



June 27, 2018

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 2018-19, beginning July 1, 2018, and ending June 30, 2019, 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 2018-19 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, MERRC 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*: Insurance Fund.
- **Fiduciary funds**, which include *trust and agency* funds, cover the Pension Trust Fund and Volunteer LOSAP Fund.

## Message from the Chief Financial Officer, continued

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 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	2017-18 Revised Budget	2018-19 Adopted Budget	Increase (Decrease)
Personnel Services	\$ 103,330,250	\$ 108,470,702	\$ 5,140,452
Materials and Services	15,423,174	14,872,462	(550,712)
Capital Outlay	32,550,831	16,528,980	(16,021,851)
Debt Service	20,869,724	6,404,563	(14,465,161)
Operating Transfers Out	8,280,286	5,115,891	(3,164,395)
Operating Contingency	10,834,383	8,080,014	(2,754,369)
Ending Fund Balance	31,241,298	38,554,058	7,312,760
<b>Total Requirements</b>	<b>\$ 222,529,946</b>	<b>\$ 198,026,670</b>	<b>\$ (24,503,276)</b>

The budget requirements for fiscal year 2018-19 for all funds totals \$198,026,670, which is \$24,503,276 less than the revised \$222,529,946 in the current year. Increases in Personnel Services relates to full-year funding of the new Station 55, as well as estimated changes in wages and benefits of employees over the prior year, PERS system contribution rate implementation and potential increases to the cost of healthcare. Materials and Services show a decline largely due to nonrecurring district-wide election costs at a special election in March 2018, legal expenses due to ongoing litigation, and professional services associated with debt refinancing. Capital outlay budgeted was decreased by \$16,021,851 reflecting continued progress in purchasing sites and developing fire stations as approved in the enhanced local option levy. The revised budget Debt Service in 2017-18 reflected a one-time advance refunding that occurred to save over \$1.3 million of future debt service. Transfers Out to capital funds are reduced as planned over the life of the enhanced local option levy as we continue funding of the added firefighting positions. Ending Fund Balance was increased by the transfer in of District 2's ending fund balance as part of the dissolution and annexation into the District and by planned increases in order to meet fund balance goals. Comparative data on individual funds may be obtained by reviewing financial summaries presented within individual funds.

## 2018-19 Significant Changes

### Personnel Services

Personnel Services increased 5.0% over all funds or \$5,140,452. The change in Personnel Services is largely within the General and Grant Funds. Twelve firefighters that have been funded through a grant in the Grant Fund, will be transferred to the General Fund at the end of the grant award period in January 2019. Additionally, the twelve assigned firefighters for new Station 55 are budgeted for the entire fiscal year of 2018-19 versus two months in the prior year based on earlier estimated station opening time periods. Additionally, since labor negotiations were not completed at the time of budget preparation, the budget was prepared as if salaries, wages, and benefits increased at the levels and terms of the prior contract and the second year of the biennium with PERS increases associated with the 2017-19 biennium are fully phased in. The total FTE count in the General Fund increased by 4.5 due to the transfer of the 12 firefighters from the Grant Fund offset in part by the 5.5 FTE decrease in recruit FF FTE time due to scheduled academies and the reduction of two positions. In 2017-18, the District deployed numerous personnel to the extraordinary wildfires in Oregon and California, and accordingly, by supplemental budget, increased the 2017-18 budget for related overtime and PERS expenses. The budget for 2018-19 does not include similar budget expectations.

