

Operating Budget Policies

Tualatin Valley Fire & Rescue is committed to providing high-quality services to the community at an acceptable level of taxation. Specific policies that drive the budget preparation are:

- The District will maintain high service levels in emergency services operations, which include responses to fire and medical emergencies. These services receive the highest priority for funding.
- The District will avoid adopting budgetary procedures that result in balancing current operational costs at the expense of future years' operations. The district's budget will be prepared within the framework of the District's long-term financial plan.
- The District will maintain a budgetary control system to ensure compliance with the adopted budget, especially with regard to state of Oregon Budget Law, and will prepare regular reports comparing actual revenues and expenditures to budgeted amounts. The Board receives monthly "budget to actual" financial statements on the funds and programs.
- Performance measurement and productivity indicators shall be integrated into the budget as outlined in stated goals and objectives. The divisions then must report regularly to the Fire Chief's Office on the status of these goals. The budget highlights key performance objectives and performance against the District's prior goals. The budget is designed to educate the community about TVF&R's objectives, priorities, and the strategic goals set for the organization. It is also designed to serve the needs of District employees by providing budgetary accounts and descriptions of funded programs.
- The District's **balanced budget policy** is that a budget is considered balanced when the funds' total resources of beginning fund balance, revenues, and other financing sources are equal to the total of expenditures, other financing uses, and ending fund balance.

The Budget as a Policy Document

The Budget Process: Prior to the budget process each year, staff updates the multi-year **financial forecast**. The forecast and variables are reviewed with managers and set the tone for the budget process and long-term financial planning. Staff analyzes ongoing and long-term capital needs and future staffing requirements and models potential bonded debt or local option levy requirements as response units are needed within our growing district. These forecasts are performed with consideration of future economic variables, including labor costs, PERS rate projections, healthcare, interest, and inflation rates. Additionally, in 2013-14, the District finalized its long-term forecasts to plan for station and response unit additions with associated firefighters and support staff to address current and projected response challenges as the call volume, traffic congestion, and population in the District continue to increase. These forecasts were the basis of the replacement local option levy. The replacement local option levy began with the budget year 2015-16, and the District committed to its voters to not increase the levy request for at least 10 years.

The 2019-20 annual budget is designed to reflect the District's **Strategic Plan** for the 2018-2020 fiscal years. Reference is frequently made to the performance within the budget document, which is developed to serve as the financial plan to carry out these desired goals and objectives. Staff attempts to focus their performance objectives on significant changes and improvements they wish to make over and above "daily operations".

Accounting and budget policies are similar to the prior year. The **strategic goals and outcomes** provide a measurable tool for directing the plans and programs that have been set in place. The most significant plans or programs are outlined within individual divisions or program budgets. During the budget review process, staff will analyze performance against the goals and objectives.

