



June 27, 2017

Budget Committee Members and Citizens
Tualatin Valley Fire & Rescue
Washington, Clackamas, Multnomah, and Yamhill Counties, Oregon

Dear Budget Committee Members and Citizens:

Introduction

In compliance with the state of Oregon Local Budget Law and Tualatin Valley Fire & Rescue (District) policies as authorized in Section 3 of the Board Policy Manual, the annual budget for Tualatin Valley Fire & Rescue for the fiscal year 2017-18, beginning July 1, 2017 and ending June 30, 2018, is submitted for your approval. As prepared and submitted the annual budget is intended to serve as:

- A financial plan for the next fiscal year, outlining the forecasted expenditure requirements and the proposed means for financing these requirements.
- An operational plan for the use and deployment of personnel, materials and services, and other resources during the 2017-18 fiscal year.
- An operations guide for program and department goals and objectives.

Budgetary Accounting Basis

All of the funds are budgeted using the modified accrual basis of accounting in accordance with budgetary practices. For generally accepted accounting principles basis reporting, the budgeted General Fund combines with the Apparatus Fund and Capital Improvements Fund under Governmental Accounting Standards Board (GASB), statement 54. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Within the annual budget, the District's various funds are grouped into the fund types and account groups indicated below:

- **Governmental funds**, which include the General Fund (a major fund); the *special revenue fund types*: Apparatus Fund, Capital Improvements Fund, and Grants Fund; the Debt Service Fund; and the *capital projects fund type*: Property and Building Fund (a major fund).
- **Proprietary fund**, which includes the *internal service fund type*, the Insurance Fund.
- **Fiduciary funds**, which include *trust and agency* funds, cover the Pension Trust Fund and Volunteer LOSAP Fund.

The budget is prepared on the generally accepted accounting principles basis, with all governmental funds accounted for using the modified accrual basis of accounting, with revenues being recorded when measurable and available, and expenditures being recorded when the goods or services are received. The District's internal service fund and trust and agency funds are maintained on the accrual basis of accounting. For pension trust funds, the

Message from the Chief Financial Officer, continued

measurement focus is on the determination of net income and capital maintenance. All fund assets and liabilities, current and non-current, are accounted for within the funds.

Strategic goals and ongoing financial models provide the foundation for communication of our overall budgetary goals to department managers, who develop the budget after preparation and identification of key performance objectives for their department and program. Overall guidance and philosophy are outlined by the Fire Chief and executive staff.

The District prepares a budget for all funds that are subject to the budget requirements of state law, including the legal requirement for a balanced budget; meaning that total beginning fund balance, revenues, and other financing sources are equal to the total of expenditures, other financing uses, contingency, and ending fund balance. The budgeting process includes citizen input through various stages of preparation, public hearings, and approval of the original budget by the Board of Directors.

Budget Summary for Requirements

Expenditures	2016-17 Revised Budget	2017-18 Budget	Increase (Decrease)
Personnel Services	\$ 97,148,646	\$ 102,201,265	\$ 5,052,619
Materials and Services	14,034,590	14,427,312	392,722
Capital Outlay	19,921,415	26,259,907	6,338,492
Debt Service	6,273,986	6,462,236	188,250
Operating Transfers Out	6,500,000	7,480,286	980,286
Operating Contingency	9,090,531	9,175,307	84,776
Ending Fund Balance	37,325,850	31,241,298	(6,084,552)
Total Requirements	\$ 190,295,018	\$ 197,247,611	\$ 6,952,593

The budget requirements for fiscal year 2017-18 for all funds totals \$197,247,611, which is \$6,952,593 higher than the \$190,295,018 in the current year. The largest change relates to the increased number of employees associated with new station 55, the new firefighters added through federal grant funding, and a new Medic Unit, as well as changes in wages and benefits of employees over the prior year through CPI-W based negotiated wage increases, PERS system rate changes and expected increases to the cost of healthcare. Capital outlay budgeted was increased, funding both fire engines and a truck, and the construction of fire stations and continued purchase of fire station land sites. Additionally, there is an increase in budgeted transfers out to capital reserve funds and decreases in all funds budgeted Ending Fund Balance largely again due to the spend down of the bond proceeds and spend down of ending fund balance for construction within the Property and Building Fund. Comparative data on individual funds may be obtained by reviewing financial summaries presented within individual funds.

2017-18 Significant Changes

Personnel Services

Personnel Services increased 5.2% over all funds or \$5,052,619. The increase is due to the General Fund's increase in full-time employee (FTE) equivalent positions of six and a half positions in 2016-17, and the scheduled wage and benefit increases, significant PERS rate increases and projected medical cost increases. The net additional six and a half positions are due to the additional 12 firefighters added for new station 55, a new Medic unit 33, an additional line Battalion Chief position, a new facilities maintenance technician and a position to support line shift filling, offset in part by seven and a half equivalent positions in recruits as prior year recruits are out of their academies and placed onto units, and four less positions throughout the operations of the District. Twelve firefighters are also added and funded in the Grant Fund that was awarded mid 2016-17 fiscal year.

Materials and Services

Materials and Services increased \$392,722 overall, which is largely due to the General Fund increase of \$283,065 or 2.1%.