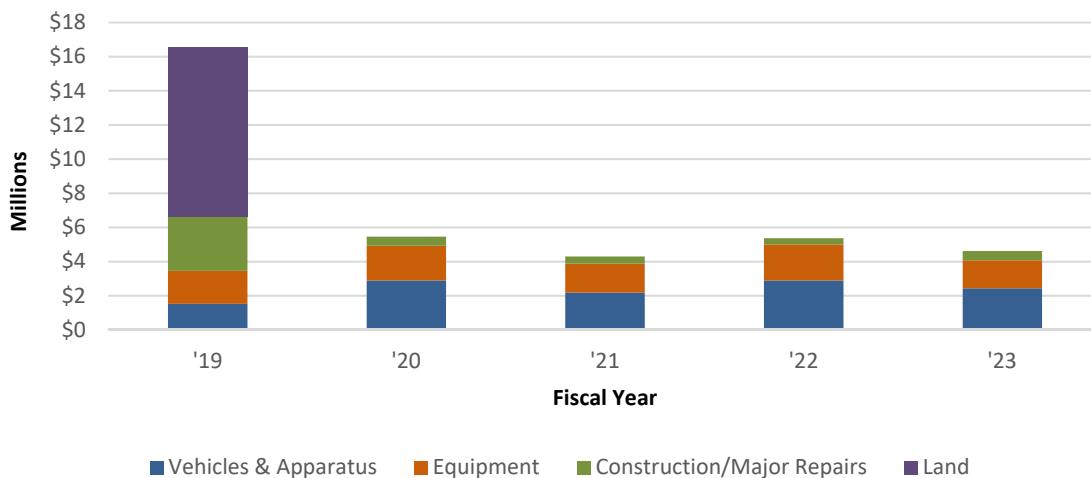
### Materials and Services

Materials and Services decreased \$550,712 overall, which is largely due to the General Fund decrease of \$308,650 or 2.1% and the decrease in the Debt Service Fund of \$174,362 related to the nonrecurring professional services associated with the 2017-18 advance bond refinancing.

### Capital Outlay

Capital Outlay decreased \$16,021,851 or approximately 49.2%, to a total of \$16,528,980. The Property and Building Fund's capital outlay was reduced over \$14 million due to project completion and progress toward budgeted construction projects. For the 2018-19 year, Station 39 is budgeted for construction as well as tenant improvements to the Logistics Building to house Fleet, Facilities, and Supply in a building purchased in 2017-18. The Apparatus Funds' scheduled emergency response apparatus replacements were reduced by \$736,500 reflecting the year-over-year scheduled apparatus replacement for 2018-19 as being two engines and a medic unit.

**5-Year Capital Spending Forecast**

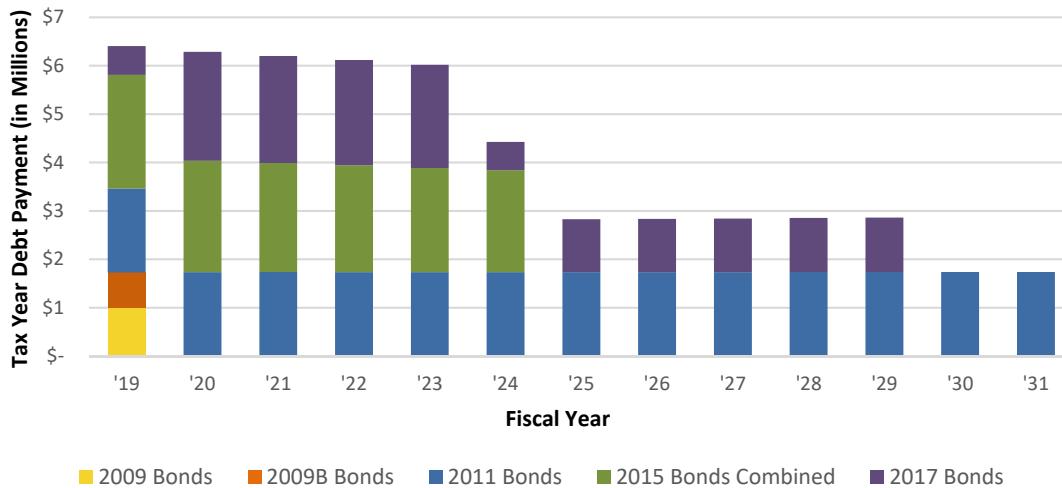


## Message from the Chief Financial Officer, continued

### Debt Service

Total budgeted debt service expenditures are budgeted at a total of \$6,404,563 to meet estimated principal and interest obligations associated with general obligation debt outstanding. In 2017-18, the District advance refunded a majority of outstanding 2009 and 2009B bonds by issuing 2017 advance refunding bonds saving over \$1.3 million in future debt service. The District has completed all \$77.5 million bond issuances as authorized by our voters in 2006. In order to construct additional future stations on the land sites purchased with the enhanced local option levy, the District will be planning the scope of next voter request for bonded debt expected to occur in the 2022-23 fiscal year that would be similarly managed to issue debt to match planned station construction and additional response units.

### Debt Payments



### Transfers

Transfers are decreased by \$3,164,395, to \$5,115,891. 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 \$3,771,427 for new station sites and stations as part of the local option levy station commitments, and the Pension Trust Fund will receive \$344,464 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 \$8,080,014 for 2018-19, a decrease of \$2,754,369 from the prior year. The contingency budget in the General Fund is \$4,936,693 and \$2,052,771 in the Property and Building Fund. 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, construction project completion progress changes across fiscal years, 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, \$30,804,273; the Apparatus Fund, \$1,814,598; the Capital Improvements Fund, \$2,939,493; the MERCC Fund, \$1,110,000; and the Property and Building Fund, \$1,618,769. The District seeks a stable General Fund balance proportionate to the cost of operations

## Message from the Chief Financial Officer, continued

and conservatively forecasts the actual Ending Fund Balance to be approximately \$44,400,000, which equates to approximately four and a half months of operating funds.

