

Financial Overview

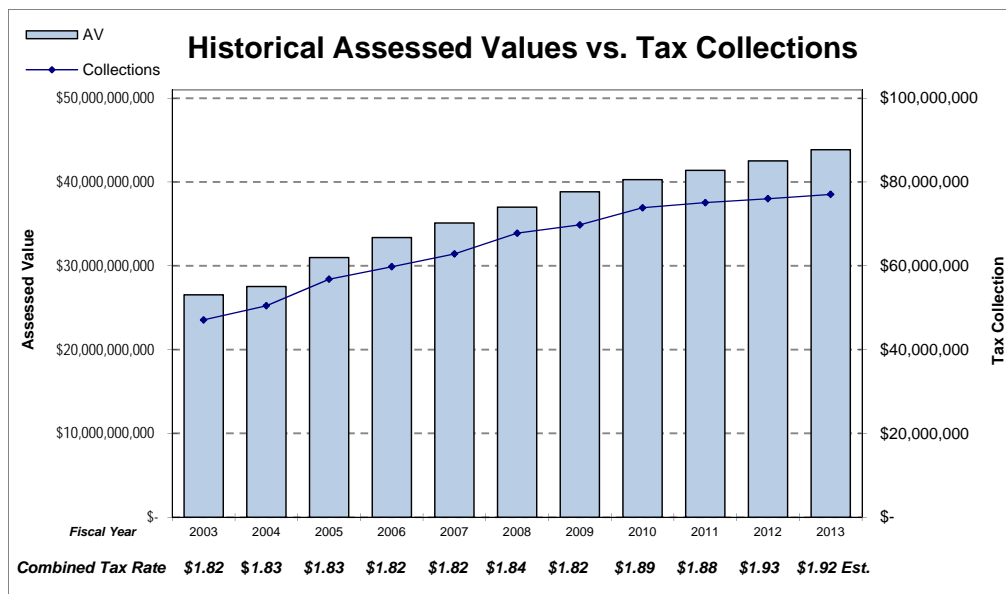
TAX RATES

General Fund – Permanent Rate	General Fund - Local Option Tax Levy	Bonded Debt
Expected Assessed Valuation: \$42,845,765,069	Expected Assessed Valuation: \$43,240,453,029	Expected Assessed Valuation: \$43,240,453,029
General Fund Tax Rate Levied: \$1.5252/\$1,000	General Fund Tax Rate Levied: \$0.25/\$1,000	Est. Bonded Debt Tax Rate: \$0.1402/\$1,000
Estimated General Fund Total Levy: \$65,348,361	Estimated General Fund Total Levy: \$10,810,113	Bonded Debt Total Levy: \$6,060,823
Expected Collection Rate: 93.7%	Expected Collection Rate: 93.7%	Expected Collection Rate: 93.7%
Expected Collections: \$61,231,414	Expected Collections: \$10,129,076	Expected Collections: \$5,678,991

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN 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
2011	\$ 76,954,903	\$ 72,714,193	94.34%		\$ 72,714,192	94.49%
2010	74,622,973	70,399,625	94.29	\$ 3,444,426	73,844,051	98.90
2009	70,168,538	66,017,433	94.08	3,426,693	69,764,126	99.42
2008	67,886,825	64,345,840	94.78	3,431,587	67,777,427	99.84
2007	62,860,513	59,799,046	95.13	3,032,787	62,831,833	99.95
2006	59,783,920	56,844,054	95.08	2,927,019	59,771,073	99.98
2005	56,843,613	53,918,038	94.85	2,890,143	56,808,180	99.94
2004	50,483,968	47,697,565	94.48	2,757,418	50,454,983	99.94
2003	48,507,471	45,798,106	94.41	1,292,291	47,090,397	97.08
2002	46,251,187	43,682,532	94.45	1,060,463	44,742,996	96.74