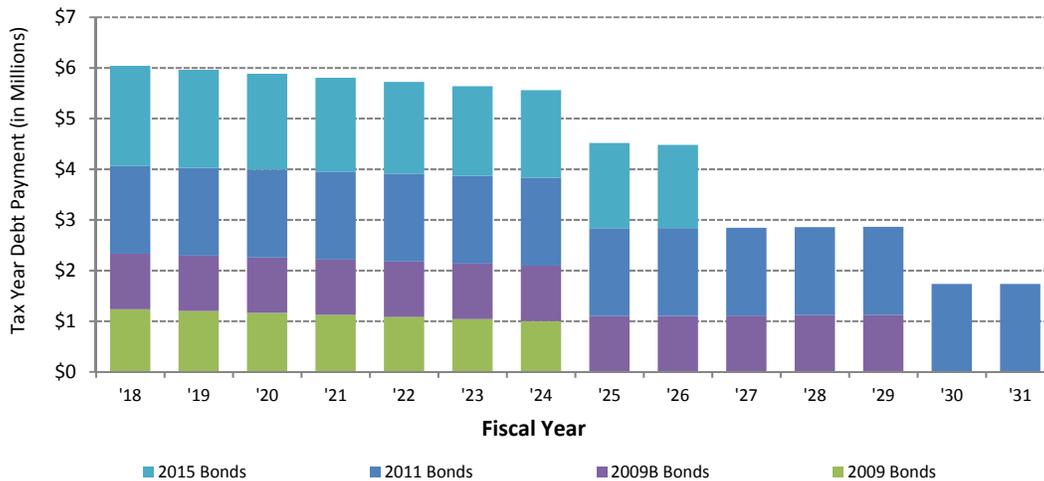
Capital Outlay

Capital Outlay increased \$6,338,492 or approximately 31.8%, to a total of \$26,259,907. Capital budget requests in the Capital Improvement Fund decreased \$5,583, to a total of \$2,558,442, reflecting the ongoing capital replacements of operating equipment. The Apparatus Fund increased \$2,160,000 due to a local option levy committed fire truck and two scheduled replacement fire engines, and the Grants Fund decreased \$907,000, reflecting the planned final closing expenditures of two seismic improvement grants for two fire stations as the projects continue toward completion. Property and Building Fund increased \$10,649,549, largely reflecting planned land acquisition and station design and permit fees for station additions and final completion of stations 64 and 69, construction completion of new station 55, beginning of construction of new station 39 and the final construction expenditures to completion of Station 372. The Capital Projects Fund decreased \$5,558,474, reflecting the usage of all remaining bond proceeds on the final projects during fiscal year 2016-17.

Debt Service

Total budgeted debt service expenditures are scheduled to increase by \$188,250 to a total of \$6,462,236 to meet estimated principal and interest obligations associated with general obligation debt outstanding. The final bond sale, in 2015 of the original \$77.5 million authority authorized in 2006, refunded future 2007 bond payments, providing significant interest savings, and completed the final \$5,000,000 of issuance authority.

Debt Payments



Transfers

Transfers are increased by \$980,286, to \$7,480,286. Transfers are made to the Apparatus Fund, Property and Building Fund, and the Pension Trust Fund. The Apparatus Fund will receive \$1,000,000 toward continued scheduled apparatus replacement, and the Property and Building Fund will receive \$6,113,228 for new station sites and stations as part of the local option levy station commitments, and the Pension Trust Fund will receive \$367,058 from the General Fund to meet pension obligations for pre-1973 and 1976 retirees. Plan assets for the pension plan have been exhausted, and the District continues to transfer sufficient funds each payroll to meet monthly pension obligations for these closed plans.

Contingencies

Contingencies across all funds are budgeted at \$9,175,307 for 2017-18, a decrease of \$84,776 from the prior year. The contingency budget in the General Fund is \$5,322,705. Under Oregon law, Ending Fund Balance may not be appropriated for use during the year, so the contingency appropriation provides for flexibility in operations should an unexpected major natural disaster occur, a major apparatus fail, or other such event occur that cannot be anticipated. Accordingly, the District budgets contingency at a higher level than anticipated to be utilized. All unused contingency reverts to Ending Fund Balance.

Ending Fund Balance

The majority of amounts for Ending Fund Balance are related to the General Fund, \$23,930,455; the Apparatus Fund, \$3,319,645; the Capital Improvements Fund, \$3,870,598; and the Bonded Debt Service Fund, \$120,600. The District seeks a stable General Fund balance and conservatively forecasts the actual Ending Fund Balance to be approximately \$42,500,000, which equates to approximately five months of operating funds.

Debt Administration

Debt outstanding consists of Series 2007, Series 2009, Series 2009B, Series 2011, and Series 2015 Advance Refunding and New General Obligation Bonds. The District's legal debt limit is approximately \$841,000,000, with remaining debt capacity of \$786,000,000 as of June 30, 2016. We utilize capital planning in conjunction with financial forecasting to determine what level of capital funding we can continue to make while managing our resources under our legal tax base. Our largest future variables will be the siting and possible relocation of stations. Because station siting and relocation planning are dependent upon factors such as land-use laws, transportation routes, placement of neighboring jurisdictions' stations, incident count, and population and development growth, we continue to work extensively on a regional basis to ensure the best service to our citizens. Our goal is to locate stations for the most effective emergency response and allow continued alternative staffing configurations depending on the region's call types and run volumes. The replacement local option levy will fund continued land purchases for new fire stations, the construction of new fire stations, and the reconstruction and seismic improvements of several older fire stations. In the future, to complete construction of the future station sites, it is expected the District will request its voters support further construction of new station sites with additional general obligation bond approval.