### Debt Administration

Debt outstanding consists of Series 2009, Series 2009B, Series 2011, Series 2015 Advance Refunding and New General Obligation Bonds, and Series 2017 Advance Refunding Bonds. The District's legal debt limit is approximately \$970,000,000, with remaining debt capacity of \$923,000,000 as of June 30, 2017. 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 of future fire 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 funded 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 remaining station sites and improve its training facilities and continue investment in emergency response apparatus, 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	2017-18 Revised Budget	2018-19 Adopted Budget	Increase (Decrease)
Beginning Fund Balance	\$ 70,318,149	\$ 66,370,193	\$ (3,947,956)
Property Tax, Current Year	107,664,723	119,407,699	11,742,976
Property Tax, Prior Year	1,126,222	1,236,615	110,393
Other Taxes and Interest on Tax	37,720	48,015	10,295
Interest on Investments	375,290	420,118	44,828
Program Revenue	8,156,228	3,068,705	(5,087,523)
Special Service Charges	2,000	3,000	1,000
Program Fees	450,000	300,000	(150,000)
Regional Hazardous Response	5,000	5,000	150
Accounting Service Revenues	350	500	150
Training Center Revenues	10,000	10,000	0
Rental Income	75,600	75,600	0
Insurance Refund	232,500	403,488	170,988
Donations and Grants	2,641,028	1,465,429	(1,175,599)
Surplus Property	8,462,500	12,122	(8,450,378)
Other Revenues	110,500	84,295	(26,205)
Proceeds from Debt Service	14,581,850		(14,581,850)
Transfers from Other Funds	8,280,286	5,115,891	(3,164,395)
<b>Total Revenues</b>	<b>\$ 222,529,946</b>	<b>\$ 198,026,670</b>	<b>\$ (24,503,276)</b>

## Message from the Chief Financial Officer, continued

### Beginning Fund Balance

Beginning Fund Balance has decreased 5.6%, to \$66,370,193 for all funds. The General Fund's budgeted beginning fund balance was increased by \$3,827,192, to \$43,230,735, reflecting the practice of increasing fund balance toward our goal of maintaining approximately five months fund balance and as a result of the transfer into beginning fund balance of \$2.4 million from the annexed former District 2. Our General Fund has a targeted goal to provide 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 decreased by \$2,202,577, reflecting its 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 \$1,872,821 reflecting transfers out of MERCC program fees accumulated and planned drawdowns. The MERRC Fund was created in fiscal year 2017-18, and for 2018-19 fiscal year will have a budgeted \$1.1 million starting fund balance from transfers out of the Capital Improvement Fund and 2017-18 program revenues. The Debt Service Fund beginning fund balance declined by \$811,395 reflecting a planned drawdown in order to maintain ending fund balance within the levels necessary to pay for debt service prior to property tax revenue receipt. The Property and Building Fund's beginning fund balance decreased by \$4,011,240, as the District constructs Stations 55 and 39 and completes Logistics and OHW tenant improvements.

### Property Taxes – Current Year

The increase in property tax revenue is a result of the levying of taxes on the newly annexed City of Newberg and Newberg Rural Fire Protection District for the year beginning July 1, 2018, and projected growth over all assessed value of 4.68% over prior year combined values. 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 2019-20 was approved by voters in the May 20, 2014, election, and the 2018-19 fiscal year will be the fourth year of the five-year levy. Planning and board approval for the renewal request election for the subsequent five-year levy is planned for the 2018-19 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 2017-18, the Washington County Assessor reported assessed value was 63.9% of District Measure 5 (M5) market value of \$71,620,766,388 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 2018-19 budget, we assumed a 4.71% assessed valuation increase for property in our service area, and a 4.0% assessed valuation increase in the annexed area previously served by the City of Newberg and Newberg Rural Fire Protection District, which were annexed into the District effective July 1, 2018. 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 in the fiscal year for payment of the general obligation bonds.

### Assessed Value Growth

Taxes levied at \$1.5252 for general operations against an estimated \$60.5 billion in assessed valuation are expected to provide approximately \$87.1 million in collections. The local option levy of \$0.45 per thousand of assessed valuation on an estimated \$61.8 billion of assessed value is expected to provide collections of \$26.0 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 \$6,687,561 for our general obligation bonds. This bond levy is expected to result in a levy rate of 11.05 cents per thousand dollars of assessed valuation and approximately \$6,313,057 in collections.

### Property Tax – Prior Year

Total taxes outstanding totaled \$4,983,681 for the District and \$144,876 for the former District 2 area at the fiscal year ended June 30, 2017. Of the District's June 30, 2017, amount, \$1,796,175 was for taxes levied during that fiscal year, while \$3,187,506 was related to prior years' tax levies. Delinquent tax collections are estimated on an average collection rate based upon the forecasted June 30, 2018, receivables.

