

TUALATIN VALLEY FIRE & RESCUE
**RETIREE MEDICAL
 INSURANCE STIPEND FUND**

Fund 46 • Expendable Trust Fund Type

Program Description

The Retiree Medical Insurance Stipend Fund was created to account for the District's previous defined benefit post employment health plan. The District changed from the prior plan, which made a \$100 or less contribution per month for firefighters and employees who were disabled from active duty or retired with 20 or more years of service until they reached Medicare eligible age. That plan was phased out for all current employees as of June 30, 2000, and was replaced with a defined contribution plan, which pre-funds employees' post employment benefits during their employment. The current plan allows investment returns to help pay for future costs.

The resources in this fund are used to pay for monthly stipends of \$100 or less per retiree for employees who retired under the prior plan on or before June 30, 2002, until they reach Medicare eligible age. The fund also pays for certain contractual insurance commitments under early retirement contracts previously authorized by the Board of Directors.

Budget Summary

Expenditures	2003-04 Actual	2004-05 Actual	2005-06 Budget	2006-07 Adopted Budget
Personnel Services	\$156,528	\$152,740	\$172,768	\$152,740
Ending Fund Balance	368,273	308,244	210,835	200,860
Total Expenditures	\$524,801	\$460,984	\$383,603	\$353,600

RETIREE MEDICAL INSURANCE STIPEND FUND

Historical Data

Actual First Preceding Year 2003-04	Actual First Preceding Year 2004-05	Adopted Budget This Year 2005-06
\$424,253	\$368,273	\$292,994
4,739	6,902	4,800
95,809	85,809	85,809
<u>\$524,801</u>	<u>\$460,984</u>	<u>\$383,603</u>
<u>\$156,528</u>	<u>\$152,740</u>	<u>\$172,768</u>
<u>368,273</u>	<u>308,244</u>	<u>210,835</u>
<u>\$524,801</u>	<u>\$460,984</u>	<u>\$383,603</u>

Resources

Beginning Fund Balance	
Earnings from Investments	
Transfer from Other Funds	
Total Resources	
Requirements	
Post Employment Health Program	
Unappropriated Ending Fund Balance	
Total Requirements	

Budget for Next Year 2006-07

Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Board
\$260,890	\$260,890	\$260,890
6,901	6,901	6,901
85,809	85,809	85,809
<u>\$353,600</u>	<u>\$353,600</u>	<u>\$353,600</u>
<u>\$152,740</u>	<u>\$152,740</u>	<u>\$152,740</u>
<u>200,860</u>	<u>200,860</u>	<u>200,860</u>
<u>\$353,600</u>	<u>\$353,600</u>	<u>\$353,600</u>

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	2003-04 Actual	2004-05 Actual	2005-06 Budget	2006-07 Adopted Budget
Personnel Services	\$297,180	\$331,028	\$364,025	\$361,025
Materials and Services	562	1,008	4,500	5,000
Ending Fund Balance	1,997,147	1,765,855	1,467,819	1,285,260
Total Expenditures	\$2,294,889	\$2,097,891	\$1,836,344	\$1,651,285

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, 2006.

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 \$5,000 are budgeted for actuarial and legal services, as well as monthly pension check and tax return preparation fees. Investment earnings are budgeted at approximately 5.5%, reflecting a continued concern regarding both fixed income and equity investments.

TUALATIN VALLEY FIRE & RESCUE
PENSION TRUST FUND

<i>Historical Data</i>			<i>Budget for Next Year 2006-07</i>			
Actual First Preceding Year 2003-04	Actual First Preceding Year 2004-05	Adopted Budget This Year 2005-06		Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Board
			Resources			
\$2,097,608	\$1,997,147	\$1,767,145	Beginning Fund Balance (Cash Basis) or	\$1,610,210	\$1,610,210	\$1,610,210
197,281	100,744	69,199	Working Capital (Accrual Basis)	41,075	41,075	41,075
			Earnings from Investments			
\$2,294,889	\$2,097,891	\$1,836,344	Total Resources	\$1,651,285	\$1,651,285	\$1,651,285
			Requirements			
297,180	\$331,028	\$364,025	Pension Benefit Costs	\$361,025	\$361,025	\$361,025
562	1,008	4,500	Administrative Fees	5,000	5,000	5,000
297,742	332,036	368,525	Total Expenditures	366,025	366,025	366,025
1,997,147	1,765,855	1,467,819	Unappropriated Ending Fund Balance	1,285,260	1,285,260	1,285,260
\$2,294,889	\$2,097,891	\$1,836,344	Total Requirements	\$1,651,285	\$1,651,285	\$1,651,285

TUALATIN VALLEY FIRE & RESCUE
VOLUNTEER LOSAP FUND

Fund 63 • Pension Trust Fund Type

Program Description

The Volunteer LOSAP Plan Fund was established on July 1, 1998, to account for the resources set aside for a District-managed length of service award plan for its firefighting volunteers. Since analysis indicated the District could improve benefits and lower costs over time, the District established the plan and created this fund to manage the trust assets. The District Finance Division manages trust investments and plan benefit payments to retired volunteers. Transfers to the fund are based upon actuarial recommendations. The most recent actuarial valuation was completed as of July 1, 1999. This valuation recommended annual contributions by the District of \$21,689. Due to capital market conditions since 2000, the District has budgeted for greater contributions as investment returns of the investment portfolio invested in equities are not meeting actuarial assumptions of an 8% return.

Budget Summary

Expenditures	2003-04 Actual	2004-05 Actual	2005-06 Budget	2005-06 Adopted Budget
Personnel Services	\$7,900	\$13,612	\$535,977	\$592,870
Ending Fund Balance	488,451	562,592	91,894	101,890
Total Expenditures	\$496,351	\$576,204	\$627,871	\$694,760

VOLUNTEER LOSAP FUND

<i>Historical Data</i>			<i>Budget for Next Year 2006-07</i>			
Actual First Preceding Year 2003-04	Actual First Preceding Year 2004-05	Adopted Budget This Year 2005-06	Resources	Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Board
			Resources			
			Beginning Fund Balance (Cash Basis) or			
\$384,461	\$488,451	\$544,460	Working Capital (Accrual Basis)	\$611,120	\$611,120	\$611,120
51,890	27,753	23,411	Earnings from Investments	23,640	23,640	23,640
60,000	60,000	60,000	Transfer from Other Funds	60,000	60,000	60,000
\$496,351	\$576,204	\$627,871	Total Resources	\$694,760	\$694,760	\$694,760
			Requirements			
			Pension Benefit Costs	\$592,870	\$592,870	\$592,870
\$7,900	\$13,612	\$535,977	Unappropriated Ending Fund Balance	101,890	101,890	101,890
488,451	562,592	91,894	Total Requirements	\$694,760	\$694,760	\$694,760
\$496,351	\$576,204	\$627,871				