



June 28, 2016

Budget Committee Members and Citizens  
Tualatin Valley Fire & Rescue  
Washington, Clackamas, and Multnomah 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 2016-17, beginning July 1, 2016 and ending June 30, 2017, 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 2016-17 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, Capital Improvements Fund, and the Emergency Management 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, Emergency Management Fund, and Grants Fund; the Debt Service Fund; and the *capital projects fund types*: Property and Building Fund (a major fund) and Capital Projects 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	2015-16 Budget	2016-17 Budget	Increase (Decrease)
Personnel Services	\$ 82,518,423	\$ 96,426,195	\$ 13,907,772
Materials and Services	13,199,684	13,935,590	735,906
Capital Outlay	24,187,673	19,821,115	(4,366,558)
Debt Service	6,341,112	6,273,986	(67,126)
Operating Transfers Out	7,957,170	6,500,000	(1,457,170)
Operating Contingency	9,155,800	9,516,582	360,782
Ending Fund Balance	40,674,682	37,325,850	(2,798,832)
<b>Total Requirements</b>	<b>\$ 184,034,544</b>	<b>\$ 189,799,318</b>	<b>\$ 6,314,774</b>

The budget requirements for fiscal year 2016-17 for all funds totals \$190,349,318, which is \$6,314,774 higher than the \$184,034,544 in the current year. The largest change relates to the increased number of employees, both from the employees transferred and associated with the two new service areas and as well increased employees for emergency response units through the budgeting of a second six-month recruit academy to continue to staff and increase response units, as well as changes in wages and benefits of employees over the prior year through CPI-W based negotiated wage increases. Capital outlay budgeted was decreased, largely as the remaining proceeds of the general obligation bond are spent on projects, the District has reduced the prospective year's budget. Additionally, there is a decrease 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. Comparative data on individual funds may be obtained by reviewing financial summaries presented within individual funds.

### 2016-17 Significant Changes

#### Personnel Services

Personnel Services increased 16.85% over all funds or \$13,907,772. The increase is due to the General Fund's increase in full-time employee (FTE) equivalent positions of 66.0 positions in 2016-17, of which 55 relate to the additional service areas including four fire station stations being served through fire protection contracts with Washington County Fire Protection District 2 (District 2) and the combined City of Newberg and Newberg Rural Fire Protection District (Newberg), as well as scheduled wage and benefit increases and projected medical cost increases. The additional 11 positions are due to the additional 9 Recruit firefighting positions that account for new firefighters six-month training and instructor time on their responding fire engine, as well as other staff throughout the operations of the District.

## Materials and Services

Materials and Services increased \$735,906 overall, which is due to the General Fund increase of \$719,740.

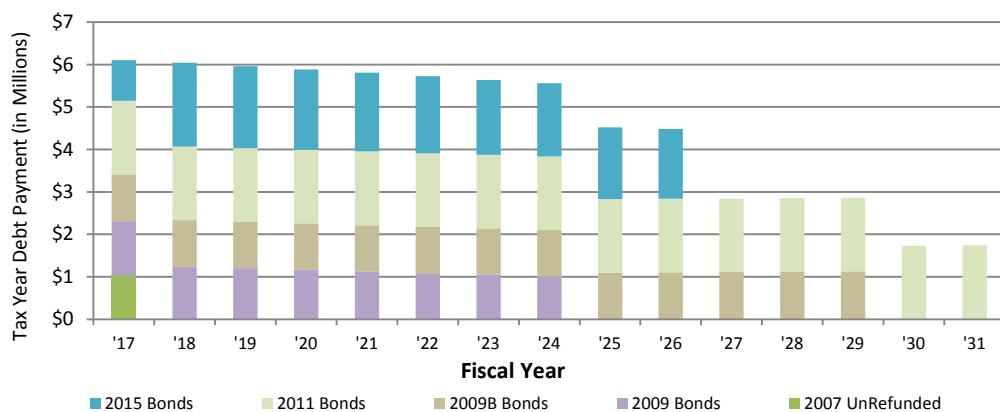
### Capital Outlay

Capital Outlay decreased \$4,366,558 or approximately 18.1%, to a total of \$19,821,115. Capital budget requests in the Capital Improvement Fund increased \$259,852, to a total of \$2,436,725, reflecting the ongoing capital replacements of operating equipment, and startup costs of District 2 and Newberg as part of their contracts. Budgeted Capital Outlay in the Grants Fund decreased \$1,273,000, reflecting the planned expenditure of two seismic improvement grants for two fire stations as the projects continue into their second year toward completion. Property and Building Fund increased \$5,014,916, largely reflecting planned land acquisition and station design and permit fees for planned station additions and final completion of stations 64 and 69 after usage of the bond proceeds is complete and the reconstruction of Station 372 (formally 368). The Capital Projects Fund decreased \$7,002,726, to a total of \$5,558,474, reflecting the usage of all remaining bond proceeds on the final projects – the seismic reconstruction of stations 64 and 69 and purchase of a final piece of land for an identified station.

