



June 25, 2019

Budget Committee Members and Residents
Tualatin Valley Fire & Rescue
Washington, Clackamas, Yamhill, and Multnomah counties, Oregon

Dear Budget Committee Members and Residents:

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 2019-20, beginning July 1, 2019, and ending June 30, 2020, 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 2019-20 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 public input through various stages of preparation, public hearings, and approval of the original budget by the Board of Directors.

Budget Summary for Requirements

Expenditures	2018-19 Revised Budget	2019-20 Adopted Budget	Increase (Decrease)
Personnel Services	\$108,615,702	\$114,036,167	\$ 5,420,465
Materials and Services	14,962,294	14,943,575	(18,719)
Capital Outlay	16,528,980	21,766,151	5,237,171
Debt Service	6,404,563	6,286,363	(118,200)
Operating Transfers Out	5,115,891	6,109,816	993,925
Operating Contingency	7,845,182	7,329,601	(515,581)
Ending Fund Balance	38,554,058	46,084,034	7,529,976
Total Requirements	\$198,026,670	\$216,555,707	\$ 18,529,037

The budget requirements for fiscal year 2019-20 for all funds total \$216,555,707, which is \$18,529,037 more than the adopted \$198,026,670 in the current year. Increases in Personnel Services are largely due to changes in wages and benefits of employees during the prior year, PERS contribution rate increases, and budgeted increases to the cost of healthcare. Materials and Services are flat largely due to nonrecurring district-wide election costs for elections in May 2019, offset by other changes. Capital outlay budgeted was increased by \$5,237,171, reflecting continued progress in completing construction of new fire Station 39, the combined logistics facility, and the purchase of future fire station land as well as a carryover of two fire engines budgeted and ordered in fiscal year 2019, but that will not be received until budget year 2020 and the scheduled purchase of a truck and medic unit. Transfers Out to capital funds are increased to fund future station land, fleet purchases, and firefighting and EMS equipment requirements. Ending Fund Balance was increased as planned in order to meet fund balance goals. Comparative data on individual funds may be obtained by reviewing financial summaries presented within individual funds.

2019-20 Significant Changes

Personnel Services

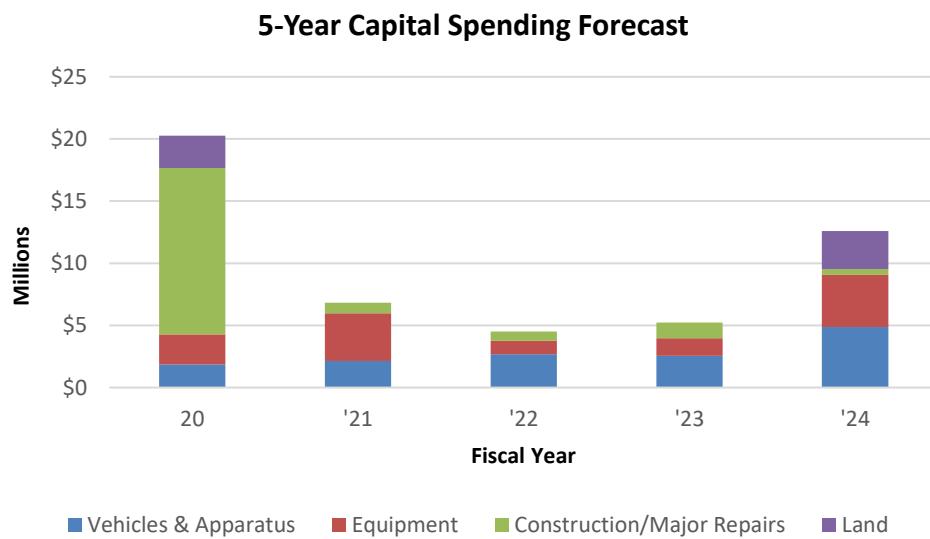
Personnel Services increased 5.0% over all funds or \$5,420,465. The change in Personnel Services is largely within the General Fund and offset in part by a decrease in the Grant Fund. Twelve firefighters, who were funded through a grant in the Grant Fund, were transferred to the General Fund at the end of the grant award period in January 2019. Contractual wage and benefit increases were budgeted as well as the increase in position funding for additional Kelly days and recruit academy time. PERS rate increases associated with the 2019-21 biennium are partially phased in. The total FTE count in the General Fund increased by 9.92 due to the six firefighter Kelly relief positions added, 1.67 FTE equivalents for recruit firefighters, 0.75 FTE equivalent in Operations for developmental assignments, 0.50 FTE equivalent added for light-duty work for injured firefighters, and the addition of one EMS assistant position.