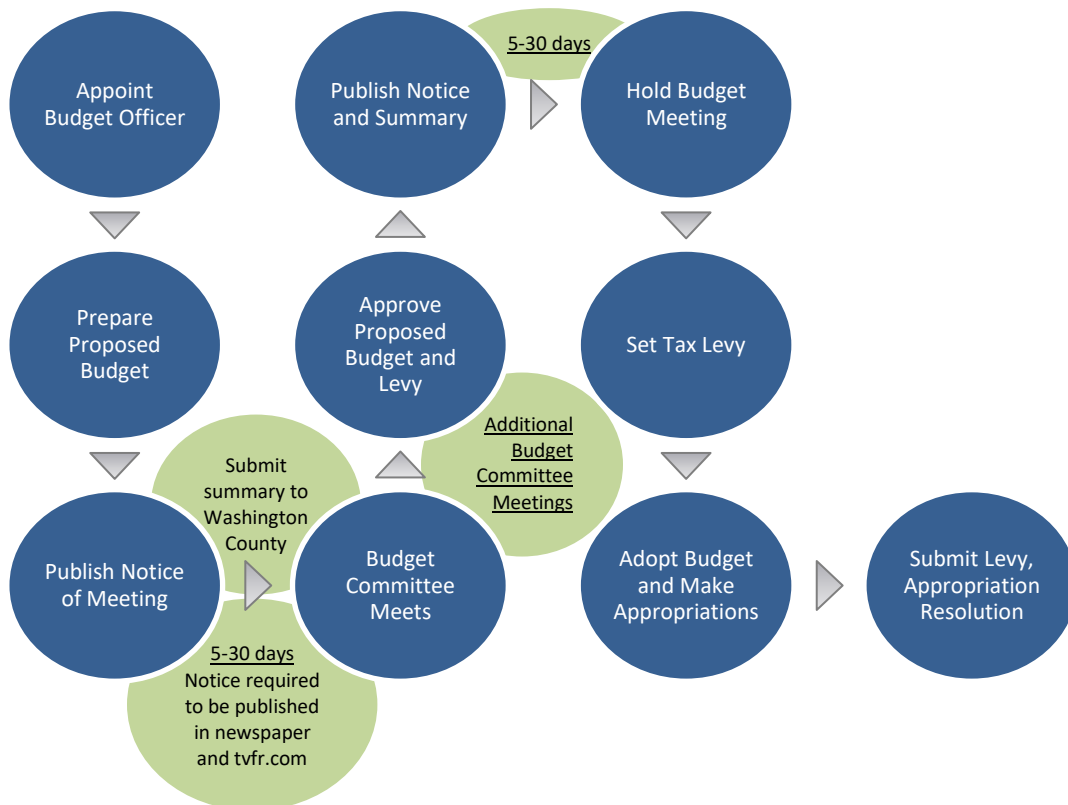
The Budget as a Policy Document, continued

The budget, or financial plan, begins each fall, with the internal budget committee review of the budget calendar and a review of issues to address in the budget preparation. The executive staff and division managers workshop is held, and in October, updated 10-year capital replacement plans are presented for apparatus, facilities, information technology, communications and operational equipment, among other areas, for use in updating the financial forecast that is then reviewed with the internal budget committee so budget development will be performed in the context of the longer-term financial plan. Reviews of FTE requests and preplanning justifications for specific types of budget requests are also submitted and reviewed. These plans, educational development plans, and key strategies are reviewed before the budget officially kicks off in December. The budget is reviewed by the various divisions in January and submitted to the budget officer in early February. Budget presentations are made by each budget manager to the entire group of budget managers regarding the status of accomplished current year division tactics and tactics for the 2019-20 budget year in the context of the requested budget.

Each worksite manager completes the **budget proposal requests** utilizing our financial system. The information provided contained the prior year budgeted expenditure amount for each line item, the actual expenditure, and the current year budget. The worksite manager completes the requested amount, and this information is reviewed by the respective division chief or assistant chief before submitting them to the budget officer. The department manager also included backup information related to requested line item accounts.

The divisions review each of their department's budgets and then in the group of managers comprising the internal budget committee, the entire budget is reviewed and finalized through intensive review and discussion. From this revised budget, the budget officer and internal budget committee ensure the budget meets both key strategic goals in program funding and in overall financial health of the District.

The Budget Process



Budget Calendar

September	▪ Strategic Plan work session
October – December	▪ Revenue forecasting ▪ Capital planning ▪ Bond modeling ▪ Strategic Plan validation ▪ Budget forecast to managers
January	▪ Budget module and instructions available to station captains and department managers online ▪ Personnel Services budgets are prepared and uploaded ▪ Budgets, accomplishments, and performance objectives due to division and assistant chiefs
February – March	▪ Station and department budgets, accomplishments, and performance objectives reviewed by division and assistant chiefs and submitted to budget officer ▪ Budget officer reviews budgets ▪ Internal Budget Committee meetings ▪ Budget Committee workshop is held
April	▪ Budget closed for changes ▪ Finance Division prepares draft budget document for Budget Committee Meeting
May	▪ Budget draft document distributed in early May ▪ Publish Notice of Budget Committee Meeting in newspaper and on tvfr.com ▪ Budget Committee Meeting is held
June	▪ Publish Public Notice of Budget Hearing in newspaper ▪ Budget Hearing is held to adopt budget and levy taxes
July	▪ Tax levy certified by court clerks of Washington, Clackamas, Multnomah, and Yamhill counties ▪ Budgets delivered to residents and government agencies