ASSESSED VALUES VS. TAX COLLECTIONS

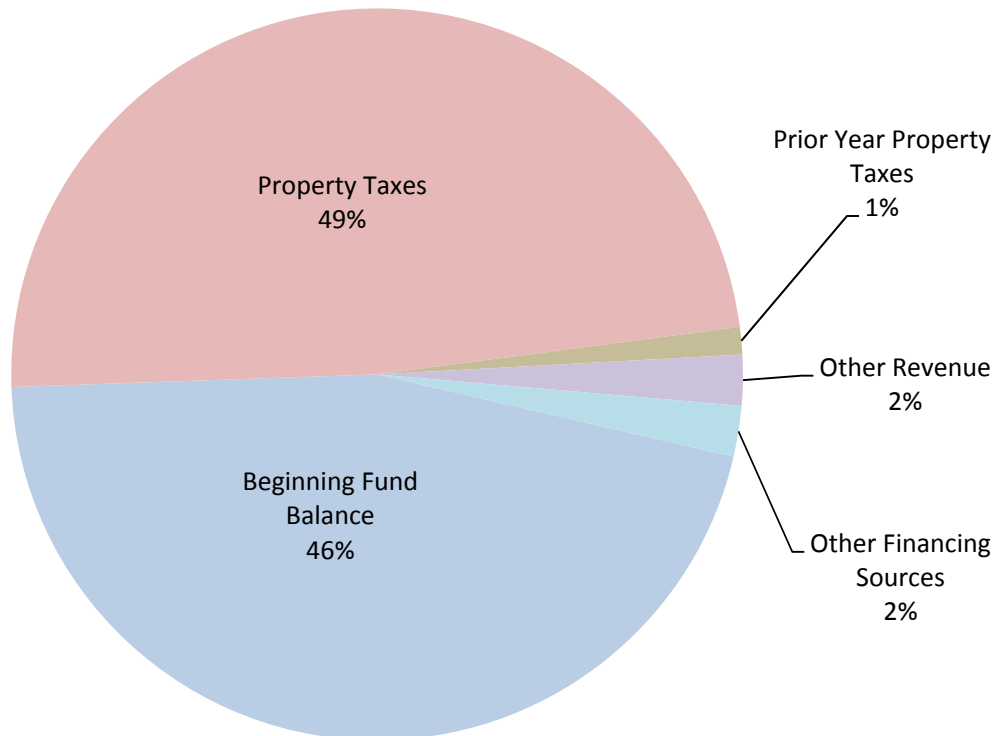


Financial Overview, continued

2012-13 BUDGETED RESOURCES

Resources	Beginning Fund Balance	Property Taxes	Prior Years Property Taxes	Other Revenue	Other Financing Sources	2012-13 Budget
Major Funds						
General	\$33,103,408	\$71,360,490	\$ 1,792,818	\$1,496,545		\$107,753,261
Capital Projects	21,750,241			76,126		21,826,367
Non-Major Funds						
Apparatus	2,560,462			12,802	\$500,000	3,073,264
Capital Improvements	6,484,635			32,423	2,000,000	8,517,058
Emergency Management				204,982	47,046	252,028
Grants	90,565			1,692,180	100,000	1,882,745
Retiree Medical Ins. Stipend	123,745			500		124,245
Bonded Debt Service	1,180,593	5,678,991	126,000	11,972		6,997,556
Insurance	636,924			3,240		640,164
Property and Building	6,087,228			30,436	500,000	6,617,664
Pension Trust					346,444	346,444
Volunteer LOSAP	824,777			6,850	65,102	896,729
Total 2012-13 Budgeted Resources	\$72,842,578	\$77,039,481	\$1,918,818	\$3,568,056	\$3,558,592	\$158,927,525
Total 2011-12 Budgeted Resources	\$74,490,159	\$76,004,415	\$1,801,521	\$2,815,174	\$5,981,422	\$161,092,691
Total 2010-11 Actual Resources	\$61,465,894	\$73,035,577	\$2,017,030	\$2,105,415	\$28,274,583	\$166,898,499