### Interest on Investments

Interest on short-term investments has been budgeted to reflect short-term interest rates projected at an estimated 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 2018-19 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

Program revenues declined \$5,087,523 reflecting the transition from emergency services contracts for Newberg City and Rural areas in the prior year to property tax revenues in 2018-19 due to the annexation effective July 1, 2018. Additionally, in the prior year, significant wildfires and conflagrations in Oregon and California in fiscal year 2017-18 resulted in additional fire protection contract revenue recognized in the budget, which is not anticipated for the 2018-19 budget development. Remaining program revenues are primarily from transport revenue throughout the District, but primarily in the assigned Yamhill County Ambulance Service Area (ASA) and in Clackamas County assigned areas.

### Program Fees

These fees are related to mobile emergency responder radio communications program of \$300,000, have been included in the MERRC Fund and committed to communications technology enhancements and improvements.

### Rental Income

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

### Insurance Refunds

The District budgets to receive dividends from our workers compensation insurance and as well, amounts expected to be turned in by employees to restore a portion of time-off leave accruals during injury leaves.

## Message from the Chief Financial Officer, continued

### 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 \$110,000. Donations are also 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 through the end of the two-year grant award period ending in January 2019 for \$1,196,709 and other smaller projects. The District actively pursues grant funding for projects and equipment.

### Surplus Property

Surplus real property sales of 2017-18 were one-time events and only used equipment surplus sales are budgeted in 2018-19.

### 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 \$5,115,891. 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 2018-19 continues to afford the District a high level of service to our community and the newly annexed areas, while continuing to meet our long-term performance standards. The year 2018-19 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 transfers of annexed territories and assets related to the annexed City of Newberg and Newberg Rural Fire Protection District relating to their July 1, 2018, annexation into the District.

Recognition is given to all staff members, division leaders, 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 2018-19 budget.

Sincerely,

**Tualatin Valley Fire and Rescue**



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

## Financial Overview

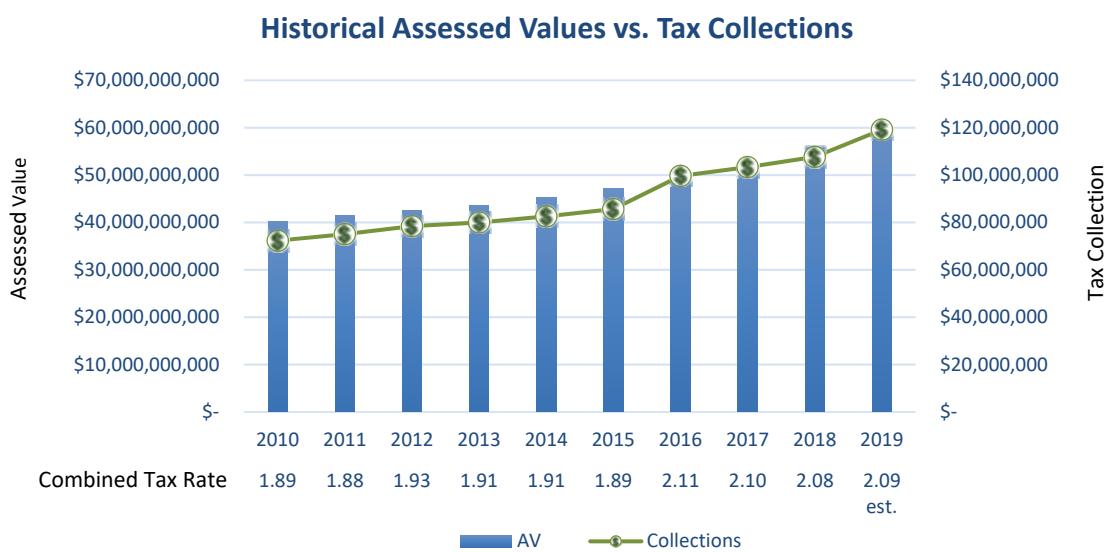
### Tax Rates

General Fund – Permanent Rate		General Fund – Local Option Tax Levy		Bonded Debt	
Expected Assessed Valuation:	\$60,523,845,856	Expected Assessed Valuation:	\$61,797,908,496	Expected Assessed Valuation:	\$60,523,845,856
Tax Rate Levied:	\$1.5252/\$1,000	Tax Rate Levied:	\$0.45/\$1,000	Estimated Tax Rate:	\$0.11049/\$1,000
Estimated General Fund Total Levy:	\$92,310,970	Estimated Net Local Option Levy after M5 Compression:	\$27,809,059	Bonded Debt Total Levy:	\$6,687,561
Expected Collection Rate:	94.40%	Expected Collection Rate:	94.40%	Expected Collection Rate:	94.40%
Expected Collections:	\$87,123,602	Expected Collections:	\$25,971,040	Expected Collections:	\$6,313,057