Budget Adoption

A **final budget** was developed in **April 2019**. From this adjusted data, the Finance Division prepares the annual budget document, which was then assembled for presentation to the **Budget Committee**. Changes to the budget due to new information and Budget Committee recommendations may be incorporated through the **June 25, 2019, adoption of the budget** by the governing Board.

Budget Amendments

The process for **amending the budget** is provided for by Board policy contained in the Board Policy Manual and by state budget laws as outlined in Chapter 294 of the Oregon Revised Statutes. The governing body's spending authority within existing appropriations (set at personnel services, materials and services, and capital outlay by the levels in the adopting resolution on pages 29-33) may be increased by (1) transferring amounts among appropriations in the same fund, or (2) transferring from an appropriation in the General Fund to an appropriation category in another fund. The governing body must enact a resolution providing for the transfer. This enactment must be made before any over-expenditure has incurred. Once a transfer is authorized, increased expenditures can occur.

Supplemental Budgets

By transferring appropriations, the District usually has enough flexibility to carry out the programs prescribed in the adopted budget. There may be times when an adopted budget gives no authority to make certain expenditures or when revenues are received for which the governing body has no previous knowledge. In these cases, it is possible to use a **supplemental budget** to authorize expenditures or spend additional revenues in a current fiscal year. Supplemental budgets cannot be used to authorize a tax levy.

The governing Board of Directors may adopt a supplemental budget through a resolution if the supplemental budget does not exceed 10 percent of the fund's most recent amended budget appropriation. For supplemental budgets greater than that or that do not meet a legal budget law exception, a longer process is required. A special hearing must be held by the governing body, and the proposed supplemental budget must be published before this hearing.

The District may utilize budget transfer resolutions during the year as more information becomes available.

The Budget Document as an Operational Guide

It has been the philosophy of the Board of Directors to have sufficient resources on hand at the beginning of the fiscal year to carry the District up to the time when tax turnovers are received from the county tax assessors' offices. This tax collection turnover generally begins in the third week of November. The District anticipates that it will receive approximately **95.4** cents of each tax dollar in the year in which it is levied.

The District's operations are generally accounted for as departments within the General Fund. The District accounts for its program operations under six directorates, which then have department cost centers that range from individual stations to support departments. The individual cost centers are included for day-to-day management by the individual captains and program managers, who are responsible for their assigned budgets. Each manager will also manage capital requests from the capital funds, ranging from the Apparatus Fund to the Property and Building Fund.

The Budget as a Financial Plan

The budget document was developed to serve as the **financial plan** required to carry out the goals and objectives for the ensuing fiscal year. It is intended to provide financial guidelines for programs and functions within the Fire District. Separate summary pages are presented for these areas, and each summary page includes data for:

- **Personnel Services** – includes the salaries and fringe benefits of full-time and part-time employees.
- **Materials and Services** – includes supplies, maintenance and repairs, rent, utilities, and contracts for professional services, such as for the District's 911 dispatch services, supervising physician, communication or IT professionals, legal counsel, audits, and insurance.
- **Capital Outlay** – includes the costs of land, buildings and improvements, furniture, and equipment.
- **Other Expenditures** – includes special appropriations not included in the above categories such as interfund operating transfers, debt service, and contingency funds.