Materials and Services

Materials and Services decreased \$18,719 overall, which is largely due to the General Fund increase of \$51,081 or 0.4% offset in part by the decrease in the Grant Fund of \$35,000 and the Insurance Fund of \$34,800.

Capital Outlay

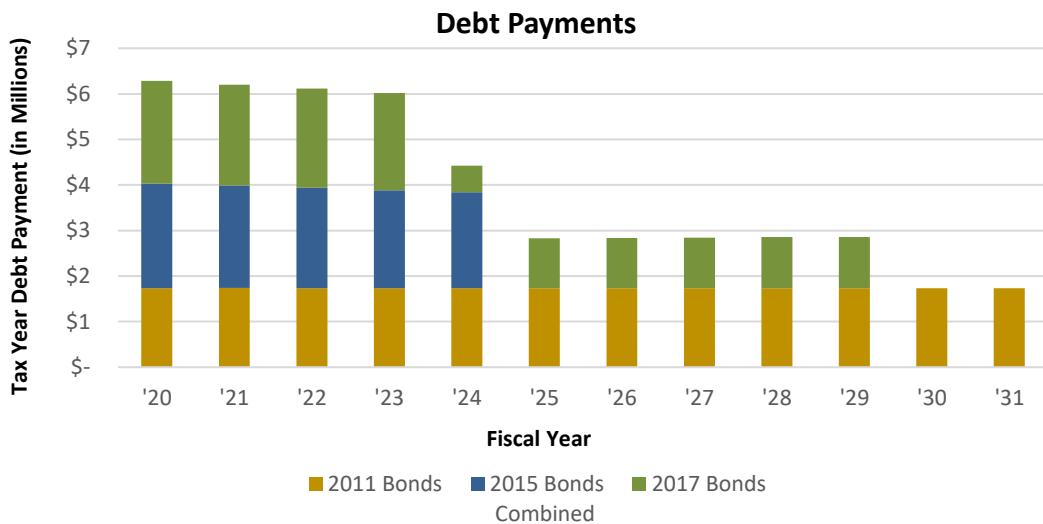
Capital Outlay increased \$5,237,171 or approximately 31.7%, to a total of \$21,766,151. The Property and Building Fund's capital outlay was increased \$2.9 million due to progress toward budgeted construction projects. For the 2019-20 fiscal year, Station 39 is budgeted for construction as well as tenant improvements in the Logistics Service Center, which will house Fleet, Facilities, and Supply in a building purchased in 2017-18. The Apparatus Fund's scheduled emergency response apparatus replacements reflect the year-over-year scheduled apparatus replacement for 2019-20 as being an aerial platform truck and a carryover medic unit and the carryover of two engines from the 2018-19 budget year that will be received in fiscal year 2019-20.



Message from the Chief Financial Officer, continued

Debt Service

Total budgeted debt service expenditures are budgeted at \$6,286,363 to meet estimated principal and interest obligations associated with general obligation debt outstanding. 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 purchased with the enhanced local option levy, the District will plan the scope of the 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.



Transfers

Transfers increased by \$993,925, to \$6,109,816. Transfers are made to the Apparatus Fund, Capital Improvements Fund, Grant Fund, Property and Building Fund, and the Pension Trust Fund. The Apparatus Fund will receive \$1,000,000 toward continued scheduled apparatus replacement, the Capital Improvements Fund will receive \$1,500,000 for future equipment replacement, the Grant Fund will receive \$167,360 for a SCBA grant, the Property and Building Fund will receive \$3,159,802 for new station sites and stations as part of the local option levy station commitments, and the Pension Trust Fund will receive \$282,654 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 \$7,329,601 for 2019-20, a decrease of \$515,581 from the prior year. The contingency budget in the General Fund is \$5,193,975 and \$1,418,126 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 failure, 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, \$35,462,587; the Apparatus Fund, \$3,055,199; the Capital Improvements Fund, \$3,379,059; the MERRC Fund, \$1,503,670; and the Property and Building Fund, \$2,428,094. The District seeks a stable General Fund balance proportionate to the cost of operations and conservatively forecasts the actual Ending Fund Balance to be approximately \$50,300,000, which equates to approximately 4.8 months of operating funds.