### Debt Service

Total budgeted debt service expenditures are scheduled to decrease by \$67,126 to a total of \$6,273,986 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 decreased by \$1,457,170, to \$6,500,000. Transfers are made to the Emergency Management Fund, Property and Building Fund, and the Pension Trust Fund. The Emergency Management Fund will receive \$30,000 for the District's cost share of the program, and the Property and Building Fund will receive \$6,110,138 for new station sites and stations as part of the local option levy, and the Pension Trust Fund will receive \$359,862 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 \$9,516,582 for 2016-17, a increase of \$360,782 from the prior year. The contingency budget in the General Fund was increased by \$570,500, to a total of \$5,235,000. The Capital Projects contingency budget was also decreased \$389,100, as bond proceeds remaining are committed to specific projects identified in the capital bond program. Under Oregon law, Ending Fund Balance may not be appropriated

## Message From The Chief Financial Officer, continued

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, \$23,232,263; the Apparatus Fund, \$3,864,993; the Capital Improvements Fund, \$3,749,597; the Bonded Debt Service Fund, \$942,120; and the Property and Building Fund at \$6,086,877. The District seeks a stable General Fund balance and conservatively forecasts the actual Ending Fund Balance to be approximately \$36,300,000, which equates to approximately four months of operating funds. The decrease in months of ending fund balance relates to the fact that the two fire service contract areas are being charged the costs of operating and assets would not transfer over until annexation, and because of the timing of contract payments, the need for that those expenses to maintain five months of reserves is lessened.

### 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 \$811,000,000, with remaining debt capacity of \$752,000,000 as of June 30, 2015. 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 and bond 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.

### Budget Summary for Revenues

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

Revenues	2015-16 Budget	2016-17 Budget	Increase (Decrease)
Beginning Fund Balance	\$ 73,360,977	\$ 66,279,572	(\$7,081,405)
Property Tax, Current Year	96,501,934	101,268,156	4,766,222
Property Tax, Prior Year	1,545,940	1,477,979	(67,961)
Other Taxes and Interest on Tax	29,356	31,526	2,170
Interest on Investments	238,703	227,984	(10,719)
Program Revenue	1,088,237	11,193,681	10,105,444
Special Service Charges	2,250	2,000	(250)
Program Fees		400,000	400,000
Regional Hazardous Response	30,000	5,000	(25,000)
Accounting Service Revenues	500	500	
Training Center Revenues	24,300	5,000	(19,300)
Rental Income	75,600	85,600	10,000
Insurance Refund	201,000	225,400	24,400
Donations and Grants	2,953,227	1,397,826	(1,555,401)
Surplus Property	4,500	607,500	603,000
Other Revenues	20,850	91,594	70,744
Transfers from Other Funds	7,957,170	6,500,000	(1,457,170)
<b>Total Revenues</b>	<b>\$ 184,034,544</b>	<b>\$ 189,799,318</b>	<b>\$ 5,764,774</b>