The Budget as a Financial Plan, continued

Funds included in the annual budget document are *governmental*, *proprietary*, and *fiduciary funds*. Included in the former are those funds that require a tax levy such as the **General Fund** and the **Debt Service Fund**. The **Apparatus Fund**, **Capital Improvements Fund**, **MERRC Fund**, **Grants Fund**, and **Property and Building Fund**, which are *governmental fund types*, do not require a tax levy. Rather, the sources of revenues for these funds are largely transfers from the General Fund and interest earnings on unexpended cash on hand. The **MERRC Fund** receives contributions by building developers. The **Pension Trust Fund** and the **Volunteer LOSAP Fund** are budgeted as *fiduciary funds*. The **Insurance Fund** is a *proprietary fund*.

The District's policy is to annually inventory all capital assets, which are generally capitalized when over \$5,000.

Capital expenditures within the **Capital Improvements Fund** were proposed while keeping in mind the effect these items would have upon operations and operating expenditures. Budgeted within the Capital Improvements Fund are replacement items as well as new capital items to provide District personnel with the tools to perform their tasks in an efficient, productive, and cost-effective manner. Items budgeted in the capital funds are compared with the long-term capital plan, where their replacement and expected lives must be estimated. Not all items in the **Capital Plan** can be funded, but it will also provide a frame of reference for decisions. Because the majority of items are capital replacement, there is usually no significant operating budget effect that must be planned for. Certain new equipment funded as part of the local option levy will require planning as to operating budget effects to incorporate into the District's overall capital replacement plan. The budget justification process for new items includes consideration of replacement timelines and ongoing operational support.

Basis of Accounting

The *governmental fund types* are budgeted and accounted for on the **modified accrual basis** of accounting, whereas revenues are recorded in the accounting period in which they become measurable and available, and expenditures are recorded at the time liabilities are incurred, except for:

- Interfund transactions for services, which are recorded on the accrual basis.
- Interest expense on general obligation bonds, which is recorded as due.

Significant revenues, which are measurable and available on June 30 under the modified accrual basis of accounting, will be property tax revenues, which are collected within 60 days subsequent to year end.

The Pension Trust Fund and Volunteer LOSAP Fund are budgeted on the **accrual basis** of accounting, whereas revenue is recognized when earned, and expenses are recognized when incurred.

The basis of accounting described above is in accordance with generally accepted accounting principles.

The purpose of this section and the following summary is to outline the financial structure of the District. Listed are the primary funds, the respective major sources of revenue for those funds, and the types of services provided within the fund.

General Fund

The **General Fund** accounts for the basic financial operations of the District that are not accounted for in other funds. It is considered a major fund.

Sources of Funds	Use of Funds
- Property taxes - Interest on cash and investments - Program fees and revenues - Miscellaneous and other revenues	- Board of Directors and Civil Service Commission - Command - Business Strategy, IT, and Communications - Human Resources, Behavioral Health - Occupational Health/Wellness - Logistics, Fleet, Facility, and Supply - Finance - Operations - EMS - Training - Emergency Management, Volunteers - Fire and Life Safety - Government Affairs - Media Services - Transfers to other funds

Property tax revenue provides the primary source of revenue for this fund.

Debt Service Fund

The **Debt Service Fund** accounts for the accumulation of resources and payment of general long-term debt principal and interest.

Sources of Funds	Use of Funds
- Property taxes - Interest on cash and investments	Payment of maturing principal and interest on general long-term debt

Similar to the General Fund, the resources required for operations of this fund are derived from taxes levied.

Apparatus Fund

The **Apparatus Fund** accounts for the acquisition of emergency response vehicles.

Sources of Funds	Use of Funds
- Transfers from the General Fund - Interest on cash and investments - Sales of surplus apparatus	Purchase of emergency response vehicles, including fire and rescue apparatus and hazardous materials vehicles

This fund was established to accumulate funds for the purchase of high-cost apparatus, which includes fire engines, fire trucks, heavy brush units, hazardous materials, and other specialized response units such as emergency medical, high-angle, water, and cave-in rescue units. Resources are supplied by beginning working capital, transfers from the General Fund with property tax resources provided from the local option levy, sales of surplus apparatus, and interest on invested funds.

Capital Improvements Fund

The **Capital Improvements Fund** accounts for the resources provided for and expenditures related to capital assets having a useful life of more than one year and a dollar value in excess of a predetermined amount.