Debt Administration

Debt outstanding consists of 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 \$1,120,000,000, with remaining debt capacity of \$1,070,000,000 as of June 30, 2018. 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 residents. 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, improve 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	2018-19 Adopted Budget	2019-20 Adopted Budget	Increase (Decrease)
Beginning Fund Balance	\$ 66,370,193	\$ 78,159,751	\$ 11,789,558
Property Tax, Current Year	119,407,699	125,193,975	5,786,276
Property Tax, Prior Year	1,236,615	987,250	(249,365)
Other Taxes and Interest on Tax	48,015	75,717	27,702
Forest Revenues	-	25,000	25,000
Interest on Investments	420,118	1,124,987	704,869
Program Revenue	3,068,705	3,754,829	686,124
Special Service Charges	3,000	3,000	-
Program Fees	300,000	250,000	(50,000)
Regional Hazardous Response	5,000	15,000	10,000
Training Center Revenues	10,000	40,500	30,500
Rental Income	75,600	56,532	(19,068)
Insurance Refund	403,488	350,000	(53,488)
Donations and Grants	1,465,429	133,500	(1,331,929)
Surplus Property	12,122	30,000	17,878
Other Revenues	84,795	245,850	161,055
Transfers from Other Funds	5,115,891	6,109,816	993,925
Total Revenues	\$ 198,026,670	\$216,555,707	\$ 18,529,037

Message from the Chief Financial Officer, continued

Beginning Fund Balance

Beginning Fund Balance has increased 17.8%, to \$78,159,751 for all funds. The General Fund's budgeted beginning fund balance was increased by \$5,766,369, to \$48,997,104, reflecting the settlement and receipt of 10 years of unpaid property taxes of \$2.3 million and the building of other fund balances for future years' purchases. 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 increased by \$2,198,446. The Capital Improvement Fund's budgeted beginning fund balance decreased \$149,736, reflecting planned drawdowns. The MERRC Fund's beginning fund balance increased an estimated \$268,670, reflecting program fees in excess of expenditures in 2018-19. The Debt Service Fund beginning fund balance increased by \$194,725 as a result of the Comcast settlement with the state of Oregon and receipt of prior years' property taxes. The Property and Building Fund's beginning fund balance increased by \$3,541,605, as the District received the proceeds of the sale of the prior Logistics sites in 2018-19 and continued construction of Station 39.

Property Taxes – Current Year

The increase in property tax revenue is a result of growth over all assessed value of 4.56% 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 2019-20 fiscal year will be the fifth year of the five-year levy. The voters of the District strongly approved the continuation of the levy through 2024-25 at the May 21, 2019 election.

Under current law, assessed value is generally significantly less than market value and is based upon the relationship of other similar properties. For 2018-19, the Washington County assessor reported assessed value was 61.2% of District Measure 5 (M5) market value of \$75,564,059,001, 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 2019-20 budget, we assumed a 4.49% assessed valuation increase for property in our service area. 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 95.4% 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 \$63.1 billion in assessed valuation are expected to provide approximately \$91.9 million in collections. The local option levy of \$0.45 per \$1,000 of assessed valuation on an estimated \$64.5 billion of assessed value is expected to provide collections of \$27.4 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 \$6,261,669 for our general obligation bonds. This bond levy is expected to result in a levy rate of 9.92 cents per \$1,000 of assessed valuation and \$5,973,632 in collections.