Budget Summary for Revenues

Total revenues for all funds for the current budget year and the ensuing fiscal year are shown below:

Revenues	2016-17 Budget	2017-18 Budget	Increase (Decrease)
Beginning Fund Balance	\$ 66,279,572	\$ 70,318,149	\$ 4,038,577
Property Tax, Current Year	101,268,156	107,664,723	6,396,567
Property Tax, Prior Year	1,477,979	1,126,222	(351,757)
Other Taxes and Interest on Tax	31,526	37,720	6,194
Interest on Investments	227,984	375,290	147,306
Program Revenue	11,193,681	6,212,743	(4,980,938)
Special Service Charges	2,000	2,000	
Program Fees	400,000	500,000	100,000
Regional Hazardous Response	5,000	5,000	
Accounting Service Revenues	500	350	(150)
Training Center Revenues	5,000	10,000	5,000
Rental Income	85,600	75,600	(10,000)
Insurance Refund	225,400	232,500	7,100
Donations and Grants	1,893,526	2,634,028	740,502
Surplus Property	607,500	462,500	(145,000)
Other Revenues	91,594	110,500	18,906
Transfers from Other Funds	6,500,000	7,480,286	980,286
Total Revenues	\$ 190,295,018	\$ 197,247,611	\$ 6,952,593

Beginning Fund Balance

Beginning Fund Balance has increased 6.1%, to \$70,318,149 for all funds. The General Fund's budgeted beginning fund balance was increased by \$4,092,311, to \$39,403,543, reflecting the practice of increasing fund balance toward our goal of maintaining approximately five months fund balance and as a result of revenues greater than forecast. Our General Fund has a targeted goal to provide at least five months of operating funds before we receive our tax collections in late November of each year. The beginning fund balance in the Apparatus Fund increased by \$181,652, reflecting its future usage for emergency response apparatus now that all apparatus expected to be purchased from the capital bond have been completed. The Capital Improvement Fund's budgeted beginning fund balance decreased \$658,662. The Property and Building Fund's beginning fund balance increased by \$5,487,536, as the District sets aside reserves for additional stations that are planned as part of the local option levy station additions. The decrease in the Capital Project Fund beginning fund balance of \$4,952,184 is a result of the prior year bond proceeds being completely utilized on apparatus and station construction projects, as planned.

Property Taxes – Current Year

General operating property taxes are based upon the District's assigned "permanent tax rate" of \$1.5252, multiplied by the assessed valuation within the District and supplemented by a local option levy. The local option levy of \$0.45 per \$1,000 of assessed valuation for the five years from 2015-16 through 2020-21 was approved by voters in the May 20, 2014 election and the 2017-18 fiscal year will be the third year of five of the levy. Planning for the timing of the renewal request for a subsequent five year levy will be undertaken in the 2017-18 fiscal year. Under current law, assessed value is generally significantly less than market value and is based upon the relationship of other similar properties. For 2016-17, the Washington County Assessor reported assessed value was 66.6% of District Measure 5 (M5) market value of \$61,886,587,399 and a similar relationship exists for our other counties in which we levy taxes. Unless M5 market value falls near assessed value and potentially restricts the levy of taxes, the spread between market value and assessed value indicates we can expect to collect the majority of the property taxes levied. For purposes of our 2017-18 budget, we assumed a 4.21% assessed valuation increase for property in our service area, and a 3.5% assessed valuation increase in the annexed area

Message from the Chief Financial Officer, continued

previously served by Washington County Fire District No. 2 which is annexed into the District effective July 1, 2017. Our projections for assessed valuation growth are based on our analysis of residential real estate trends, the local economy and current property tax collections. A collection rate of 94.4% was assumed. Tax levies for general obligation bonds are exempt from the property tax limitation measures and accordingly, the District levies the total dollar amount necessary for payment of the general obligation bonds.

Assessed Value Growth

Taxes levied at \$1.5252 for general operations against an estimated \$55.0 billion in assessed valuation are expected to provide approximately \$78.8 million in collections. The local option levy of \$.45 per thousand dollars of assessed valuation on an estimated \$56.0 billion of assessed value is expected to provide collections of \$23.0 million. Urban renewal creates the difference in assessed value that is reported by each county assessor versus the value used to levy the District's permanent tax rate and the assessed value that is used to levy the local option levy and bonded debt levy. We will also levy \$5,728,162 for our general obligation bonds. This bond levy is expected to result in a levy rate of 10.47 cents per thousand dollars of assessed valuation and approximately \$5,407,385 in collections.

Property Tax – Prior Year

Total taxes outstanding totaled \$4,567,303 at the fiscal year ended June 30, 2016. At the beginning of the previous fiscal year, that amount totaled \$3,992,465. Of the June 30, 2016 amount, \$1,820,212 was for taxes levied during that fiscal year, while \$2,747,091 was related to prior years' tax levies. Delinquent tax collections are estimated on an average collection rate based upon the forecasted June 30, 2017 receivables.

Interest on Investments

Interest on short-term investments has been budgeted to reflect short-term interest rates projected at an estimated 10-25 basis points. The governmental fund types and capital funds are invested in the Oregon Local Government Investment Pool to investment limits and a bank Jumbo Money Market account for governments. Investments are regulated by Board of Director policy, and permitted investment products include the Oregon Local Government Investment Pool, which is a diversified portfolio, commercial paper, bankers' acceptances, and United States Government Treasury and Agency securities, among others. Certain funds are designated for longer-term investing by the Board of Directors and may be invested for terms up to 18 months. Oregon law does not allow leveraged investing and the Oregon Local Government Investment Pool does not use derivative securities. The Volunteer LOSAP Fund is managed as a separate trust fund and has its own investment policy, including the above investments and additional permissible investments in equity investments appropriate for long-term pension funding. Their investments are actuarially expected to earn 5% annually by investment policy. However, due to the turbulent equity market, short-term investment projections for 2017-18 are estimated at 4%.

Transfers into and out of pool accounts are made by telephone prior to 1:00 p.m. on a one-day-in-advance basis. This provides a flexible mode for keeping surplus cash invested and is reinforced by a cash management program with our designated banking institution.