Sources of Funds	Use of Funds
▪ Transfers from the General Fund ▪ Interest on invested cash ▪ Revenues from sales of surplus property	▪ Acquisition of furniture, fixtures, equipment, and automobiles as outlined in the District's capital program

Nearly all of the resources of this fund are the result of working capital on hand at the beginning of the fiscal year and transfers from other funds. Other revenues are provided by interest on investments. Resources are earmarked for the acquisition of furniture, fixtures, and equipment. The District budgets amounts for expected capital replacements as well as ongoing new capital needs. The impacts, if any, on the operating budgets due to these purchases are identified in the requesting department's General Fund operating budget.

MERRC Fund

Sources of Funds	Use of Funds
▪ Program fees and revenues ▪ Interest on invested cash	▪ Mobile emergency responder radio coverage approved equipment

Grants Fund

Sources of Funds	Use of Funds
▪ Grant revenues	▪ Acquisition of personnel services and items approved to be funded through the awarded grant

Property and Building Fund

This fund, a *capital projects fund type*, accounts for the expenditures for building site acquisition and construction projects. It may be considered a major fund.

Sources of Funds	Use of Funds
▪ Transfers from the General Fund ▪ Interest on invested cash ▪ Revenues from sales of surplus property	▪ Major infrastructure repairs or maintenance ▪ Land for fire stations, new fire stations, and seismic reconstruction of older stations ▪ Purchase of facilities for District operational support

Insurance Fund

The **Insurance Fund** was established for the purpose of accounting for revenues and expenses for claims associated with insurance retention and risk management.

Sources of Funds	Use of Funds
▪ Proceeds from claims handling ▪ Interest on cash and investments	▪ Satisfy claims presented ▪ Claims handling administrative costs ▪ Safety requirements

Pension Trust Fund

The **Pension Trust Fund** accounts for the activities related to the in-house management of the District's pension plan for its pre-1981 retirees.

Sources of Funds	Use of Funds
▪ Transfers from the General Fund	▪ Retiree benefit payments ▪ General benefits administration

Volunteer LOSAP Fund

The **Volunteer LOSAP Trust Fund** accounts for the activities related to the in-house management of the District's length of service award program for its volunteer firefighters.

Sources of Funds	Use of Funds
▪ Interest on invested funds ▪ Transfers from the General Fund ▪ Gains and losses on investments (realized and unrealized)	▪ Retiree benefit payments ▪ Investment purchases ▪ General benefits administration

Capital Program

The District's **Capital Program** and policies encompass the entire area of capital purchasing. The District's Capital Program operates under the purview of the three strategic goals:

- **Health** – Advance a healthy organization through a unified mission, effective communication, resilient people, and responsible resource management.
- **Performance** – Advance a high-performing organization and workforce with particular focus on the core functions that improve fast and effective emergency response and community risk reduction.
- **Opportunities** – Carefully evaluate and then execute, or dismiss, emerging opportunities.

Tualatin Valley Fire & Rescue strongly believes in building and funding the primary response system to accomplish its mission of saving lives and preventing emergency incidents. The response system's impact is enhanced by a well thought out supporting infrastructure to the District's primary and most important resource – its people.

Capital Program, continued

While personnel are the District's most important tool in achieving its primary mission to serve the public as their fire, rescue, EMS, and emergency preparedness agency, those personnel must be equipped with the response and prevention tools to ensure their safety and success. These tools include:

- Standardized and quality fire apparatus and fire and medical equipment.
- A technologically current voice and data communications link to the dispatch agency and other responding agencies.
- Strategically placed fire stations, which allow responding personnel the ability to reach the most residents possible within targeted timeframes.
- A well-developed and constantly reevaluated deployment and planning process that considers current and projected demographics, technological changes, and industry trends.