Property Tax – Prior Year

Total taxes outstanding totaled \$5,291,997 for the District at the fiscal year ended June 30, 2018. Of the District's June 30, 2018, amount, \$1,388,888 was for taxes levied during that fiscal year, while \$3,903,109 was related to prior years' tax levies. Delinquent tax collections are estimated on an average collection rate based upon the forecasted June 30, 2019, receivables.

Interest on Investments

Interest on short-term investments has been budgeted to reflect short-term interest rates projected at an estimated 2.25% interest. 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 2019-20 are estimated at 4%.

Transfers into and out of pool accounts are made online prior to 1 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 increased \$686,124 and 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 \$250,000, 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. Sale of surplus property, including a cell tower, is reflected in the decreased budget.

Insurance Refunds

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

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 a reduced \$23,500 due to expected legislative action at the state level. 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 other smaller projects. The District actively pursues grant funding for projects and equipment.

Surplus Property

Used equipment surplus sales are budgeted in 2019-20.

Message from the Chief Financial Officer, continued

Other Revenues

Other revenues include \$210,000 estimated for EMS supply reimbursement and was increased to match current year actual levels.

Transfers from Other Funds

A revenue source for five 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 \$6,109,816. Monies are transferred from this fund to five funds, where they are listed as a resource. These transfers provide operating resources to the Apparatus Fund, the Capital Improvements Fund, the Grant Fund, the Property and Building Fund, and the Pension Trust Fund.

Summary

The budget for fiscal year 2019-20 continues to afford the District a high level of service to our community and service areas, while continuing to meet our long-term performance standards. The year 2019-20 promises to be a year of many challenges for 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, and effectively transition the fire chief, chief financial officer, and other positions.

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 2019-20 budget.

Sincerely,

Tualatin Valley Fire & Rescue



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



Timothy C. Collier, CPA
Chief Financial Officer

Financial Overview

Tax Rates

General Fund – Permanent Rate		General Fund – Local Option Tax Levy		Bonded Debt	
Expected Assessed Valuation:	\$63,137,108,040	Expected Assessed Valuation:	\$64,507,873,943	Expected Assessed Valuation:	\$63,137,108,040
Tax Rate Levied:	\$1.5252/\$1,000	Tax Rate Levied:	\$0.45/\$1,000	Estimated Tax Rate:	\$0.0992/\$1,000
Estimated General Fund Total Levy:	\$96,296,717	Estimated Net Local Option Levy after M5 Compression:	\$28,688,587	Bonded Debt Total Levy:	\$6,261,669
Expected Collection Rate:	95.40%	Expected Collection Rate:	95.40%	Expected Collection Rate:	95.40%
Expected Collections:	\$91,867,068	Expected Collections:	\$27,353,275	Expected Collections:	\$5,973,632

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
2018	\$114,934,595	\$109,683,057	95.43%	\$1,252,062	\$110,935,119	96.52%
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