Program Revenue

These revenues are primarily from transport revenue (\$2,833,180), and emergency services contracts for Newberg City and Rural areas totaling (\$3,366,703).

Program Fees

These fees are related to MERC program \$400,000, have been included in the Capital Improvements Fund and committed to communications technology enhancements and improvements. An additional \$100,000 is budgeted in the General Fund as part of participation fees from other fire departments toward the development of GEMT legislative efforts, which is expected to provide funding for prehospital care provided by emergency responders.

Rental Income

The District earns rental income from cellular companies siting equipment on District towers.

Donations and Grants

State revenue sharing to counties that is passed to the District is included in Donations in the General Fund and is budgeted at \$180,226. Donations are sought from community partners to increase safety messaging, community education, and support important programs. Grant revenue in the Grant Fund includes the funding of 12 firefighter positions and remaining award of a reimbursement grant to seismically improve two fire stations for \$1,185,000 and other smaller projects. The District actively pursues grant funding for projects and equipment and for additional staffing.

Surplus Property

The expected sale of land no longer needed is included in surplus property sales for \$455,000 in the Capital Projects fund for 2017-18, comprising the largest portion of the \$462,500 budgeted revenue.

Transfers from Other Funds

A revenue source for three funds is, correspondingly, also a requirement for one fund. In the Non-Organizational category section in the General Fund, transfers are listed as a requirement of \$7,480,286. Monies are transferred from this fund to three funds, where they are listed as a resource. These transfers provide operating resources to the Apparatus Fund, the Property and Building Fund and the Pension Trust Fund.

Summary

The budget for fiscal year 2017-18 continues to afford the District a high level of service to our community and the two new contracted service areas, while continuing to meet our long-term performance statements. The year 2017-18 promises to be a year of many challenges to the organization, as we manage our continued focus on ensuring we provide fast and effective emergency response through continued deployment monitoring and adjustment of the types and locations of response units, completing the annexation of District 2 and assisting Newberg area residents determine their desired fire service provider.

Recognition is given to all staff members, division heads, and worksite managers who have appropriately devoted their time and energy toward the development of the annual budget. Please be assured that the same degree of effort will be devoted to the effective administration of the 2017-18 budget.

Sincerely,

Tualatin Valley Fire and Rescue



Debra L. Grabler, CPA.CITP, CGMA
Chief Financial Officer



Financial Overview

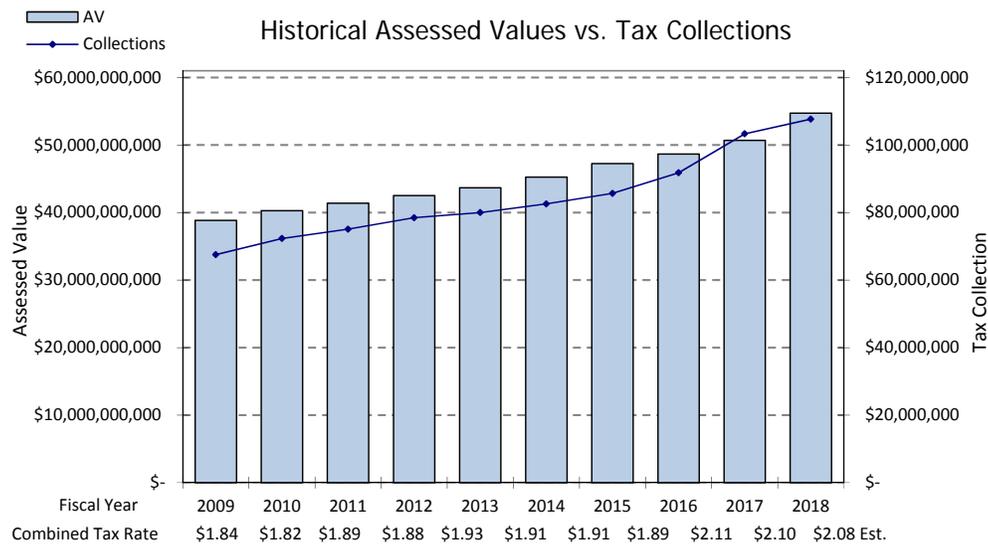
Tax Rates

General Fund – Permanent Rate		General Fund – Local Option Tax Levy		Bonded Debt	
Expected Assessed Valuation:	\$ 54,710,781,608	Expected Assessed Valuation:	\$ 55,824,810,288	Expected Assessed Valuation:	\$ 54,710,781,608
Tax Rate Levied:	\$ 1.5252/\$1,000	Tax Rate Levied:	\$ 0.45/\$1,000	Estimated Tax Rate:	\$ 0.1047/\$1,000
Estimated General Fund Total Levy:	\$ 83,444,884	Estimated Net Local Option Levy after M5 Compression:	\$ 24,893,413	Bonded Debt Total Levy:	\$ 5,728,162
Expected Collection Rate:	94.4%	Expected Collection Rate:	94.4%	Expected Collection Rate:	94.4%
Expected Collections:	\$ 78,771,971	Expected Collections:	\$ 23,485,367	Expected Collections:	\$ 5,407,385