2012-13 Budgeted Resources

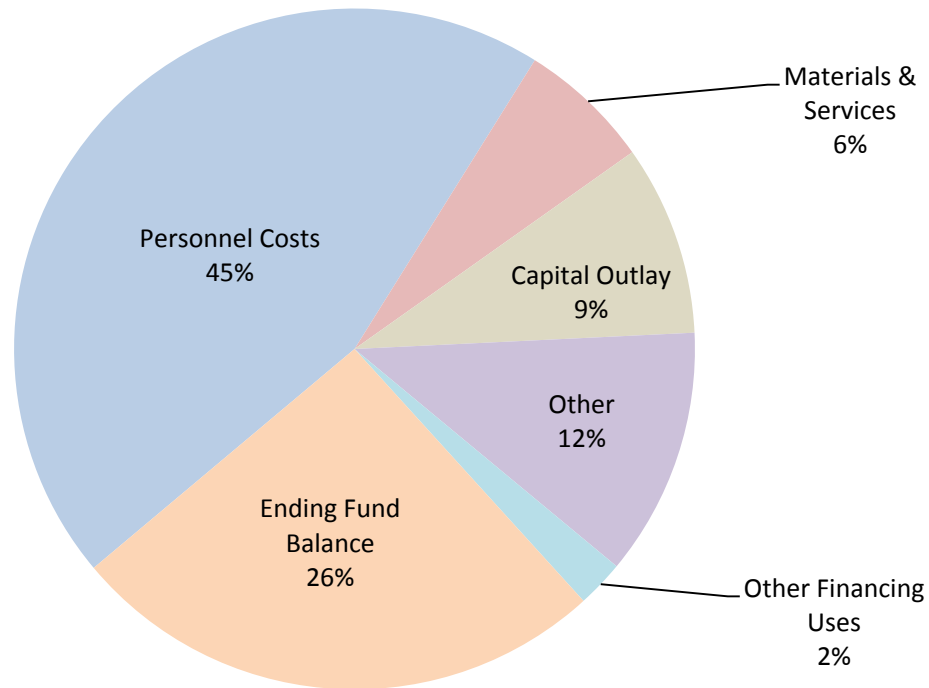


Financial Overview, continued

2012-13 BUDGETED REQUIREMENTS

Requirements	Personnel Services	Materials and Services	Capital Outlay	Other	Other Financing Uses	Ending Fund Balance	2012-13 Budget
Major Funds							
General	\$68,286,143	\$9,343,951		\$5,502,102	\$3,558,592	\$21,062,473	\$107,753,261
Capital Projects			\$11,376,866	2,449,501		8,000,000	21,826,367
Non-Major Funds							
Apparatus				500,000		2,573,264	3,073,264
Capital Improvements			3,004,701	2,648,870		2,863,487	8,517,058
Emergency Management	186,458	44,570	21,000				252,028
Grants	1,756,395	116,350	10,000				1,882,745
Retiree Medical Ins. Stipend	48,256					75,989	124,245
Bonded Debt Service				5,839,637		1,157,919	6,997,556
Insurance		640,164					640,164
Property and Building				1,617,664		5,000,000	6,617,664
Pension Trust	346,444						346,444
Volunteer LOSAP	896,729						896,729
Total 2012-13 Budgeted Requirements	\$71,520,425	\$10,145,035	\$14,412,567	\$18,557,774	\$3,558,592	\$40,733,132	\$158,927,525
Total 2011-12 Budgeted Requirements	\$68,130,802	\$9,936,268	\$16,991,959	\$18,717,016	\$5,981,422	\$41,335,224	\$161,092,691
Total 2010-11 Actual Requirements	\$60,728,535	\$8,008,017	\$12,993,142	\$4,258,673	\$3,525,319	\$77,384,812	\$166,898,499

2012-13 Budgeted Requirements



Financial Overview, continued

2012-13 FUND BALANCE BUDGETED

Resources	Beginning Fund Balance	Contingency	Ending Fund Balance	Change in Fund Balance	Percent Change in Fund Balance
Major Funds					
General	\$33,103,408	\$5,502,102	\$21,062,473	(\$12,040,935)	-36.4%
Capital Projects	21,750,241	2,449,501	8,000,000	(13,750,241)	-63.2%
Non-Major Funds					
Apparatus	2,560,462	500,000	2,573,264	12,802	0.5%
Capital Improvements	6,484,635	2,648,870	2,863,487	(3,621,148)	-55.8%
Emergency Management					
Grants	90,565			(90,565)	-100.0%
Retiree Med Ins. Stipend	123,745		75,989	(47,756)	-38.6%
Debt Service	1,180,593		1,157,919	(22,674)	-1.9%
Insurance	636,924			(636,924)	-100.0%
Property and Building	6,087,228	1,617,664	5,000,000	(1,087,228)	-17.9%
Pension Trust					
Volunteer LOSAP	824,777			(824,777)	-100.0%
Total 2012-13 Budgeted Balances	\$72,842,578	\$12,718,137	\$40,733,132	(\$32,109,446)	-44.1%
Total 2011-12 Budgeted Balances	\$74,490,159	\$12,801,603	\$41,335,224	(\$33,154,935)	-44.5%
Total 2010-11 Actual Balances	\$61,465,894		\$77,384,812	\$15,918,919	25.9%

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 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 increase commensurately with the District's goal of carrying five months of operational costs in ending fund balance. The forecasted result of General Fund operations for 2013-14 and in the future is depicted on the following page.