Assessed Values vs. Tax Collections

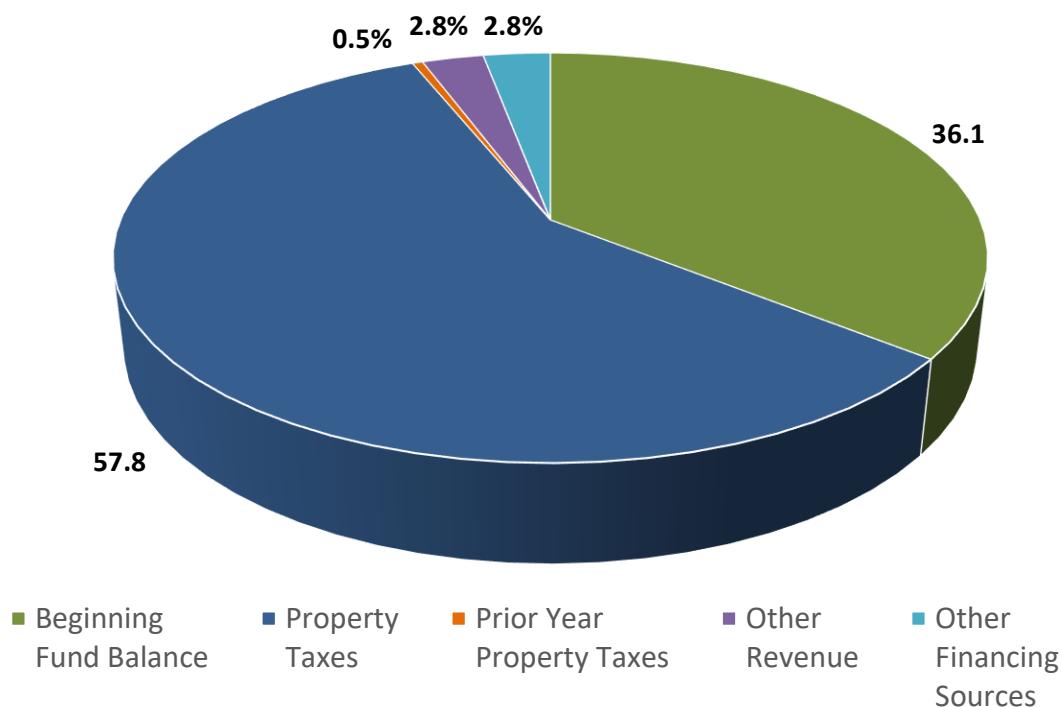


Financial Overview, continued

2019-20 Budgeted Resources

Resources	Beginning Fund Balance	Property Taxes	Prior Year Property Taxes	Other Revenue	Other Financing Sources	2019-20 Proposed Budget
Major Funds						
General	\$ 48,997,104	\$119,220,343	\$ 942,250	\$ 5,230,029		\$174,389,726
Property and Building	16,411,556			261,862	\$ 3,159,802	19,833,220
Non-Major Funds						
Apparatus	5,063,014			90,285	1,000,000	6,153,299
Capital Improvements	4,884,961			95,289	1,500,000	6,480,250
MERRC	1,368,670			265,000		1,633,670
Grants				110,000	167,360	277,360
Bonded Debt Service	490,906	5,973,632	45,000	32,250		6,541,788
Insurance	580,000			5,000		585,000
Pension Trust					282,654	282,654
Volunteer LOSAP	363,540			15,200		378,740
Total 2019-20 Adopted Budgeted Resources	\$ 78,159,751	\$125,193,975	\$ 987,250	\$ 6,104,915	\$ 6,109,816	\$216,555,707
Total 2018-19 Adopted Budgeted Resources	\$ 66,370,193	\$119,407,699	\$ 1,236,615	\$ 5,896,272	\$ 5,115,891	\$198,026,670
Total 2017-18 Actual Resources	\$ 72,030,831	\$110,041,284	\$ 962,680	\$ 29,518,316	\$ 8,175,771	\$220,728,882