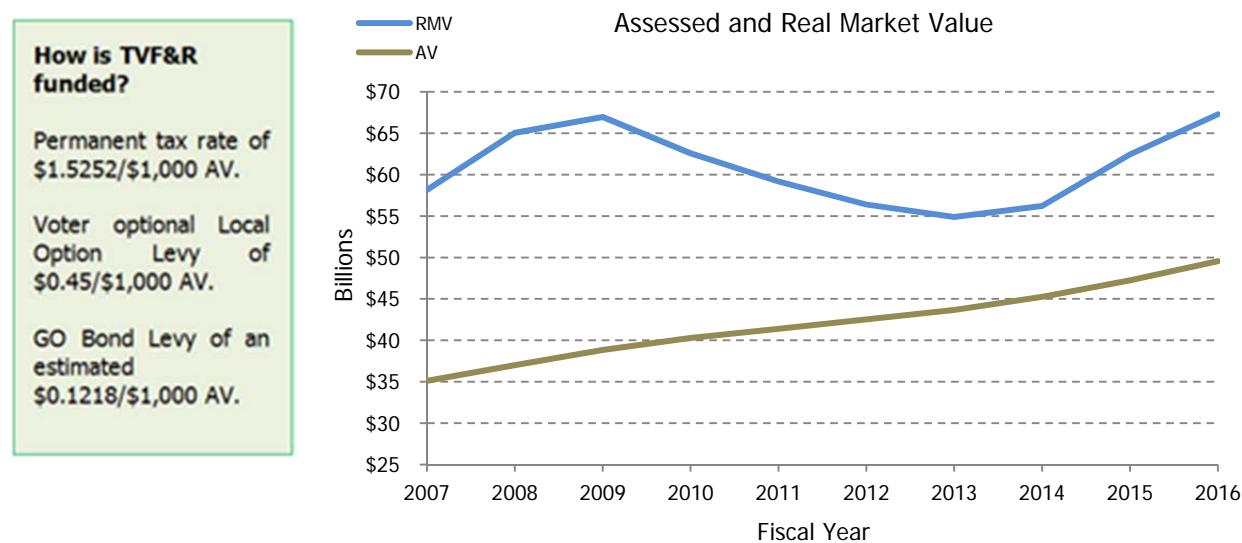
### Beginning Fund Balance

Beginning Fund Balance has decreased 9.7%, to \$66,279,572 for all funds. The General Fund's budgeted beginning fund balance was decreased by \$582,065, to \$35,311,232, reflecting usage of the local option levy to hire and staff additional units. 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 \$1,102,063, 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 \$661,830. The Property and Building Fund's beginning fund balance increased by \$957,109, 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 \$7,983,116 is a result of the prior year bond proceeds being utilized on apparatus and station construction projects.

### 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. Under current law, assessed value is generally significantly less than market value and is based upon the relationship of other similar properties. For 2015-16, the Washington County Assessor reported assessed value was 72.2% of District Measure 5 (M5) market value of \$55,516,034,571 and thus we expect to collect the majority of the property taxes levied. For purposes of our 2016-17 budget, we assumed a 4.9% assessed valuation increase for property in our service area, based on our analysis of residential real estate trends, as well as our own analysis of the local economy and current property taxes. 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 \$51.0 billion in assessed valuation are expected to provide approximately \$73.4 million in collections. The local option levy of \$.45 per thousand dollars of assessed valuation on an estimated \$52.0 billion of assessed value is expected to provide collections of \$22.0 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 \$6,330,760 for our general obligation bonds. This bond levy is

## Message From The Chief Financial Officer, continued

expected to result in a levy rate of 12.18 cents per thousand dollars of assessed valuation and approximately \$5,976,238 in collections.

### Property Tax – Prior Year

Total taxes outstanding totaled \$3,992,465 at the fiscal year ended June 30, 2015. At the beginning of the previous fiscal year, that amount totaled \$4,110,240. Of the June 30, 2015 amount, \$1,589,667 was for taxes levied during that fiscal year, while \$2,402,798 was related to prior years' tax levies. Delinquent tax collections are estimated on an average collection rate based upon the forecasted June 30, 2016 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 2016-17 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 apparatus maintenance contracts (\$218,080), transport revenue (\$2,193,260), and emergency services contracts for Washington County District 2 and Newberg City and Rural areas totaling (\$8,290,762). Fees are collected from several governmental agencies for providing preventive and corrective maintenance to firefighting apparatus and automobiles. The Occupational Health Services program for District employees also contracts with other governmental agencies to provide occupational health services, which serves to reduce the District's costs of providing these required services to our own employees. An additional (\$100,000) is budgeted for Mobile Integrated Health contracts.

### 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.

### 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 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 a former station site is included in surplus property sales for \$600,000 in the Capital Projects fund for 2016-17, comprising the largest portion of the \$607,500 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 \$6,500,000. Monies are transferred from this fund to three funds, where they are listed as a resource. These transfers provide operating resources to, the Emergency Management Fund, the Pension Trust Fund and the Property and Building Fund.

### **Summary**

The budget for fiscal year 2016-17 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 2016-17 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.

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 2016-17 budget.