Because of the use of general obligation bonds, the Apparatus Fund is not expected to be significantly utilized in the next two years. The District has budgeted for contingency in the fund, which is expected to be returned to fund balance at the end of fiscal year 2012-13, such that the fund will have an increase in fund balance.

The Capital Improvements Fund's fund balance is expected to decrease after unused contingency is returned to fund balance due to its use for a planned major purchase. The Property and Building Fund represents a planned funding source for projects not anticipated to be fulfilled through the bond program and is expected to have an increase in actual ending fund balance. The Capital Projects Fund represents the usage of bond proceeds on projects authorized by the voters and is expected to decline as bond proceeds are utilized.

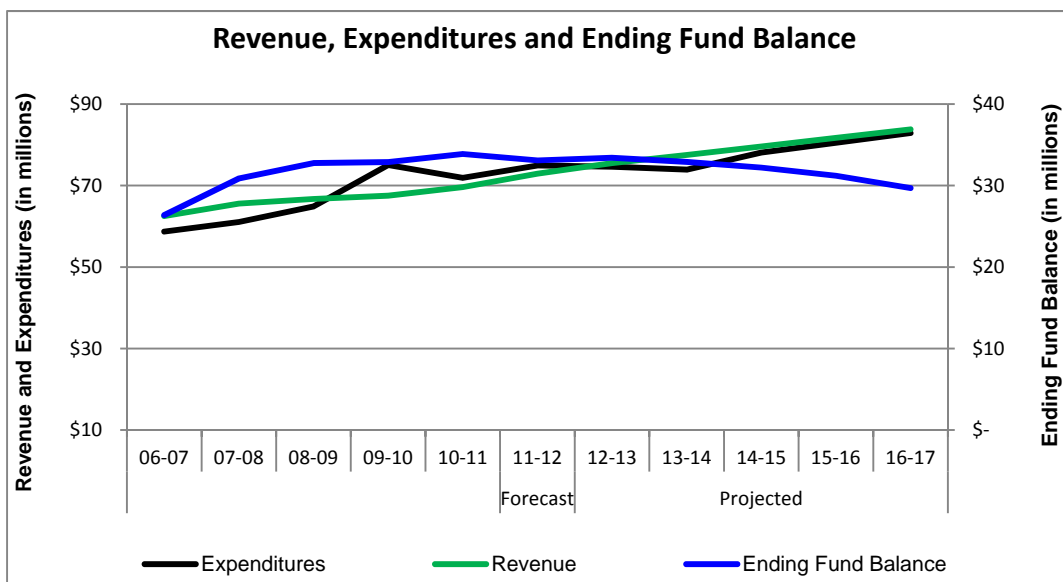
The Insurance Fund is expected to remain level; however, for purposes of budgeting for a disaster, the fund is appropriated to allow for self-insurance needs should such a catastrophic event occur. The Retiree Medical Stipend Fund is planned to continue to wind down as this fund meets obligations to past employees. The Volunteer LOSAP fund is appropriated to be able to meet the obligations of cashing out pension benefits of prior plans and potential transfers to a revised defined contribution type plan, as well as continue funding accumulated benefits.