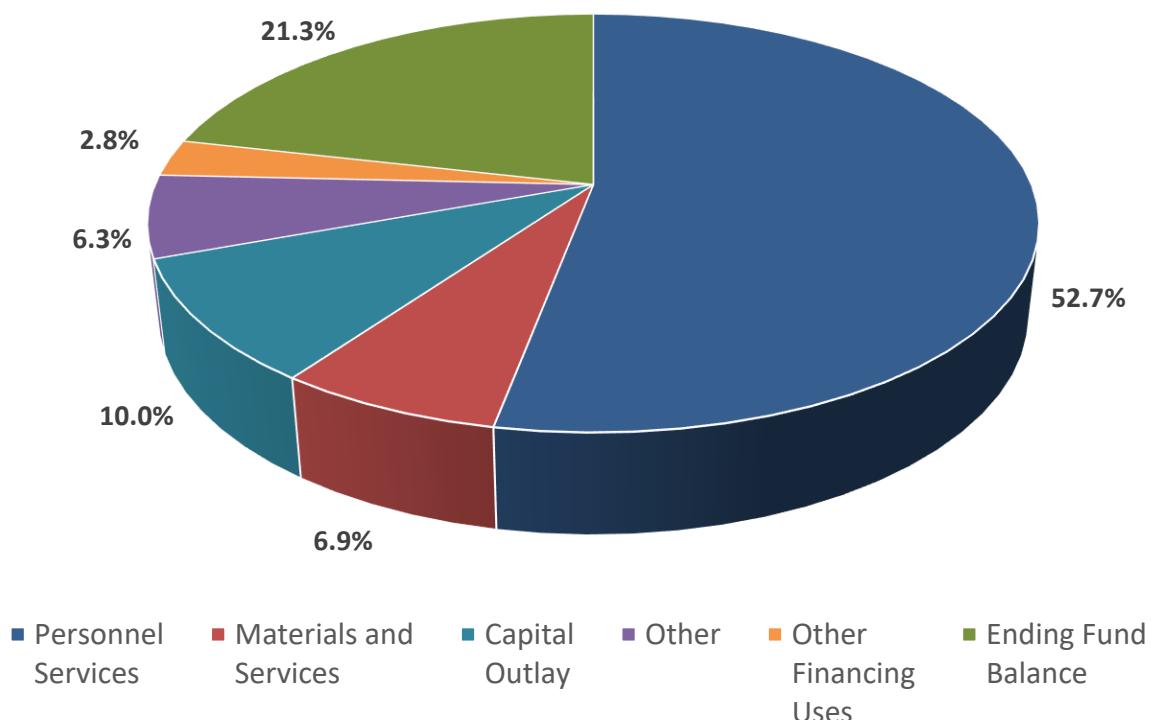
2019-20 Budget Resources



2019-20 Budgeted Requirements

Requirements	Personnel Services	Materials and Services	Capital Outlay	Other	Other Financing Uses	Ending Fund Balance	2019-20 Proposed Budget
Major Funds							
General	\$113,374,773	\$14,248,575		\$5,193,975	\$6,109,816	\$35,462,587	\$174,389,726
Property and Building			\$15,987,000	1,418,126		2,428,094	19,833,220
Non-Major Funds							
Apparatus			2,848,100	250,000		3,055,199	6,153,299
Capital Improvements			2,663,691	437,500		3,379,059	6,480,250
MERRC			100,000	30,000		1,503,670	1,633,670
Grants		110,000	167,360				277,360
Bonded Debt Service				6,286,363		255,425	6,541,788
Insurance		585,000					585,000
Pension Trust	282,654						282,654
Volunteer LOSAP	378,740						378,740
Total 2019-20 Adopted Budgeted Requirements	\$114,036,167	\$14,943,575	\$21,766,151	\$13,615,964	\$6,109,816	\$46,084,034	\$216,555,707
Total 2018-19 Revised Budgeted Requirements	\$108,470,702	\$14,872,462	\$16,528,980	\$14,484,577	\$5,115,891	\$38,554,058	\$198,026,670
Total 2017-18 Actual Requirements	\$ 96,489,631	\$12,312,883	\$16,635,772	\$20,869,723	\$8,175,771	\$66,245,102	\$220,728,882

2019-20 Budget Requirements



Financial Overview, continued

2019-20 Fund Balance Budgeted

Funds	Beginning Fund Balance	Contingency	Ending Fund Balance	Change in Fund Balance	% Change in Fund Balance
Major Funds					
General	\$ 48,997,104	\$ 5,193,975	\$ 35,462,587	\$(13,534,517)	-27.6%
Property and Building	16,411,556	1,418,126	2,428,094	(13,983,462)	-85.2%
Non-Major Funds					
Apparatus	5,063,014	250,000	3,055,199	(2,007,815)	-39.7%
Capital Improvements	4,884,961	437,500	3,379,059	(1,505,902)	-30.8%
MERRC	1,368,670	30,000	1,503,670	135,000	9.9%
Grants					
Bonded Debt Service	490,906		255,425	(235,481)	-48.0%
Insurance	580,000			(580,000)	-100.0%
Pension Trust					
Volunteer LOSAP	363,540			(363,540)	-100.0%
Total 2019-20 Adopted Budgeted Requirements	\$ 78,159,751	\$ 7,329,601	\$ 46,084,034	\$(32,075,717)	-41.0%
Total 2018-19 Revised Budgeted Requirements	\$ 66,370,193	\$ 7,845,182	\$ 38,554,058	\$(27,816,135)	-41.9%
Total 2017-18 Actual Requirements	\$ 72,030,831		\$ 66,245,102	\$ (5,785,729)	-8.0%

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 2019-20 and in the future is depicted on the following page based on a conservative revenue scenario. The Property and Building Fund will be utilized for construction for one station, the Logistics facility, 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 have been implemented, reduced funding of the capital funds was intended until such time as additional bond proceeds are requested and approved.