### Property Tax Levies and Collections Last 10 Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2017	\$106,867,213	\$101,985,120	95.43%	\$1,358,642	\$103,343,762	96.70%
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

### Assessed Values vs. Tax Collections

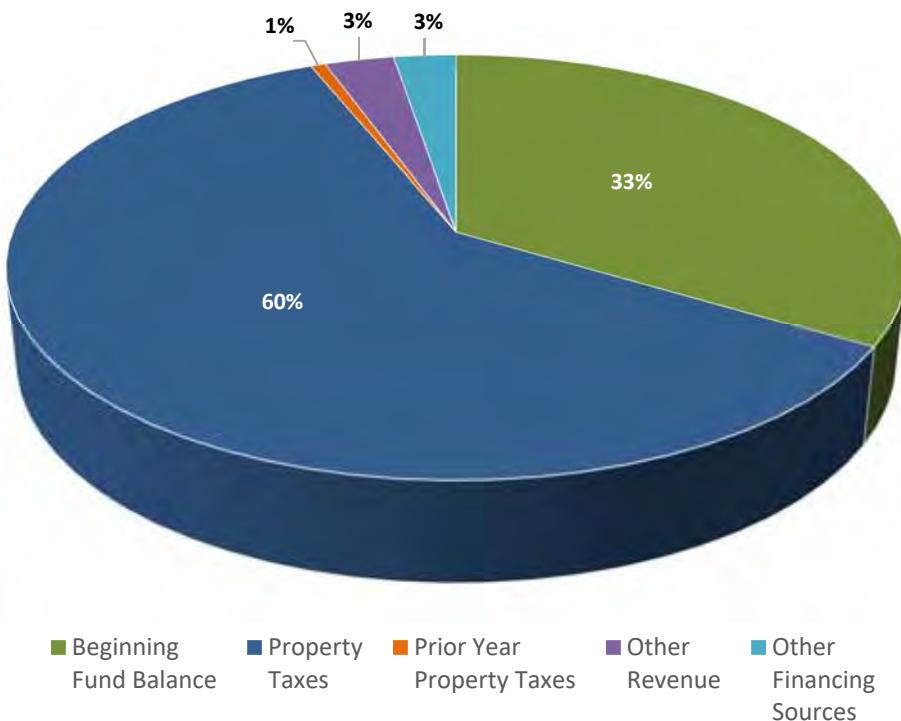


## Financial Overview, continued

### 2018-19 Budgeted Resources

Resources	Beginning Fund Balance	Property Taxes	Prior Year Property Taxes	Other Revenue	Other Financing Sources	2018-19 Adopted Budget
<b>Major Funds</b>						
General	\$ 43,230,735	\$ 113,094,642	\$ 1,176,615	\$ 4,018,633		\$ 161,520,625
Property and Building	12,869,951				\$ 3,873,589	16,743,540
<b>Non-Major Funds</b>						
Apparatus	2,864,568			17,580	1,000,000	3,882,148
Capital Improvements	5,034,697			54,776		5,089,473
MERRC	1,100,000			310,000		1,410,000
Grants				1,341,709		1,341,709
Bonded Debt Service	296,181	6,313,057	60,000	32,250		6,701,488
Insurance	615,000			4,800		619,800
Pension Trust					344,464	344,464
Volunteer LOSAP	359,061			14,362		373,423
<b>Total 2018-19 Proposed Budgeted Requirements</b>	<b>\$ 66,370,193</b>	<b>\$ 119,407,699</b>	<b>\$ 1,236,615</b>	<b>\$ 5,794,110</b>	<b>\$ 5,218,053</b>	<b>\$ 198,026,670</b>
<b>Total 2017-18 Revised Budgeted Requirements</b>	<b>\$ 70,318,149</b>	<b>\$ 107,664,723</b>	<b>\$ 1,126,222</b>	<b>\$ 35,140,566</b>	<b>\$ 8,280,286</b>	<b>\$ 222,529,946</b>
<b>Total 2016-17 Actual Requirements</b>	<b>\$ 70,394,446</b>	<b>\$ 102,231,393</b>	<b>\$ 1,208,953</b>	<b>\$ 16,038,253</b>	<b>\$ 5,898,550</b>	<b>\$ 195,771,595</b>