Because the equipment and capital infrastructure to support quality service to the District's residents is expensive, staff must plan for its best utilization considering cost of ownership, expected useful life, ease of use and training, and its funding. Our long-term practice to **"create a fully accountable system of performance management at all levels of the organization, with particular focus on the core functions that improve fast and effective emergency response"** drives the objective of standardizing as much of the District's firefighting and support equipment as possible. Standardizing fire apparatus, tools, and support equipment reduces training costs, maintenance costs, inventory support costs, and can reduce initial purchase costs.

Because the practice of **"ensuring ongoing financial and business operations stability and predictability"** drives the District's financial planning policies, long-term financial forecasts are regularly prepared that consider funding sources, personnel, and capital infrastructure needs, among other areas. The District utilizes this planning process for apparatus, station construction, and other capital requirements to set aside reserve funds for these ongoing projects. Because of the costs of these items, the capital budget could range from a low of \$1.2 million a year to almost \$25 million a year. Accordingly, the District plans funding on a multi-year plan to ensure residents' needs are met.

The District, which was formed through the combination of several smaller fire departments, is a regional service provider, serving 11 cities and regions in four counties in Oregon. Until 1998, the District was able to utilize its previous tax base and operating efficiencies achieved from the mergers to set aside reserve funds to fund the majority of its capital needs. However, in 1997, the Oregon voters passed Measure 50, which significantly affected the District's primary revenue source – property taxes. The measure reduced 1997-98 property tax revenues over 16.5% and restricted the growth of tax collections in future years below prior legal levels. In 1998, voters overwhelmingly approved a \$10 million bond to be issued in two phases to provide capital funding. In addition, voter approval was achieved to supplement operating requirements through a local option tax levy that ended 2004-05, and was consecutively renewed through November 2014-15. Proceeds of this levy were utilized to add additional firefighters, support personnel, and to provide supplemental capital funding. In November 2006, TVF&R asked its voters for approval of a series of bond issues to be made to provide construction, station renovation, and response apparatus funding. The District received voter approval in the amount of \$77.5 million of general obligation bonds authority, which funded capital projects through fiscal year 2017. The replacement five-year local option levy beginning in fiscal year 2015-16, included funding for projects and firefighting equipment, and additional firefighters, response units, and land for future fire stations. A renewal of this levy was approved by the voters on the May 21, 2019, election.

The District utilizes several **reserve funds**, as defined under Oregon law for purposes of managing capital purchases. These include the Apparatus Fund, Capital Improvements Fund, the MERRC Fund, and the Property and Building Fund. The **Apparatus Fund** has been utilized to fund fire engines, fire trucks, special rescue and hazardous materials response apparatus, water tenders, brush units, and other specialized fire response apparatus.

Capital Program, continued

The **Capital Improvements Fund** has accounted for items or projects generally costing more than \$5,000. This has included automobiles and light trucks, firefighting equipment, fire hose, office equipment and furniture, building equipment that includes appliances as well as physical fitness items, information technology software and equipment, communications equipment, and emergency medical services equipment. Purchases in this fund are also items largely considered to be non-bondable capital items.

The **MERRC Fund** holds committed revenues and program expenditures for mobile emergency responder radio coverage needs.

Within the **Property and Building Fund**, land acquisitions and improvements are accounted for, as well as major building improvements and construction. In addition, the Property and Building Fund is utilized for station projects identified through the local option levy.

Policy Statement

Effective financial management of available resources requires that budgetary plans for any one fiscal year be consistent with intermediate and long-range plans. Because capital acquisitions and programs generally require a well-developed plan covering a span of several years, a capital program and related budget should be developed. The District has an evolving multi-year capital replacement plan in place that forecasts capital needs and related budget requirements for each projected fiscal year. The District's primary focus is to maintain the vehicle replacement schedule, identify years in which station land purchases and construction should be performed, as well as perform ongoing equipment capital replacement based upon estimated population increases and commercial and planned community developments.

Specific budgetary and operating policies are as follows:

Ending Fund Balance Policies:

1. The General Fund balance goal is to maintain five months of fund balance in order to meet operating requirement before receipt of property taxes.
2. The Property and Building fund balance shall retain fund balance sufficient to accomplish planned station and site acquisitions and station construction.