Property Tax Levies and Collections Last 10 Fiscal Years

	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2016	\$102,942,662	\$98,293,871	95.48%	\$1,378,066	\$99,671,937	96.82%
2015	87,970,033	83,994,211	95.48	1,694,488	85,688,699	97.41
2014	84,922,515	80,738,959	95.07	1,824,068	82,563,027	97.22
2013	82,413,293	78,548,654	95.31	1,446,400	79,995,054	97.07
2012	81,106,617	76,988,839	94.92	1,481,752	78,470,591	96.75
2011	76,954,903	72,714,192	94.49	2,365,805	75,079,997	97.56
2010	74,662,973	70,399,625	94.29	1,930,985	72,330,610	96.88
2009	70,168,538	66,017,433	94.08	1,498,114	67,515,547	96.22
2008	67,886,825	64,345,840	94.78	1,288,336	65,634,176	96.68
2007	62,860,513	59,799,046	95.13	1,176,222	60,975,268	97.00

Assessed Values vs. Tax Collections

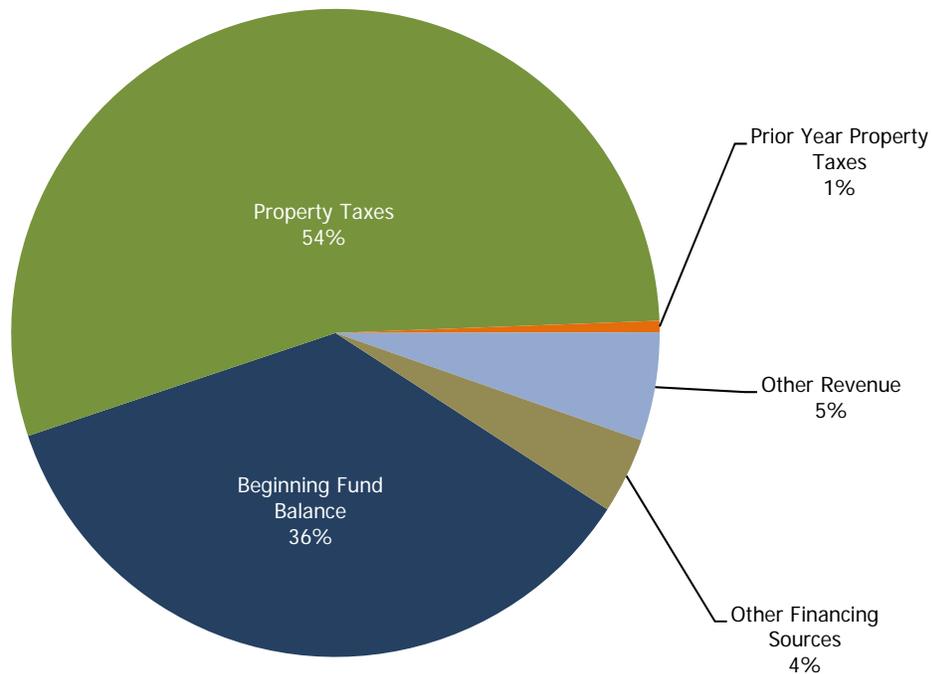


Financial Overview, continued

2017-18 Budgeted Resources

Resources	Beginning Fund Balance	Property Taxes	Prior Year Property Taxes	Other Revenue	Other Financing Sources	2017-18 Budget
Major Funds						
General	\$ 39,403,543	\$ 102,257,338	\$ 1,066,222	\$ 7,054,958		\$ 149,782,061
Property and Building	16,881,191			570,670	\$ 6,113,228	23,565,089
Non-Major Funds						
Apparatus	5,067,145			17,500	1,000,000	6,084,645
Capital Improvements	6,907,518			467,500		7,375,018
Grants				2,524,028		2,524,028
Bonded Debt Service	1,107,576	5,407,385	60,000	7,875		6,582,836
Insurance	625,000			4,500		629,500
Pension Trust					367,058	367,058
Volunteer LOSAP	326,176			11,200		337,376
Total 2017-18 Budgeted Resources	\$ 70,318,149	\$ 107,664,723	\$ 1,126,222	\$ 10,658,231	\$ 7,480,286	\$ 197,247,611
Total 2016-17 Budgeted Resources	\$ 66,279,572	\$ 101,268,156	\$ 1,477,979	\$ 14,765,311	\$ 6,500,000	\$ 190,291,018
Total 2015-16 Actual Resources	\$ 69,573,365	\$ 98,492,730	\$ 1,097,893	\$ 4,583,716	\$ 7,227,016	\$ 180,974,720

