the basic financial statements.

*Organization and Fund Structure*

The organization and fund structure of the District is documented on the title page and in the notes to the basic financial statements.

*Internal Accounting Control*

We have audited the basic financial statements of Clackamas County Fire District No. 1 as of and for the year ended June 30, 2005, and have issued our report thereon dated September 27, 2005. As part of our audit, we made a study and evaluation of accounting systems and controls as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the District taken as a whole. However, our study and evaluation disclosed no condition that we believe to be a material weakness.

*Depositories and Collateral*

The depositories and the amount of collateral pledged by these depositories to secure funds of the District were reviewed and were in compliance during the year with Oregon Revised Statutes.

*Investments*

Our review of deposit and investment balances and the investment policies of the District appear to be in compliance with ORS 295, as it pertains to the investment of public funds during the year ended June 30, 2005.

*Indebtedness*

We reviewed compliance relating to short-term debt, including limitations on the amount of debt which may be incurred, liquidation of debt within other agreements, including any restrictions on the use of monies available to retire indebtedness. We found no instances in which the District had not complied with these legal or contractual provisions relating to debt.

*Budget*

The District has complied with Local Budget Law (ORS 294) and ORS 264.300 in the preparation and adoption of its budget and tax levy for fiscal years ending June 30, 2005 and 2006.

**CLACKAMAS COUNTY FIRE DISTRICT NO. 1, CLACKAMAS COUNTY, OREGON**  
**AUDITOR'S COMMENTS AND DISCLOSURES (Continued)**  
**YEAR ENDED JUNE 30, 2005**

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*Public Contracts and Purchasing*

The District appears to have complied in all material respects with ORS 279 pertaining to purchasing and the awarding of public contracts.

*Insurance and Fidelity Bonds*

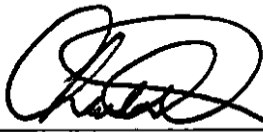
We reviewed the insurance policies and fidelity bonds of the District and have included a Schedule of Insurance in Force at June 30, 2005, in this report. Our professional training does not qualify us to state whether insurance coverage is adequate.

*Schedule of Accountability of Independently Elected Officials*

There are no elected District officials who collect or receive funds on behalf of the District.

This report is intended solely for the information and use of the Board of Directors and management of Clackamas County Fire District No. 1, and is not intended and should not be used by anyone than those specified parties.

GROVE, MUELLER & SWANK, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

By:   
\_\_\_\_\_  
Charles A. Swank, Shareholder

September 27, 2005