Contingency Policies:

1. Unused contingency is expected to revert to fund balance.
2. The Board of Directors will approve any request for use of contingency and follow budget laws to appropriate.

Policy Statement, continued

Apparatus Policies:

1. Standardize new vehicle purchases to the maximum extent possible.
2. Utilize a rotation system to maximize the useful lives of apparatus.
3. Purchase response vehicles designed for a specific and planned use.
4. Consider future service, planning, and demographic trends.
5. Consider “life cycle costing” in the initial purchase evaluation. Perform ongoing and regular preventative maintenance on apparatus to maximize the longest effective and useful life.
6. Maintain a fleet with an average age not to exceed 15 years.

Facility Policies:

1. Construct fire stations according to stage of surrounding development:
 - a. Construct 50-year facilities in areas that are largely developed.
 - b. Proactively place facilities in areas that are rapidly developing and may have road condition and population shifts as the areas develop.
2. Employ data analysis to determine the most appropriate station design to serve the community’s needs. The District has developed the following three prototypes of fire station design and construction:
 - a. Type 3 stations are approximately 3,000 square feet and house a typical crew of two personnel who staff a rescue unit or brush rig.
 - b. Type 2 stations are approximately 7,000 square feet and can support a fire engine or truck company and a small unit (rescue, medic or car). The station has a capacity to accommodate up to six personnel.
 - c. Type 1 stations are just over 10,000 square feet and can accommodate two, full companies and up to eight personnel.
3. Incorporate community rooms into fire stations where appropriate to assist the communities, cities, and law enforcement agencies with achieving community-oriented goals not specific to the fire service.
4. Consider “life cycle costing” in the design of new facilities.
5. Utilize cooperative relationships with other governments, where possible, to jointly site facilities and share in construction costs.
6. Construct facilities in the spirit of inclusion that consider accommodations for a diverse workforce.
7. Achieve “good neighbor” relationships when designing, developing, and working out of fire stations.
8. Provide regular preventative maintenance on facilities to ensure longest useful life.

Facility Policies, continues:

9. Consider apparatus, potential personnel deployment, and response times effect of standardization when designing facilities.
10. Consider environmental policy initiatives in facility design, repair, and maintenance.

Equipment Policies:

1. Equip District firefighters with the tools and equipment necessary to maximize the margin of safety and survivability in an inherently dangerous job.
2. Consider safety, training ease, life cycle costing, and length of useful life when evaluating equipment purchases.
3. Standardize equipment where possible to save training costs, improve safety, and support mobile workforce working throughout the fire station system.
4. Provide regular preventive maintenance and provide resources for replacement of equipment with predictable useful lives.

The District's Capital Program identifies capital expenditures necessary to accomplish long-range objectives and meet the needs of the area for which services are provided.

The Capital Program is categorized by the type of capital outlay or expenditure within the individual capital funds alluded to above as follows:

- **Public Safety** Vehicles – Includes automobiles, light trucks, firefighting apparatus, and special purpose units.
- **Equipment** – Includes firefighting, building and office equipment, as well as emergency medical services and voice/data communications equipment.
- **Property and Building** – Includes land acquisition, land improvements, building construction, and major building improvements

Relationship of Capital Budget to Annual Operating Budget

When a capital project is developed, the **new operating or maintenance costs** associated with that new project are determined, and this impact on the Operating Budget is considered as part of the District's **budget justification pre-planning process**. Any savings to the Operating Budget are also considered when developing a new capital project. The seismic construction of a fire station may generate increased maintenance costs, for example, because the new facility may be larger than the old facility, requiring more telecommunication and computer services. However, these increased costs may be offset by reduced utility costs, resulting from energy-efficient lighting, doors, windows, and construction materials.