Sincerely,

**Tualatin Valley Fire and Rescue**



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



## Financial Overview

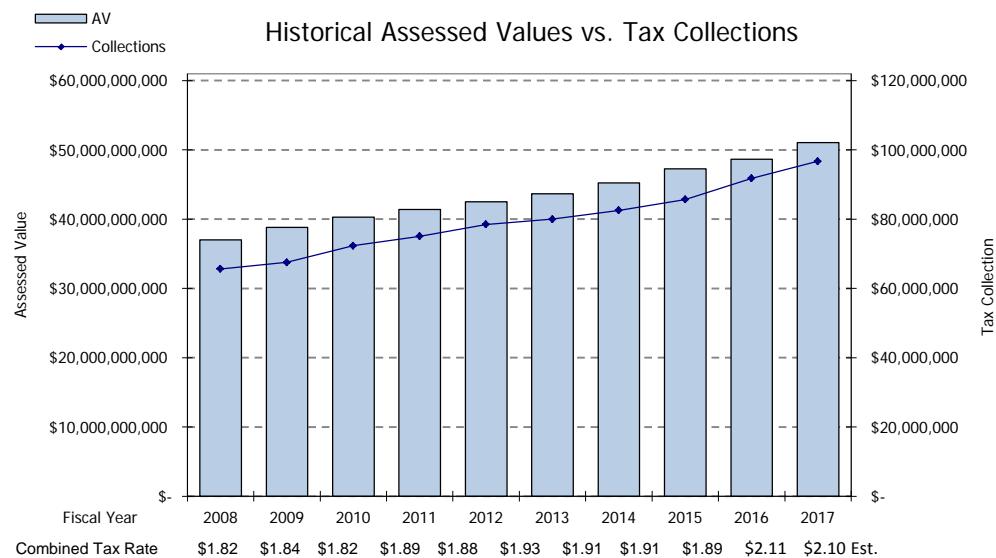
### Tax Rates

General Fund – Permanent Rate		General Fund – Local Option Tax Levy		Bonded Debt	
Expected Assessed Valuation:	\$ 51,044,573,509	Expected Assessed Valuation:	\$ 51,982,352,562	Expected Assessed Valuation:	\$ 51,982,352,562
Tax Rate Levied:	\$ 1.5252/\$1,000	Tax Rate Levied:	\$ 0.45/\$1,000	Estimated Tax Rate:	\$ 0.1218/\$1,000
Estimated General Fund Total Levy:	\$ 77,853,184	Estimated Net Local Option Levy after M5 Compression:	\$ 23,392,059	Bonded Debt Total Levy:	\$ 6,330,760
Expected Collection Rate:	94.4%	Expected Collection Rate:	94.4%	Expected Collection Rate:	94.4%
Expected Collections:	\$ 73,493,405	Expected Collections:	\$ 22,082,103	Expected Collections:	\$ 5,976,238

### 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
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
2006	59,783,920	56,844,054	95.08	1,339,636	58,183,690	97.32