FINANCIAL FORECAST – GENERAL FUND

	2012-13	2013-14	2014-15	2015-16	2016-17
Beginning Fund Balance	\$33,100,000	\$33,400,000	\$32,900,000	\$32,200,000	\$31,200,000
Property Tax Revenue	73,400,000	75,400,000	77,400,000	79,500,000	81,600,000
Investment and Interest Income	200,000	200,000	200,000	200,000	200,000
Charges for Services	1,200,000	1,200,000	1,300,000	1,300,000	1,300,000
Insurance Refunds	600,000	600,000	600,000	600,000	600,000
Miscellaneous	100,000	100,000	100,000	100,000	100,000
Total Revenues	\$108,600,000	\$110,900,000	\$112,500,000	\$113,900,000	\$115,000,000
Personnel Costs	\$63,600,000	\$67,700,000	\$69,900,000	\$72,100,000	\$74,500,000
Materials and Services	8,000,000	8,200,000	8,300,000	8,500,000	8,700,000
Transfers Out	3,600,000	2,100,000	2,100,000	2,100,000	2,100,000
Total Expenditures	75,200,000	78,000,000	80,300,000	82,700,000	85,300,000
Ending Fund Balance	\$33,400,000	\$32,900,000	\$32,200,000	\$31,200,000	\$29,700,000
Months of Fund Balance	5.3	5.1	4.8	4.5	4.2

The District prepares financial forecasts on an ongoing basis to provide staff and policymakers the most current projected results of 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 need for enhanced service levels in both emergency responses and support of Integrated Operations.

The District views the forecasts, prepared with conservative revenue forecasts, and possible expenditure increases as information to avoid the scenario forecast. By being aware of what potential cost increases could occur and what the outcome would be, the District’s management seeks to avoid potential negative scenarios ahead. The above forecast represents the expectation of a continued slow economy and the use of existing reserves for PERS rate increases. Additionally, the potential need for a request to increase the District’s local option levy will be considered for the years 2015-16 and beyond.



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Message from the Chief Financial Officer

JUNE 26, 2012

Budget Committee Members and Citizens
Tualatin Valley Fire & Rescue
Washington, Clackamas, and Multnomah Counties, Oregon

DEAR BUDGET COMMITTEE MEMBERS AND CITIZENS:

INTRODUCTION

In compliance with the state of Oregon Local Budget Law and Tualatin Valley Fire & Rescue (District) policies as authorized in Section 3 of the Board Policy Manual, the annual budget for Tualatin Valley Fire & Rescue for the fiscal year 2012-13, beginning July 1, 2012 and ending June 30, 2013, 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 2012-13 fiscal year.
- An operations guide for program and department goals and objectives.

BUDGETARY ACCOUNTING BASIS

The budgetary and accounting policies contained in the proposed budget conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB) with the exception of GASB statement 54. For generally accepted accounting principles basis reporting, the General Fund combines with the Apparatus Fund, Capital Improvements Fund, Emergency Management Fund, and the Retiree Medical Insurance Stipend Fund. The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate budgetary and accounting entity. Within the annual budget, the District's various funds are grouped into the fund types and account groups indicated below:

- **Governmental funds**, which include the General Fund (a major fund); the *special revenue fund types*: Apparatus Fund, Capital Improvements Fund, Emergency Management Fund, Grants Fund, and the Retiree Medical Insurance Stipend Fund; the Debt Service Fund; and the *capital projects fund types*: Property and Building Fund and Capital Projects Fund (a major fund).
- **Proprietary fund**, which includes the *internal service fund type*, the Insurance Fund.
- **Fiduciary funds**, which include *trust and agency funds*, cover the Pension Trust Fund, and Volunteer LOSAP Fund.

Excluding the exception above, the proposed 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 funds 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 fund.

Message from the Chief Financial Officer, continued

These 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 EXPENDITURES

Expenditures	2011-12 Budget	2012-13 Budget	Increase (Decrease)
Personnel Services	\$68,130,802	\$71,520,425	\$3,389,623
Materials and Services	9,936,268	10,145,035	208,767
Capital Outlay	16,991,959	14,412,567	(2,579,392)
Debt Service	5,915,413	5,839,637	(75,776)
Operating Transfers Out	5,981,422	3,558,592	(2,422,830)
Operating Contingency	12,801,603	12,718,137	(83,466)
Ending Fund Balance	41,335,224	40,733,132	(602,092)
Total Expenditures	\$161,092,691	\$158,927,525	(\$2,165,166)

The proposed budget requirements for fiscal year 2012-13 for all funds totals \$158,927,525, which is \$2,165,166 lower than the \$161,092,691 in the current year. The largest change relates to increases in wages and benefits of employees, which were offset by reductions in capital outlay due to the timing of Capital Bond expenditures and a reduction in budgeted transfers out to capital reserve funds. Comparative data on individual funds may be obtained by reviewing financial summaries presented within individual funds.