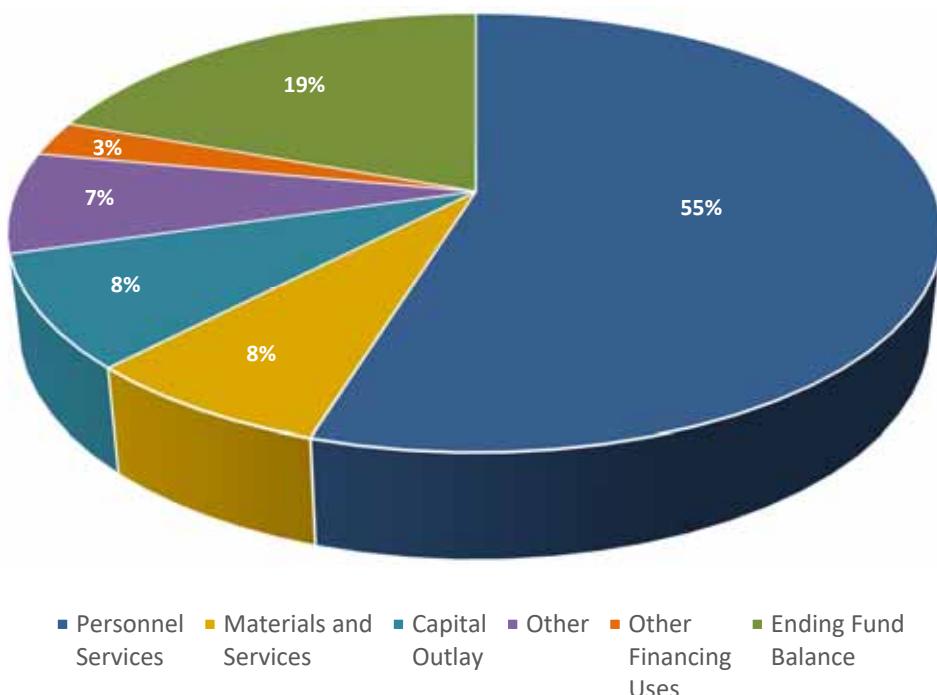
### 2018-19 Budget Resources



## 2018-19 Budgeted Requirements

Requirements	Personnel Services	Materials and Services	Capital Outlay	Other	Other Financing Uses	Ending Fund Balance	2018-19 Adopted Budget
<b>Major Funds</b>							
General	\$106,556,106	\$ 14,107,662		\$ 4,936,693	\$ 5,115,891	\$ 30,804,273	\$ 161,520,625
Property and Building			\$ 13,072,000	2,052,771		1,618,769	16,743,540
<b>Non-Major Funds</b>							
Apparatus			1,528,500	539,050		1,814,598	3,882,148
Capital Improvements			1,628,480	521,500		2,939,493	5,089,473
MERRC			300,000	30,000		1,080,000	1,410,000
Grants	1,196,709	145,000					1,341,709
Bonded Debt Service				6,404,563		296,925	6,701,488
Insurance		619,800					619,800
Pension Trust	344,464						344,464
Volunteer LOASP	373,423						373,423
<b>Total 2018-19 Proposed Budgeted Requirements</b>	<b>\$108,470,702</b>	<b>\$ 14,872,462</b>	<b>\$ 16,528,980</b>	<b>\$ 14,484,557</b>	<b>\$ 5,115,891</b>	<b>\$ 38,554,058</b>	<b>\$ 198,026,670</b>
<b>Total 2017-18 Revised Budgeted Requirements</b>	<b>\$103,330,250</b>	<b>\$ 15,423,174</b>	<b>\$ 32,550,831</b>	<b>\$ 31,704,107</b>	<b>\$ 8,280,286</b>	<b>\$ 31,241,298</b>	<b>\$ 222,529,946</b>
<b>Total 2016-17 Actual Requirements</b>	<b>\$ 90,571,866</b>	<b>\$ 11,700,168</b>	<b>\$ 12,914,301</b>	<b>\$ 6,273,985</b>	<b>\$ 5,898,550</b>	<b>\$ 68,412,725</b>	<b>\$ 195,771,595</b>