### Assessed Values vs. Tax Collections

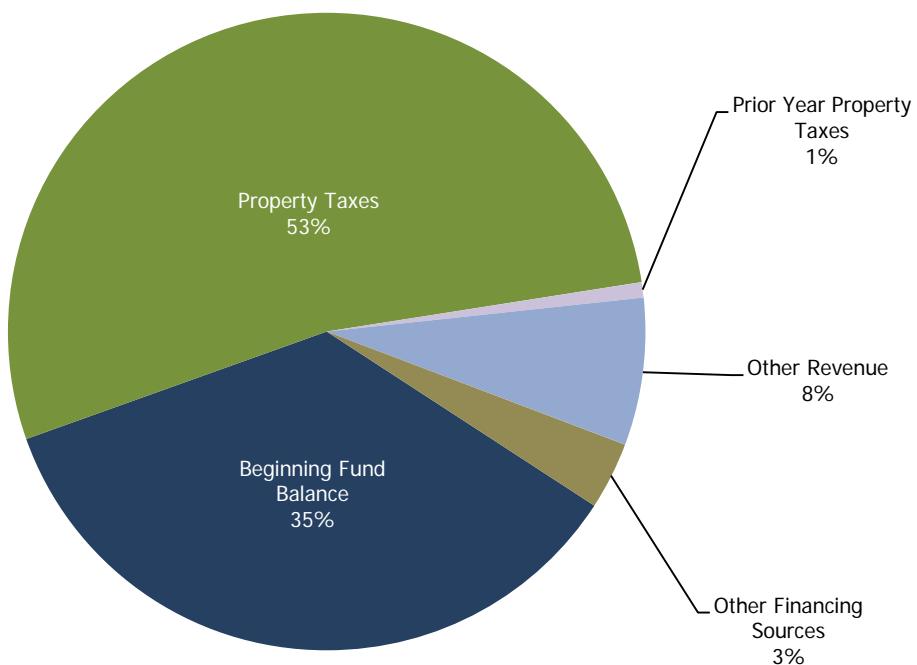


## Financial Overview, continued

### 2016-17 Budgeted Resources

Resources	Beginning Fund Balance	Property Taxes	Prior Year Property Taxes	Other Revenue	Other Financing Sources	2016-17 Budget
<b>Major Funds</b>						
General	\$ 35,311,232	\$ 95,291,918	\$ 1,417,979	\$ 11,691,738		\$ 143,712,867
Property and Building	11,393,655			42,000	\$ 6,110,138	17,545,793
Capital Projects	4,952,184			606,290		5,558,474
<b>Non-Major Funds</b>						
Apparatus	4,885,493			17,500		4,902,993
Capital Improvements	7,566,180			437,500		8,003,680
Emergency Management	37,655			233,508	30,000	301,163
Grants				1,217,600		1,217,600
Bonded Debt Service	1,166,993	5,976,238	60,000	12,875		7,216,106
Insurance	645,843			3,400		649,243
Pension Trust					359,862	359,862
Volunteer LOSAP	320,337			11,200		331,537
<b>Total 2016-17 Budgeted Resources</b>	<b>\$ 66,279,572</b>	<b>\$ 101,268,156</b>	<b>\$ 1,477,979</b>	<b>\$ 14,273,611</b>	<b>\$ 6,500,000</b>	<b>\$ 189,799,318</b>
<b>Total 2015-16 Budgeted Resources</b>	<b>\$ 73,360,977</b>	<b>\$ 96,501,934</b>	<b>\$ 1,545,940</b>	<b>\$ 4,668,523</b>	<b>\$ 7,957,170</b>	<b>\$ 184,034,544</b>
<b>Total 2014-15 Actual Resources</b>	<b>\$ 69,185,604</b>	<b>\$ 84,230,380</b>	<b>\$ 1,466,536</b>	<b>\$ 4,070,340</b>	<b>\$ 19,784,976</b>	<b>\$ 178,737,837</b>