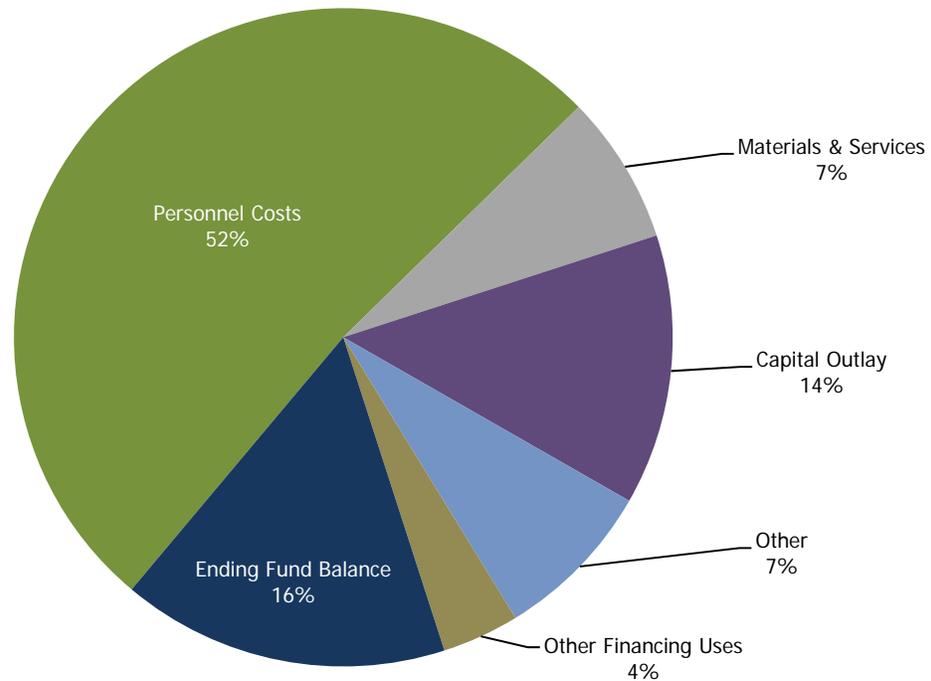
2017-18 Budgeted Resources



2017-18 Budgeted Requirements

Requirements	Personnel Services	Materials and Services	Capital Outlay	Other	Other Financing Uses	Ending Fund Balance	2017-18 Budget
Major Funds							
General	\$ 99,446,803	\$13,601,812		\$ 5,322,705	\$ 7,480,286	\$ 23,930,455	\$149,782,061
Property and Building			\$21,158,465	2,406,624			23,565,089
Non-Major Funds							
Apparatus			2,265,000	500,000		3,319,645	6,084,645
Capital Improvements			2,558,442	945,978		3,870,598	7,375,018
Grants	2,050,028	196,000	278,000				2,524,028
Bonded Debt Service				6,462,236		120,600	6,582,836
Insurance		629,500					629,500
Pension Trust	367,058						367,058
Volunteer LOSAP	337,376						337,376
Total 2017-18 Budgeted Requirements	\$102,201,265	\$14,427,312	\$26,259,907	\$15,637,543	\$ 7,480,286	\$ 31,241,298	\$197,247,611
Total 2016-17 Budgeted Requirements	\$ 97,134,646	\$14,044,590	\$19,921,415	\$15,364,517	\$ 6,500,000	\$ 37,325,850	\$190,291,018
Total 2015-16 Actual Requirements	\$ 77,161,576	\$10,652,672	\$ 9,197,899	\$ 6,341,111	\$ 7,227,016	\$ 70,394,446	\$180,974,720

2017-18 Budgeted Requirements



Financial Overview, continued

2017-18 Fund Balance Budgeted

Funds	Beginning Fund Balance	Contingency	Ending Fund Balance	Change in Fund Balance	Change in Fund Balance
Major Funds					
General	\$ 39,403,543	\$ 5,322,705	\$ 23,930,455	(\$15,473,088)	-39.3%
Property and Building	16,881,191	2,406,624		(16,881,191)	-100.0%
Non-Major Funds					
Apparatus	5,067,145	500,000	3,319,645	(1,747,500)	-34.5%
Capital Improvements	6,907,518	945,978	3,870,598	(3,036,920)	-44.0%
Grants					
Debt Service	1,107,576		120,600	(986,976)	-89.1%
Insurance	625,000			(625,000)	-100.0%
Pension Trust					
Volunteer LOSAP	326,176			(326,176)	-100.0%
Total 2017-18 Budgeted Balances	\$ 70,318,149	\$ 9,175,307	\$ 31,241,298	(\$39,076,851)	-55.6%
Total 2016-17 Budgeted Balances	\$ 66,279,572	\$ 9,516,582	\$ 37,325,850	(\$28,953,722)	-43.7%
Total 2015-16 Actual Balances	\$ 69,573,365		\$ 70,394,446	\$ 821,081	1.2%

The District budgets for a sizeable contingency in several funds that will revert to ending fund balance if not used. This is consistent with TVF&R's emergency preparedness philosophy because ending fund balance is not legally available for appropriation, but contingency is allowed to be appropriated with Board of Director approval.

The District expects to return to fund balance the majority of any contingency budgeted, unless it were to experience a catastrophic, emergency event. The District budgets for a significant decrease in fund balance in the General Fund while not expecting the decrease to occur from actual operations. Within the General Fund, actual personnel services are expected to be 5-7% less than budgeted, materials and services to be 12-18% under budget, and ending fund balance to slightly increase toward the District's goal of carrying five months of operational costs in ending fund balance. The forecasted result of General Fund operations for 2017-18 and in the future is depicted on the following page based on conservative revenue scenario. The Property and Building Fund will be utilized to complete station construction and purchase land for future fire station sites meeting the intent of the voters in approving local option levy projects. Accordingly reserves are expected to decline.

The District has budgeted for apparatus purchases in the Apparatus Fund, such that the fund will decline by planned usage.

The Capital Improvements Fund's fund balance is expected to decrease after unused contingency is returned to fund balance.