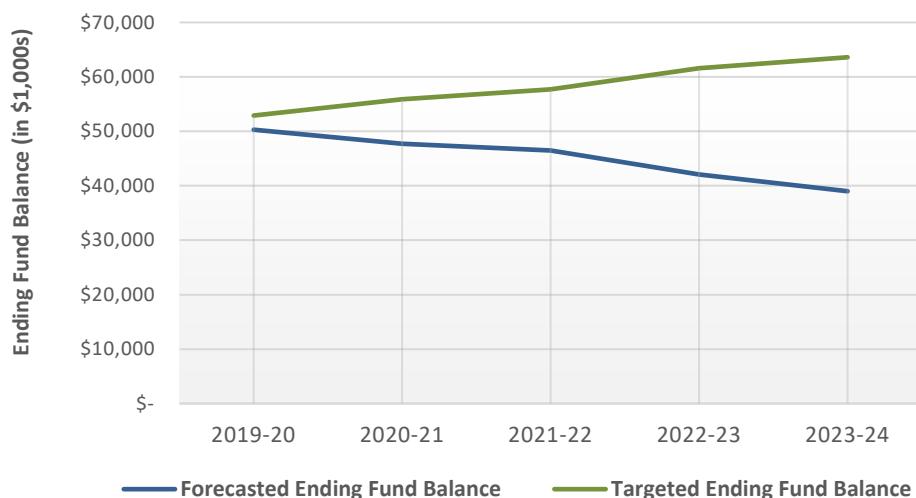
The Insurance Fund is expected to remain level; however, for purposes of budgeting for a disaster, the fund is appropriated to allow for self-insurance needs should such a catastrophic event occur. The Volunteer LOSAP Fund is appropriated to be able to meet the obligations of paying pension benefits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

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

	2019-20	2020-21	2021-22	2022-23	2023-24
Beginning Fund Balance	51,100	50,300	47,700	46,500	42,100
Property Tax Revenue	120,400	125,800	131,400	137,300	143,400
Investment & Interest	700	700	700	700	700
Charges for Services	3,900	4,000	4,100	4,200	4,300
Insurance Refunds	500	500	500	600	600
Miscellaneous	500	500	500	500	500
Total Revenues	177,100	181,800	184,900	189,800	191,600
Personnel Costs	108,200	116,400	121,200	130,100	134,500
Materials and Services	13,200	13,700	14,100	14,400	14,900
Transfers Out	5,400	4,000	3,100	3,200	3,200
Total Expenditures	126,800	134,100	138,400	147,700	152,600
Forecasted Ending Fund Balance	50,300	47,700	46,500	42,100	39,000
Months of Forecasted Fund Balance	4.8	4.3	4.0	3.4	3.1
Targeted Ending Fund Balance	52,900	55,900	57,700	61,600	63,600
Months of Targeted Fund Balance	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 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 2019-03

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,
A RURAL FIRE PROTECTION DISTRICT,
WASHINGTON, CLACKAMAS, YAMhill AND MULTHOMAH COUNTIES
TO ADOPT 2019-20 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, 2019 and ending June 30, 2020, was approved by the District Budget Committee on May 16, 2019 and the budget hearing has been held on June 25, 2019 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, in the General Fund, it was determined that there is a needed correction to professional services for a pay equity consultant hired to evaluate the District's pay equity analysis program in the Human Resources department, correct a missing registration in Occupational Health and increase software for a change in the firefighter hiring process, thereby increasing General Fund Business Directorate Materials and Services by \$44,500 and reducing Contingency by the same amount; and

WHEREAS, in the General Fund, a reduction for ventilator maintenance of \$2,975 to reflect the actual number of approved ventilators and a corresponding increase to Contingency is needed; and