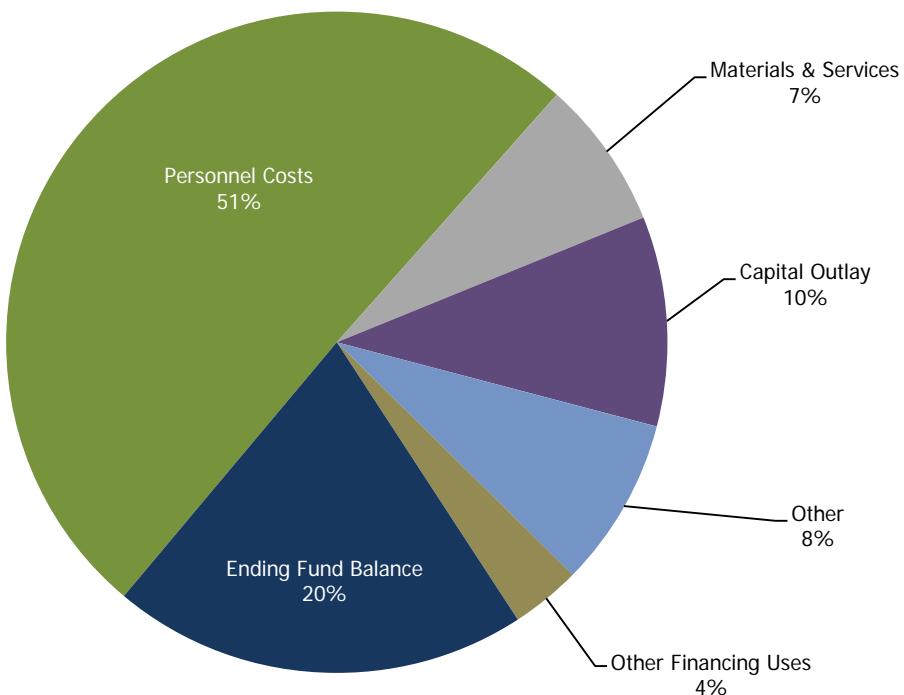
### 2016-17 Budgeted Resources



2016-17 Budgeted Requirements

Requirements	Personnel Services	Materials and Services	Capital Outlay	Other	Other Financing Uses	Ending Fund Balance	2016-17 Budget
<b>Major Funds</b>							
General	\$ 95,521,857	\$ 13,223,747		\$ 5,235,000	\$ 6,500,000	\$ 23,232,263	\$ 143,712,867
Property and Building			\$ 10,508,916	1,500,000		5,536,877	17,545,793
Capital Projects			5,558,474				5,558,474
<b>Non-Major Funds</b>							
Apparatus			105,000	933,000		3,864,993	4,902,993
Capital Improvements			2,463,725	1,790,358		3,749,597	8,003,680
Emergency Management	212,939	30,000		58,224			301,163
Grants		32,600	1,185,000				1,217,600
Bonded Debt Service				6,273,986		942,120	7,216,106
Insurance		649,243					649,243
Pension Trust	359,862						359,862
Volunteer LOSAP	331,537						331,537
<b>Total 2016-17 Budgeted Requirements</b>	<b>\$ 96,426,195</b>	<b>\$ 13,935,590</b>	<b>\$ 19,821,115</b>	<b>\$ 15,790,568</b>	<b>\$ 6,500,000</b>	<b>\$ 37,325,850</b>	<b>\$ 189,799,318</b>
<b>Total 2015-16 Budgeted Requirements</b>	<b>\$ 82,518,423</b>	<b>\$ 13,199,684</b>	<b>\$ 24,187,673</b>	<b>\$ 15,496,912</b>	<b>\$ 7,957,170</b>	<b>\$ 40,674,682</b>	<b>\$ 184,034,544</b>
<b>Total 2014-15 Actual Requirements</b>	<b>\$ 72,641,554</b>	<b>\$ 9,226,314</b>	<b>\$ 7,657,091</b>	<b>\$ 16,395,575</b>	<b>\$ 3,243,938</b>	<b>\$ 69,573,365</b>	<b>\$ 178,737,837</b>

2016-17 Budgeted Requirements



## Financial Overview, continued

### 2016-17 Fund Balance Budgeted

Funds	Beginning Fund Balance	Contingency	Ending Fund Balance	Change in Fund Balance	Change in Fund Balance
<b>Major Funds</b>					
General	\$ 35,311,232	\$ 5,235,000	\$ 23,232,263	(\$12,078,969)	-34.2%
Property and Building	11,393,655	1,500,000	5,536,877	(5,856,778)	-51.4%
Capital Projects	4,952,184			(4,952,184)	-100.0%
<b>Non-Major Funds</b>					
Apparatus	4,885,493	933,000	3,864,993	(1,020,500)	-20.9%
Capital Improvements	7,566,180	1,790,358	3,749,597	(3,816,583)	-50.4%
Emergency Management	37,655	58,224		(37,655)	-100.0%
Grants					
Debt Service	1,166,993		942,120	(224,873)	-19.3%
Insurance	645,843			(645,843)	-100.0%
Pension Trust					
Volunteer LOSAP	320,337			(320,337)	-100.0%
<b>Total 2016-17 Budgeted Balances</b>	<b>\$ 66,279,572</b>	<b>\$ 9,516,582</b>	<b>\$ 37,325,850</b>	<b>(\$28,953,722)</b>	<b>-43.7%</b>
<b>Total 2015-16 Budgeted Balances</b>	<b>\$ 73,360,977</b>	<b>\$ 9,155,800</b>	<b>\$ 40,674,682</b>	<b>(\$32,686,295)</b>	<b>-44.6%</b>
<b>Total 2014-15 Actual Balances</b>	<b>\$ 69,185,604</b>		<b>\$ 69,573,365</b>	<b>\$ 387,761</b>	<b>0.6%</b>

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 decrease under the District's goal of carrying five months of operational costs in ending fund balance. The forecasted result of General Fund operations for 2016-17 and in the future is depicted on the following page based on conservative revenue scenario. The Capital Projects Fund represents the usage of bond proceeds on projects authorized by the voters and is expected to decline to zero as bond proceeds are utilized in 2016-17.

The District has budgeted for contingency in the Apparatus Fund, which is expected to be returned to fund balance at the end of fiscal year 2016-17, such that the fund will have little change in fund balance.

The Capital Improvements Fund's fund balance is expected to decrease after unused contingency is returned to fund balance. The Property and Building Fund represents a planned funding source for station construction and future station siting requirements through the local option levy program.

