

TUALATIN VALLEY FIRE & RESCUE
PENSION TRUST FUND

Fund 61 • Pension Trust Fund Type

Program Description

The Pension Trust Fund is a non-governmental *fiduciary-type fund* in which earnings from the assets of the fund are managed in a prudent manner in order to provide for actuarially determined costs for employee retirement benefits. The plan is maintained for the benefit of employees who retired prior to the District's integration into the Oregon Public Employee Retirement System on July 1, 1981.

Budget Summary

Expenditures	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Adopted Budget
Personnel Services	\$285,626	\$297,180	\$353,422	\$364,025
Materials and Services	120	562	4,500	4,500
Ending Fund Balance	2,097,608	1,997,147	1,666,142	1,467,819
Total Expenditures	\$2,383,354	\$2,294,889	\$2,024,064	\$1,836,344

Trust Management

The Board of Directors controls the Pension Plan and the investment mix policy, while the District's Fire Chief/Administrator serves as advisor to the Board and authorizes increases in benefit payments.

Day-to-day administration of the plan, including annual trust report filings with the Internal Revenue Service, investment of plan assets, and payments to retirees, are managed by the District's Finance Division. The Trust had been judged to be actuarially sound and accordingly, no contributions have been made to the Trust in recent years.

The Trust was actuarially evaluated as of July 1, 2001. The actuarial evaluation indicated the Trust was still actuarially sound, with the actuarial value of assets exceeding the actuarial accrued liability if the assets earn above 6%. Accordingly, the plan is still considered fully funded for the long term, but continued poor investment market returns reverse that assumption. In addition, the benefits paid will ultimately depend on how long the retirees live and thus, our actuary recommends we revisit the funding status of the plan every few years. The District has provided funding to obtain an actuarial update as of July 1, 2005.

Pension Benefit

Two groups of retirees are covered under the Pension Trust Fund. One group consists of those individuals who retired prior to amending the plan in 1976. The second group is those individuals affected by the Amended and Restated Plan of 1976 and who retired on or before July 15, 1983.

The original retirement plan document stipulates that the retiree receives a benefit of sixty percent of the current salary range for the job classification held at time of retirement. Thus, their benefit increases are directly tied to raises of our existing employee group. There are five retirees under this plan.

Under the 1976 Amended and Restated Plan, benefits are determined by multiplying a percent, which is the value of the number of years of completed service times two percent per year, by the final average salary. The cost of living increases for the retirees under the 1976 Amended and Restated Plan are limited to 2% per year. There are three recipients under this plan.

Administrative fees of \$4,500 are budgeted for actuarial and legal services, as well as monthly pension check and tax return preparation fees. Investment earnings are budgeted at approximately 4.3%, reflecting a continued concern regarding both fixed income and equity investments.

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<i>Historical Data</i>			<i>Budget for Next Year 2005-06</i>			
Actual Second Preceding Year 2002-03	Actual First Preceding Year 2003-04	Revised Budget This Year 2004-05		Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Board
			Resources			
\$2,318,739	\$2,097,608	\$1,946,215	Beginning Fund Balance (Cash Basis) or	\$1,767,145	\$1,767,145	\$1,767,145
64,615	197,281	77,849	Working Capital (Accrual Basis)	69,199	69,199	69,199
			Earnings from Investments			
\$2,383,354	\$2,294,889	\$2,024,064	Total Resources	\$1,836,344	\$1,836,344	\$1,836,344
			Requirements			
\$285,626	\$297,180	\$353,422	Pension Benefit Costs	\$364,025	\$364,025	\$364,025
120	562	4,500	Administrative Fees	4,500	4,500	4,500
285,746	297,742	357,922	Total Expenditures	368,525	368,525	368,525
2,097,608	1,997,147	1,666,142	Unappropriated Ending Fund Balance	1,467,819	1,467,819	1,467,819
\$2,383,354	\$2,294,889	\$2,024,064	Total Requirements	\$1,836,344	\$1,836,344	\$1,836,344