WHEREAS, in the Capital Improvements Fund, a need for communication equipment for a command vehicle for \$12,500 was identified and a corresponding decrease to Contingency is needed; and

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 2019-20 fiscal year in the amount of \$170,471,673 and which is now on file in the Command and Business Operations Center at 11945 SW 70th Ave., Tigard, Oregon; and

BE IT ALSO RESOLVED, that the amounts for the fiscal year beginning July 1, 2019, for the purposes shown are hereby appropriated as follows:

GENERAL FUND

By Fund

Personnel Services		\$113,374,773
Materials and Services		14,248,575
Transfers		6,109,816
Contingency		<u>5,193,975</u>
	Total	\$138,927,139

Resolution to Adopt Budget, continued

By Function

Command Directorate

Personnel Services	\$ 3,021,436
Materials and Services	<u>1,214,056</u>
Total	\$ 4,235,492

Business Directorate

Personnel Services	\$ 9,721,434
Materials and Services	<u>7,199,335</u>
Total	\$ 16,920,769

Finance Directorate

Personnel Services	\$ 1,817,891
Materials and Services	<u>628,020</u>
Total	\$ 2,445,911

Operations Directorate

Personnel Services	\$ 92,514,103
Materials and Services	<u>4,566,925</u>
Total	\$ 97,081,028

Support Directorate

Personnel Services	\$ 278,353
Materials and Services	<u>216,618</u>
Total	\$ 494,971

Community Services Directorate

Personnel Services	\$ 6,021,556
Materials and Services	<u>423,621</u>
Total	\$ 6,445,177

District Non-Organizational

Transfers	\$ 6,109,816
Contingency	<u>5,193,975</u>
Total	\$ 11,303,791

Resolution to Adopt Budget, continued

BONDED DEBT SERVICE FUND

Debt Service - Principal	\$ 4,645,000
Debt Service - Interest	<u>1,641,363</u>
Total	\$ 6,286,363

APPARATUS FUND

Capital Outlay	\$ 2,848,100
Contingency	<u>250,000</u>
Total	\$ 3,098,100

CAPITAL IMPROVEMENTS FUND

Capital Outlay	\$ 2,663,691
Contingency	<u>437,500</u>
Total	\$ 3,101,191

MERRC FUND

Capital Outlay	\$ 100,000
Contingency	<u>30,000</u>
Total	\$ 130,000

GRANTS FUND

Materials and Services	\$ 110,000
Capital Outlay	<u>167,360</u>
Total	\$ 277,360

INSURANCE FUND

Materials and Services	\$ 585,000
Total	\$ 585,000

PROPERTY AND BUILDING FUND

Capital Outlay	\$ 15,987,000
Contingency	<u>1,418,126</u>
Total	\$ 17,405,126

PENSION TRUST FUND

Personnel Services	\$ <u>282,654</u>
Total	\$ 282,654

VOLUNTEER LOSAP FUND

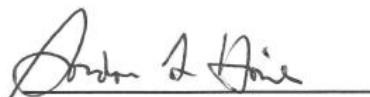
Personnel Services	\$ <u>378,740</u>
Total	\$ 378,740

APPROVED AND ADOPTED, on June 25, 2019



Clark I. Balfour, President

ATTEST:



Gordon L. Hovies, Secretary/Treasurer

RESOLUTION 2019-04

**RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE,
A RURAL FIRE PROTECTION DISTRICT,
WASHINGTON, CLACKAMAS, YAMHILL AND MULTNOMAH COUNTIES
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 2019-20, 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	\$ 6,261,669
------------------------	--------------

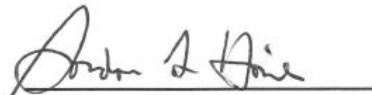
NOW THEREFORE BE IT RESOLVED, that the Budget Officer certify the County Clerk or other recording officer, County Assessor or other assessing officer, of Washington, Clackamas, Yamhill and Multnomah Counties, Oregon, and the Department of Revenue of the State of Oregon, the tax levy created by the resolution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

APPROVED AND ADOPTED, on June 25, 2019



Clark I. Balfour, President

ATTEST:



Gordon L. Hovies, Secretary/Treasurer