## 2018-19 Budget Requirements



## Financial Overview, continued

### 2018-19 Fund Balance Budgeted

Funds	Beginning Fund Balance	Contingency	Ending Fund Balance	Change in Fund Balance	% Change in Fund Balance
<b>Major Funds</b>					
General	\$ 43,230,735	\$ 4,936,693	\$ 30,804,273	\$ (12,426,462)	-28.7%
Property and Building	12,869,951	2,052,771	1,618,769	(11,251,182)	-87.4%
<b>Non-Major Funds</b>					
Apparatus	2,864,568	539,050	1,814,598	(1,049,970)	-36.7%
Capital Improvements	5,034,697	521,500	2,939,493	(2,095,204)	-41.6%
MERRC	1,100,000	30,000	1,080,000	(20,000)	-1.8%
Bonded Debt Service	296,181		296,925	744	0.3%
Insurance	615,000			(615,000)	-100.0%
Volunteer LOASP	359,061			(359,061)	-100.0%
<b>Total 2018-19 Proposed Budgeted Requirements</b>	<b>\$ 66,370,193</b>	<b>\$ 8,080,014</b>	<b>\$ 38,554,058</b>	<b>\$ (27,816,135)</b>	<b>-41.9%</b>
<b>Total 2017-18 Revised Budgeted Requirements</b>	<b>\$ 70,318,149</b>	<b>\$ 10,834,383</b>	<b>\$ 31,241,298</b>	<b>\$ (39,076,851)</b>	<b>-55.6%</b>
<b>Total 2016-17 Actual Requirements</b>	<b>\$ 70,394,446</b>		<b>\$ 68,412,725</b>	<b>\$ (1,981,721)</b>	<b>-2.8%</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 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 2018-19 and in the future is depicted on the following page based on a conservative revenue scenario. The Property and Building Fund will be utilized to complete station construction for two stations and purchase land for future fire station sites meeting the intent of the voters in approved local option levy projects. Accordingly, that fund's reserves have been 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. Based on long-term planning, a higher portion in the first few years of the enhanced local option levy was transferred to capital funds to accomplish stated objectives of purchasing response apparatus and future fire station sites. As staffing of additional units and improved staffing has been implemented, reduced funding of the capital funds was intended until such time as additional bond proceeds are requested and approved.

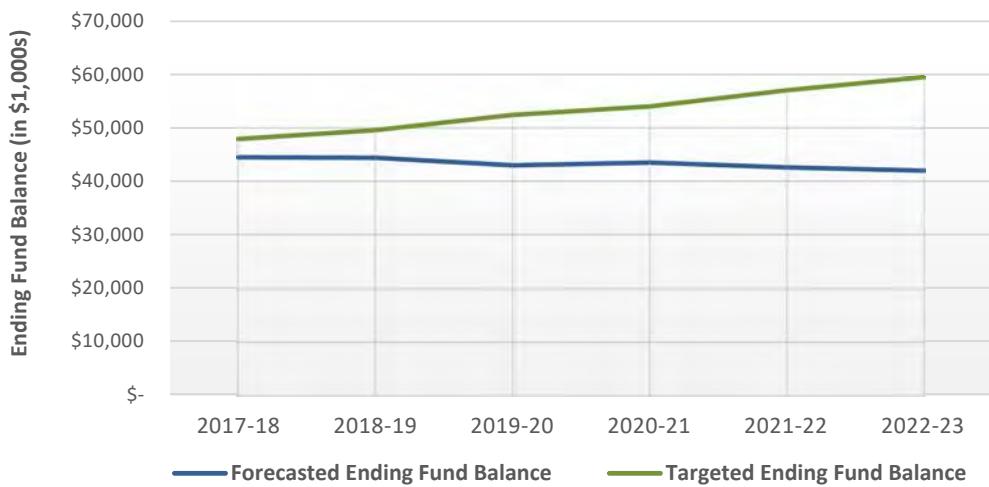
The Insurance Fund is expected to remain level; however, for purposes of budgeting for a disaster, the fund is appropriated to allow for self-insurance needs should such a catastrophic event occur. The Volunteer LOSAP Fund is appropriated to be able to meet the obligations of paying pension benefits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

## Financial Forecast – General Fund (in \$1,000s)

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Beginning Fund Balance	\$ 42,800	\$ 44,400	\$ 44,400	\$ 43,000	\$ 43,500	\$ 42,600
Property Tax Revenue	105,400	114,300	119,600	125,200	131,000	137,100
Investment & Interest	200	200	300	300	300	300
Charges for Services	10,500	3,900	3,900	4,000	4,100	4,200
Insurance Refunds	400	400	400	400	400	400
Miscellaneous	200	200	200	200	200	200
<b>Total Revenues</b>	<b>\$ 159,500</b>	<b>\$ 163,400</b>	<b>\$ 168,800</b>	<b>\$ 173,100</b>	<b>\$ 179,500</b>	<b>\$ 184,800</b>
Personnel Costs	\$ 95,700	\$ 101,500	\$ 109,900	\$ 113,700	\$ 120,600	\$ 127,100
Materials and Services	12,600	13,400	13,700	14,100	14,500	14,900
Transfers Out	6,800	4,100	2,200	1,800	1,800	800
<b>Total Expenditures</b>	<b>\$ 115,100</b>	<b>\$ 119,000</b>	<b>\$ 125,800</b>	<b>\$ 129,600</b>	<b>\$ 136,900</b>	<b>\$ 142,800</b>
<b>Forecasted Ending Fund Balance</b>	<b>\$ 44,400</b>	<b>\$ 44,400</b>	<b>\$ 43,000</b>	<b>\$ 43,500</b>	<b>\$ 42,600</b>	<b>\$ 42,000</b>
Months of Forecasted Fund Balance	4.6	4.5	4.1	4.0	3.7	3.5
<b>Targeted Ending Fund Balance</b>	<b>\$ 47,917</b>	<b>\$ 49,583</b>	<b>\$ 52,417</b>	<b>\$ 54,000</b>	<b>\$ 57,042</b>	<b>\$ 59,500</b>
Months of Targeted Fund Balance	5.0	5.0	5.0	5.0	5.0	5.0

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 the current local option levy staffing configuration with modest property tax growth. The above scenario represents conservative growth in District assessed value and no 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.