Capital projects impacting the Operating Budget are considered either routine in nature or non-recurring projects. Routine or recurring projects usually include projects that receive funding on an annual or regular cycle to conduct ongoing capital initiatives such as equipment or fleet replacement. Non-recurring projects do not receive annual appropriations in the Capital Projects Funds and are typically one-time or stand-alone projects. The construction of a new fire station could be considered a non-recurring capital project that will impact the Operating Budget. The District considers as **significant**, in both budgeting and its long-term forecasts, the **costs of additional firefighting or other supporting personnel, as well as new station operating costs**.

Relationship of Capital Budget to Annual Operating Budget, continued

The District maintains long-term capital replacement schedules for all equipment, facilities, and apparatus, which are incorporated into the District's long-term financial forecasts. As new equipment, software, or other apparatus are planned, the District's processes require identification of annual operating costs, life expectancy, and/or any additional labor costs, to be identified. **Because costs of personnel and operating new stations are our most financially significant operating costs, we plan these additional capital projects to coincide with the financial resources in the Operating Budget to support the cost of firefighting and paramedic personnel to operate additional response units and stations.**

Capital Project Summary

The summary of 2019-20 approved capital projects is as follows. Detailed capital outlay descriptions, as well as the operating impact from each project, can be found within the individual funds.

Fund	2019-20
Apparatus Fund	
Vehicles & Apparatus	\$ 2,848,100
Total Apparatus Fund	2,848,100
Capital Improvements Fund	
TC Training Props	15,000
Vehicles & Apparatus	342,400
Firefighting Equipment	907,780
EMS Equipment	380,350
Office Equipment & Furniture	35,000
Building Equipment	292,761
Physical Fitness Equipment	35,400
Shop Equipment	229,300
Communications Equipment	125,700
Data Processing Software	285,000
Computer Equipment	15,000
Total Capital Improvements Fund	2,663,691
MERRC Fund	
Communications Equipment	100,000
Total MERRC Fund	100,000
Grants Fund	
Communications Equipment	167,360
Total Grants Fund	167,360
Property and Building Fund	
Land	2,582,000
Building & Bldg. Improvements	13,405,000
Total Property and Building Fund	15,987,000
Total Capital Outlay for 2019-20	\$ 21,766,151

Debt Policies

Debt financing for long-term capital projects or equipment items is based upon the "pay-as-you-use" method, which in its purest form means that every long-term item or project is financed by a serial debt issue with maturities arranged so that the retirement of debt coincides with the depreciated or expected life of that item or project. Under this "pay-as-you-use" method of financing, the interest and debt retirement charges paid by each generation of taxpayers should

Debt Policies, continued

coincide with their use of the physical assets or improvements and parallel the productivity of the item or improvement.

In contrast to what often occurs under “pay-as-you-go” or “pay-as-you-acquire” financing methods, under “pay-as-you-use,” desirable or urgently needed capital items or projects need not be delayed until sufficient funds can be accumulated. Moreover, no one is forced to provide what is essentially free use of capital projects or items for a future generation of users, or taxpayers, or to contribute funding to a governmental unit in which he or she will not live. Furthermore, new members to the District will not be able to enjoy the fruits of capital acquisitions without having contributed to their financing. In actual practice, the District has used a mix of these two basic methods to finance its capital program.

Specific **debt policies** are:

1. Long-term borrowing is confined to meet the needs outlined in the capital program.
2. Long-term capital projects may not be financed by the issuance of debt obligations for periods longer than the projected useful life of the project or item.
3. Revenue sources that will be used to pay long-term debt will be conservatively forecasted to ensure that such debt is adequately financed.
4. Long-term debt will be used only when it has been determined that future generations of residents and/or taxpayers will derive benefit from the improvement.
5. The District’s total general obligation debt will not exceed 1.25% of the true cash value of assessed property.
6. The District will continue to maintain effective communications with bond rating agencies to keep them informed of its financial condition, and to obtain a review of its bond rating when it is indicated that a regrade would be prudent.
7. The District will maintain its policy of full financial disclosure on financial reports and any bond prospectus.
8. A separate debt service fund will be maintained for the District’s bonded obligations.