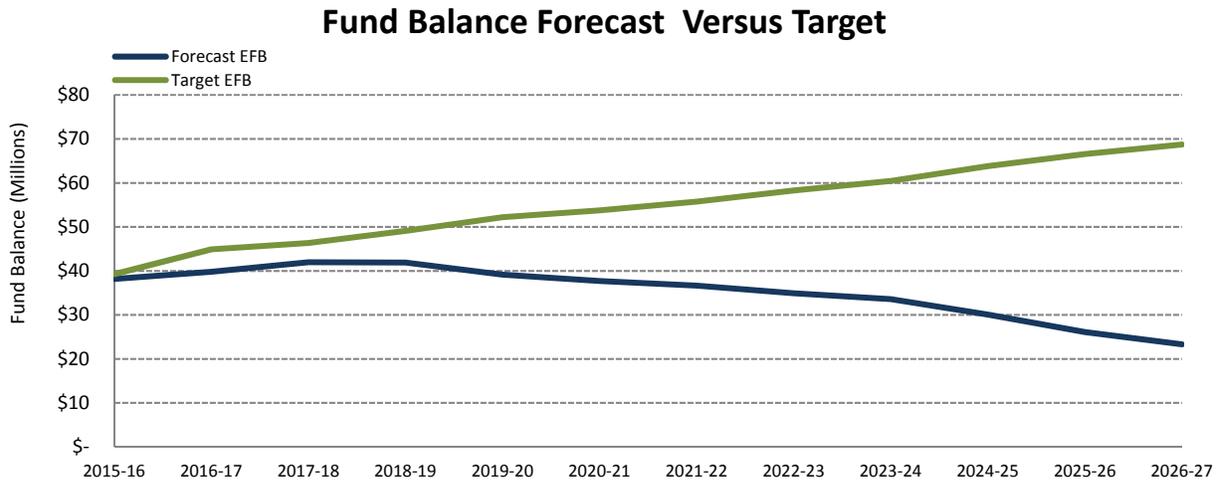
The Insurance Fund is expected to remain level; however, for purposes of budgeting for a disaster, the fund is appropriated to allow for self-insurance needs should such a catastrophic event occur. The Volunteer LOSAP Fund is appropriated to be able to meet the obligations of paying pension benefits of prior plans, as well as continue funding of future benefits payable.

Financial Forecast – General Fund

	2017-18	2018-19	2019-20	2020-21	2021-22
Beginning Fund Balance	\$ 42,000,000	\$ 42,000,000	\$ 41,900,000	\$ 39,100,000	\$ 37,700,000
Property Tax Revenue	103,300,000	113,100,000	117,800,000	122,700,000	127,800,000
Investment & Interest	200,000	200,000	200,000	300,000	300,000
Charges for Services	7,000,000	3,800,000	3,900,000	4,000,000	4,100,000
Insurance Refunds	400,000	400,000	400,000	400,000	400,000
Miscellaneous	200,000	200,000	200,000	200,000	200,000
Total Revenues	\$153,100,000	\$159,700,000	\$164,400,000	\$166,700,000	\$170,500,000
Personnel Costs	\$ 91,900,000	\$ 99,500,000	\$107,800,000	\$111,400,000	\$116,700,000
Materials and Services	12,000,000	12,700,000	13,300,000	13,800,000	14,200,000
Transfers Out	7,200,000	5,600,000	4,200,000	3,800,000	2,900,000
Total Expenditures	111,100,000	117,800,000	125,300,000	129,000,000	133,800,000
Ending Fund Balance	\$ 42,000,000	\$ 41,900,000	\$ 39,100,000	\$ 37,700,000	\$ 36,700,000
Months of Fund Balance	4.5	4.3	3.8	3.5	3.3

The District prepares financial forecasts on an ongoing basis to provide staff and policymakers the most current projected results of operational and economic variables. The District constantly evaluates its projected property tax growth rates, property tax levy collection rates, interest rates, projected labor inflation rates, PERS rate increases, medical insurance cost projections, and the desired local option levy-supported enhanced service levels in Integrated Operations. The above forecast reflects desired local option levy staffing configuration with modest property tax growth and annexation of contract services areas at the end of their contracts. The above scenario represents conservative growth in District and contract area assessed value and further firefighter staffing additions and growing PERS, healthcare and dispatch costs. The District also will utilize Transfers Out to capital funds as a balancing technique in order to avoid fund balance decreases. The District’s management seeks to constantly monitor operations – both response and economically – in order to constantly adjust to the best outcome and avoid the projected fund balance decrease.

Fund Balance Projected Against Target





RESOLUTION 2017-02

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,
A RURAL FIRE PROTECTION DISTRICT
TO ADOPT 2017-18 BUDGET AND AUTHORIZE APPROPRIATIONS**

WHEREAS, the Tualatin Valley Fire and Rescue, A Rural Fire Protection District, (“District”) budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018, was approved by the District Budget Committee on May 18, 2017 and the budget hearing has been held on June 27, 2017 on the budget as approved by the budget committee; and

WHEREAS, new information affecting resources and expenditures should be considered by the governing body; and

WHEREAS, within the General Fund, the closing of the Mobile Integrated Health Program within EMS effective July 1, 2017 allowed the elimination of two positions and the transfer of one Division Chief to the Training Program; the announced retirement of a Division Chief in Training requires the budgeting of paid leaves and retirement; whereas a Human Resources-led job analysis project suggested changes in compensation for evaluated department personnel in several departments, such that budgeted personnel services were updated for these anticipated recommendations; and whereas in the Volunteer Program, it was discovered that disability insurance and funding for former District 2 volunteer pension benefits had not been budgeted, thus increasing Personnel Services by \$25,000 within the Volunteer Program; for a combined General Fund reduction in Personnel Services of \$51,000. The reduced Mobile Integrated Health activities allowed the reduction in the appropriation for EMS Materials and Services by \$36,705; and thus Contingency is increased by \$87,705; and

WHEREAS, within the Capital Improvements Fund, \$18,300 of equipment for Battalion Chief vehicles is not expected to be received by June 30, 2017 but rather in fiscal year 2017-18; the delay in occupancy of Station 372 has caused delay in ordering and receiving office furniture for the station in the amount of \$30,000; and delay in receipt of two AEDs for the Volunteers requires an increase in 2017-18 expenditures of \$5,722; and thus the appropriation for Capital Outlay is increased by \$54,022 and Contingency reduced by \$54,022; and