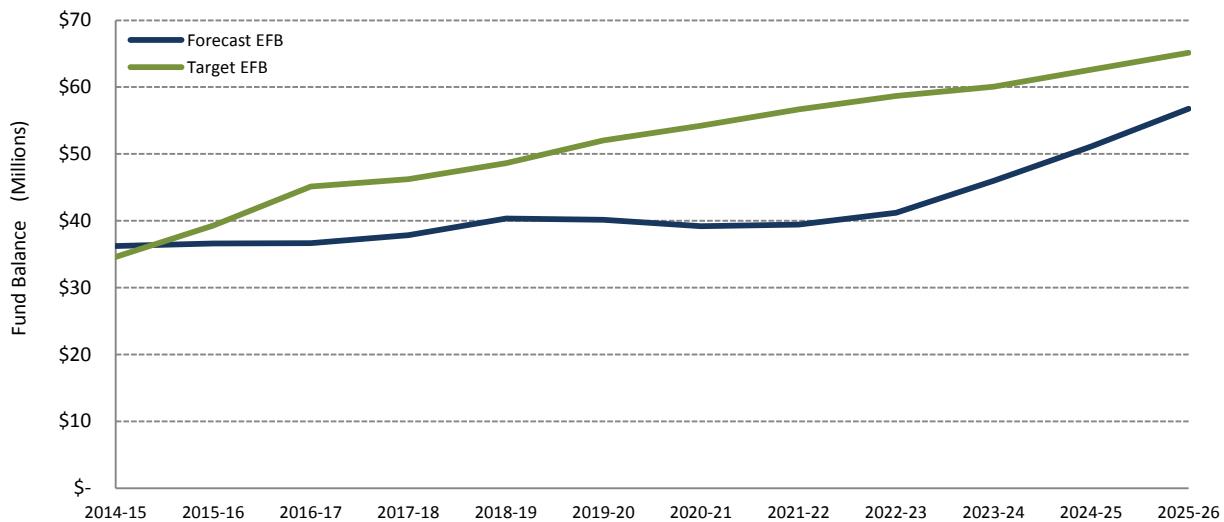
The Insurance Fund is expected to remain level; however, for purposes of budgeting for a disaster, the fund is appropriated to allow for self-insurance needs should such a catastrophic event occur. The Volunteer LOSAP Fund is appropriated to be able to meet the obligations of paying pension benefits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

## Financial Forecast – General Fund

	2016-17	2017-18	2018-19	2019-20	2020-21
Beginning Fund Balance	\$ 36,300,000	\$ 36,300,000	\$ 37,300,000	\$ 40,800,000	\$42,500,000
Property Tax Revenue	96,700,000	105,100,000	115,500,000	120,900,000	126,400,000
Investment & Interest	100,000	100,000	100,000	100,000	100,000
Charges for Services	10,900,000	6,100,000	2,700,000	2,900,000	2,900,000
Insurance Refunds	200,000	200,000	200,000	200,000	200,000
Miscellaneous	300,000	300,000	300,000	300,000	300,000
<b>Total Revenues</b>	<b>\$144,500,000</b>	<b>\$148,100,000</b>	<b>\$156,200,000</b>	<b>\$165,200,000</b>	<b>\$172,400,000</b>
Personnel Costs	91,000,000	\$ 94,500,000	\$ 99,100,000	\$106,000,000	\$109,600,000
Materials and Services	11,900,000	11,400,000	12,600,000	13,400,000	13,700,000
Transfers Out	5,300,000	4,200,000	3,700,000	3,300,000	3,400,000
<b>Total Expenditures</b>	<b>108,200,000</b>	<b>110,800,000</b>	<b>115,400,000</b>	<b>122,700,000</b>	<b>126,700,000</b>
<b>Ending Fund Balance</b>	<b>\$ 36,300,000</b>	<b>\$ 37,300,000</b>	<b>\$ 40,800,000</b>	<b>\$42,500,000</b>	<b>\$45,700,000</b>
Months of Fund Balance	4.0	4.0	4.2	4.2	4.3

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 local option levy-supported enhanced service levels in Integrated Operations. The above forecast reflects 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 slowed to stabilize fund balance. The District also will utilize Transfers Out to capital funds as a balancing technique in order to avoid fund balance decreases. The growth in operational expenses due to the new contract areas impact our ability to maintain five months of ending fund balance. The District's management seeks to constantly monitor operations – both response and economically – in order to constantly adjust to the best outcome.

## Fund Balance Projected Against Target





**RESOLUTION 2016-03**

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,  
A RURAL FIRE PROTECTION DISTRICT  
TO ADOPT 2016-17 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, 2016 and ending June 30, 2017, was approved by the District Budget Committee on May 19, 2016; and

**WHEREAS**, within the General Fund, Human Resources, \$15,000 of professional services toward the diversity recruiting materials is requested to be carried over due to the project timing; and thus the appropriation for Materials and Services increased by \$15,000; and Contingency reduced by \$15,000; and

**WHEREAS**, within the Capital Improvements Fund, \$26,820 of data processing software is requested to be carried over due to the delay in the release of the software needed for District operations; and thus the appropriation for Capital Outlay increased by \$26,820 and Contingency reduced by \$26,820; and