## Forecasted versus Targeted Ending Fund Balance





**RESOLUTION 2018-02**

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,  
A RURAL FIRE PROTECTION DISTRICT  
TO ADOPT 2018-19 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, 2018 and ending June 30, 2019, was approved by the District Budget Committee on May 17, 2018 and the budget hearing has been held on June 26, 2018 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** it was determined that there is a needed correction to salaries and wages due to medical insurance selections in the Occupational Health and Wellness department budget thereby increasing General Fund Business Operations Directorate personnel services by \$13,307 and reducing Contingency by the same amount;

**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 2018-19 fiscal year in the amount of \$159,472,612 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, 2018, for the purposes shown are hereby appropriated as follows:

**GENERAL FUND**

**By Fund**

Personnel Services	\$106,556,106
Materials and Services	14,107,662
Transfers	5,115,891
Contingency	<u>4,936,693</u>
Total	\$130,716,352

**By Function**

Command Directorate	
Personnel Services	\$ 3,866,587
Materials and Services	<u>2,039,420</u>
Total	\$ 5,906,007

## Resolution to Adopt Budget, continued

Integrated Operations Directorate		
Personnel Services	\$ 88,635,444	
Materials and Services	<u>3,503,825</u>	
		Total \$ 92,139,269
Finance Directorate		
Personnel Services	\$ 1,648,137	
Materials and Services	<u>633,032</u>	
		Total \$ 2,281,169
Business Operations Directorate		
Personnel Services	\$ 8,096,987	
Materials and Services	<u>6,572,326</u>	
		Total \$ 14,669,313
EMS/Training/Volunteers		
Personnel Services	\$ 4,308,951	
Materials and Services	<u>1,359,059</u>	
		Total \$ 5,668,010
District Non-Organizational		
Transfers	\$ 5,115,891	
Contingency	<u>4,936,693</u>	
		Total \$ 10,052,584

**BONDED DEBT SERVICE FUND**

Debt Service - Principal	\$ 4,580,000
Debt Service - Interest	<u>1,824,563</u>
Total	\$ 6,404,563

**APPARATUS FUND**

Capital Outlay	\$ 1,528,500
Contingency	<u>539,050</u>
Total	\$ 2,067,550

**CAPITAL IMPROVEMENTS FUND**

Capital Outlay	\$ 1,628,480
Contingency	<u>521,500</u>
Total	\$ 2,149,980

**MERRC FUND**

Capital Outlay	\$ 300,000
Contingency	<u>30,000</u>
Total	\$ 330,000

**GRANTS FUND**

Personnel Services	\$ 1,196,709
Materials and Services	<u>145,000</u>
Total	\$ 1,341,709

**INSURANCE FUND**

Materials and Services	\$ <u>619,800</u>
Total	\$ 619,800

**PROPERTY AND BUILDING FUND**

Capital Outlay	\$ 13,072,000
Contingency	<u>2,052,771</u>
Total	\$ 15,124,771

**PENSION TRUST FUND**

Personnel Services	\$ <u>344,464</u>
Total	\$ 344,464

**VOLUNTEER LOSAP FUND**

Personnel Services	\$ <u>373,423</u>
Total	\$ 373,423

APPROVED AND ADOPTED, on June 26, 2018



Clark I. Balfour, President

ATTEST:



Gordon L. Hovies, Vice President

**RESOLUTION 2018-03**

**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 \$6,687,561, for bonds, and that these taxes are hereby imposed and categorized for tax year 2018-19, 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	\$ 6,687,561
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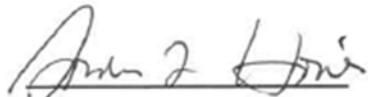
**NOW THEREFORE BE IT RESOLVED**, that the Budget Officer certify the County Clerk or other recording officer, County Assessor or other assessing officer, of Washington, Clackamas, Multnomah and Yamhill Counties, Oregon, and the Department of Revenue of the State of Oregon, the tax levy created by the resolution and shall file with them a copy of the adopted budget.

APPROVED AND ADOPTED, on June 26, 2018



Clark I. Balfour, President

**ATTEST:**



Gordon L. Hovies, Vice President