WHEREAS, the Property and Building Fund beginning fund balance should be increased by \$1,458,528 due to updated projected beginning fund balance including prior District 2 capital reserves and expected General Fund transfers in during the 2016-17 fiscal year; Surplus Property Revenue should be increased by \$455,000 to account for the sale of property previously planned to be accounted for in the Capital Projects Fund; Station Land should be reduced by \$545,000 reflecting a 2016-17 station site purchase not needed to be re-budgeted in 2017-18; Building and Building Improvements should be increased to reflect the transfer of project budget to this fund as bond proceeds have been fully expended in the Capital Projects Fund, thus increasing appropriations to Stations 55 (by \$545,000), 64 (by \$937,824) and 69 (by \$975,704) for a total increase to Capital Outlay of \$1,913,528 which does not exceed 10% of fund expenditures as approved by the Budget Committee, and

WHEREAS, the Capital Projects Fund has been completely utilized on station construction projects as bills have been processed in late May and early June 2017; therefore all 2017-18 revenues and budgeted appropriations are reduced to a zero balance, and the fund will be closed effective June 30, 2017. Surplus property revenue and station construction appropriations will be accounted for in the Property and Building Fund;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of Tualatin Valley Fire and Rescue hereby adopts the budget as approved by the Budget Committee and as amended above; and

Resolution to Adopt Budget, continued

NOW THEREFORE BE IT ALSO RESOLVED, the Board of Directors of Tualatin Valley Fire and Rescue hereby adopts total appropriations for the 2017-18 fiscal year in the amount of \$166,006,313 and which is now on file in the Command and Business Operations Center at 11945 SW 70th Ave., Tigard, Oregon; and

BE IT ALSO RESOLVED, that the amounts for the fiscal year beginning July 1, 2017, for the purposes shown are hereby appropriated as follows:

GENERAL FUND

By Fund

Personnel Services	\$ 99,446,803
Materials and Services	13,601,812
Transfers	7,480,286
Contingency	<u>5,322,705</u>
Total	\$125,851,606

By Function

Command Division	
Personnel Services	\$ 3,742,807
Materials and Services	<u>1,686,038</u>
Total	\$ 5,428,845
Integrated Operations Division	
Personnel Services	\$ 80,611,863
Materials and Services	<u>3,560,107</u>
Total	\$ 84,171,970
Finance Division	
Personnel Services	\$ 1,591,180
Materials and Services	<u>586,055</u>
Total	\$ 2,177,235
Business Operations Division	
Personnel Services	\$ 7,939,068
Materials and Services	<u>6,567,008</u>
Total	\$ 14,506,076

EMS/Training/Volunteers Division		
Personnel Services	\$	5,561,885
Materials and Services		<u>1,202,604</u>
	Total	\$ 6,764,489

District Non-Organizational		
Transfers	\$	7,480,286
Contingency		<u>5,322,705</u>
	Total	\$ 12,802,991

BONDED DEBT SERVICE FUND

Debt Service - Principal	\$	4,515,000
Debt Service - Interest		<u>1,947,236</u>
	Total	\$ 6,462,236

APPARATUS FUND

Capital Outlay	\$	2,265,000
Contingency		<u>500,000</u>
	Total	\$ 2,765,000

CAPITAL IMPROVEMENTS FUND

Capital Outlay	\$	2,558,442
Contingency		<u>945,978</u>
	Total	\$ 3,504,420

GRANTS FUND

Personnel Services	\$	2,050,028
Materials and Services		196,000
Capital Outlay		<u>278,000</u>
	Total	\$ 2,524,028

INSURANCE FUND

Materials and Services	\$	<u>629,500</u>
	Total	\$ 629,500

PROPERTY AND BUILDING FUND

Capital Outlay	\$ 21,158,465
Contingency	<u>2,406,624</u>
Total	\$ 23,565,089

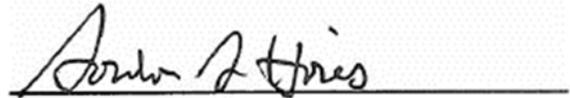
PENSION TRUST FUND

Personnel Services	\$ <u>367,058</u>
Total	\$ 367,058

VOLUNTEER LOSAP FUND

Personnel Services	\$ <u>337,376</u>
Total	\$ 337,376

APPROVED AND ADOPTED, on June 27, 2017



Gordon L. Hovies, President

ATTEST:



Brian C. Clopton, Secretary-Treasurer

RESOLUTION 2017-03

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,
A RURAL FIRE PROTECTION DISTRICT
TO LEVY AND CATEGORIZE TAXES**

BE IT RESOLVED, that the Board of Directors of Tualatin Valley Fire & Rescue, a Rural Fire Protection District, hereby levies the taxes provided for in the adopted budget in the rate of \$1.9752 per \$1,000 of assessed value for operations (comprised of \$1.5252 permanent rate and \$.45 local option tax rate) and \$5,728,162, for bonds, and that these taxes are hereby imposed and categorized for tax year 2017-18, upon the assessed value of all taxable property with the District.

Subject to the General Government Limitation:

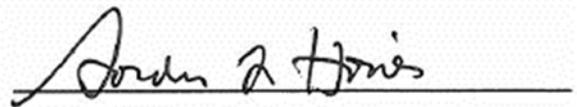
General Fund Levy:	\$1.5252/\$1,000
Local Option Tax Levy:	\$.45/\$1,000

Excluded from the General Government Limitation:

Debt Service Fund Levy	\$ 5,728,162
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NOW THEREFORE BE IT RESOLVED, that the Budget Officer certify the County Clerk or other recording officer, County Assessor or other assessing officer, of Washington, Clackamas, and Multnomah Counties, Oregon, and the Department of Revenue of the State of Oregon, the tax levy created by the resolution and shall file with them a copy of the adopted budget.

APPROVED AND ADOPTED, on June 27, 2017



Gordon L. Hovies, President

ATTEST:



Brian C. Clopton, Secretary-Treasurer