**WHEREAS**, the Property and Building Fund beginning fund balance should be reduced by \$550,000 due to the timing of a station land purchase in 2015-16 to a beginning fund balance total of \$11,393,655; land should be reduced in total by \$550,000 (\$750,000 reduction in Station 55 Rosemont purchase and an increase to land for West Bull Mountain of \$200,000); and buildings and improvements should be increased in total \$1,505,356 to account for increased construction costs of approved contracts and allow for reduced remaining bond proceeds for a net 10% change of \$955,356 increase to capital outlay. Nonorganizational buildings will be reduced \$1,000,000; Station 55 costs will be increased \$832,202; Station 62 reduced \$926,780; Station 64 increased \$617,227; Station 69 increased \$704,730; and Station 372 increased \$1,277,977, with ending fund balance reduced \$1,505,356; and

**WHEREAS**, the Capital Projects beginning fund balance should be reduced by \$772,816 to a total of \$4,952,184 based upon updated construction expenditures in fiscal year 2015-16, and land expenditures reduced by \$772,816 equally;

**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

**NOW THEREFORE BE IT ALSO RESOLVED**, the Board of Directors of Tualatin Valley Fire and Rescue hereby adopts total appropriations for the 2016-17 fiscal year in the amount of \$152,473,468 and which is now on file in the Command and Business Operations Center at 11945 SW 70<sup>th</sup> Ave., Tigard, Oregon; and

**BE IT ALSO RESOLVED**, that the amounts for the fiscal year beginning July 1, 2016, for the purposes shown are hereby appropriated as follows:

Resolution to Adopt Budget, continued

**GENERAL FUND**

By Fund

Personnel Services	\$ 95,521,857
Materials and Services	13,223,747
Transfers	6,500,000
Contingency	<u>5,235,000</u>
Total	\$ 120,480,604

By Function

Command Division

Personnel Services	\$ 3,822,661
Materials and Services	<u>1,621,207</u>
Total	\$ 5,443,868

Integrated Operations Division

Personnel Services	\$ 76,681,675
Materials and Services	<u>3,855,007</u>
Total	\$ 80,536,682

Finance Division

Personnel Services	\$ 1,565,800
Materials and Services	<u>524,690</u>
Total	\$ 2,090,490

Business Operations Division

Personnel Services	\$ 7,019,515
Materials and Services	<u>6,047,354</u>
Total	\$ 13,066,869

EMS/Training/Volunteers Division

Personnel Services	\$ 6,432,206
Materials and Services	<u>1,175,489</u>
Total	\$ 7,607,695

District Non-Organizational

Transfers	\$ 6,500,000
Contingency	<u>5,235,000</u>
Total	\$ 11,735,000

**BONDED DEBT SERVICE FUND**

Debt Service - Principal	\$ 4,180,000
Debt Service - Interest	<u>2,093,986</u>
Total	\$ 6,273,986

**APPARATUS FUND**

Capital Outlay	\$ 105,000
Contingency	<u>933,000</u>
Total	\$ 1,038,000

**CAPITAL IMPROVEMENTS FUND**

Capital Outlay	\$ 2,463,725
Contingency	<u>1,790,358</u>
Total	\$ 4,254,083

**EMERGENCY MANAGEMENT FUND**

Personnel Services	\$ 212,939
Materials and Services	30,000
Contingency	<u>58,224</u>
Total	\$ 301,163

**GRANTS FUND**

Materials and Services	\$ 32,600
Capital Outlay	<u>1,185,000</u>
Total	\$ 1,217,600

**INSURANCE FUND**

Materials and Services	\$ <u>649,243</u>
Total	\$ 649,243

**CAPITAL PROJECTS FUND**

Capital Outlay	\$ <u>5,558,474</u>
Total	\$ 5,558,474

Resolution to Adopt Budget, continued

**PROPERTY AND BUILDING FUND**

Capital Outlay	\$ 10,508,916
Contingency	<u>1,500,000</u>
Total	\$ 12,008,916

**PENSION TRUST FUND**

Personnel Services	\$ <u>359,862</u>
Total	\$ 359,862

**VOLUNTEER LOSAP FUND**

Personnel Services	\$ <u>331,537</u>
Total	\$ 331,537

**APPROVED AND ADOPTED, on June 28, 2016**



Gordon L. Hovies, President

ATTEST:



Brian C. Clopton, Secretary-Treasurer

Resolution to Levy and Categorize Taxes

**RESOLUTION 2016-04**

**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 \$6,330,760 for bonds, and that these taxes are hereby imposed and categorized for tax year 2016-17, 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	\$ 6,330,760
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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 28, 2016**



**Gordon L. Hovies, President**

**ATTEST:**



**Brian C. Clopton, Secretary-Treasurer**