2012-13 SIGNIFICANT CHANGES

PERSONNEL SERVICES

Personnel Services increased 4.98% over all funds or \$3,389,623. The majority of the change in personnel services results from the General Fund, which increased 4.20% or \$2,749,474, and the Grants Fund, which increased 58.60% or \$641,928. The General Fund's increase is attributable to scheduled wage and benefit increases tied to CPI-W of 3.6% for the upcoming year. The Emergency Management Fund reflects an increase of \$141,715 due to a change in budgeting method for the costs of a shared position.

MATERIALS AND SERVICES

Materials and Services increased \$208,767 overall. The General Fund reflects an overall adopted increase of \$65,516. While there were decreases in numerous accounts in order to control expenditures, increases in areas such as Other Professional Services (5414), Dispatch (5420), and Elections (5574) offset these decreases for an overall increase in the General Fund. Other Professional Services (5414) was increased over the prior year due to due to expected medical cost increases for firefighter physicals due to the loss of our current provider and the potential need to contract services at a less favorable rate as well as anticipated software engineering and GIS enhancement engineering support. Other accounts were reduced in order to meet budgetary goals. A change in the way the Emergency Management Fund is budgeted contributed to \$35,509 of the increase in Materials and Services. In the past, only the District's net shared cost of the program was budgeted and for 2012-13, the full cost of the program is budgeted and corresponding revenue from other agencies participating in the Office of Consolidated Emergency Management is now reflected.

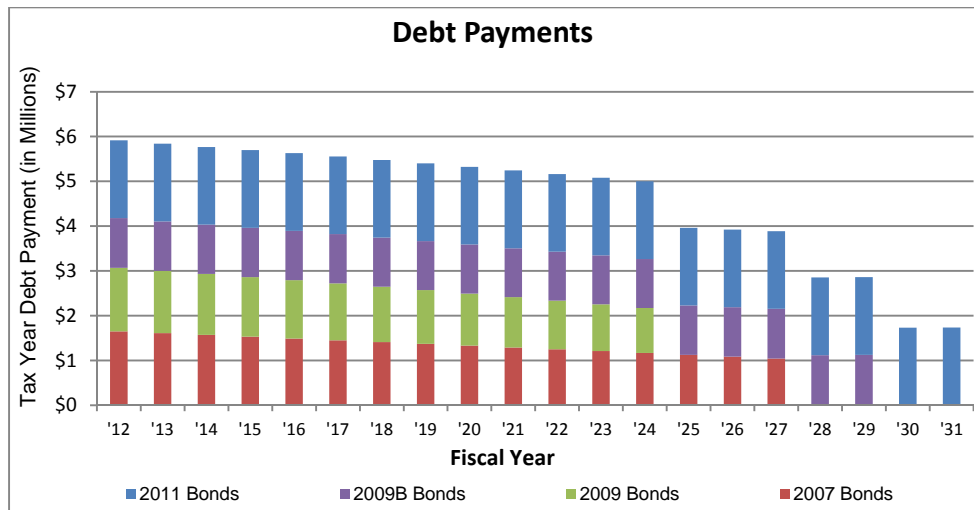
Message from the Chief Financial Officer, continued

CAPITAL OUTLAY

Capital Outlay decreased \$2,579,392 or approximately 15.2% to a total of \$14,412,567. Capital budget requests in the Capital Improvement Fund increased \$375,959 to a total of \$3,004,701. Significant purchases in the Capital Improvements Fund include the scheduled replacement of cardiac monitors for a placeholder amount of \$1,400,000, various fleet and pool vehicle replacements, SCBA cylinders, and furniture for the newly constructed stations and South Operating Center. Budgeted Capital Outlay in the Property and Building Fund decreased \$617,000 in order to dedicate funding toward future station rebuilding after usage of bond proceeds. The Capital Projects Fund decreased \$3,355,434 to a total of \$11,376,866. The prior year's budget was higher due to the budgeted construction project status. Each year of the Capital Bond construction program includes the budget for the station construction planned and land purchases expected to be made. The 2012-13 budget includes the expected construction costs of \$5,895,913 to complete station construction of Station 65; an anticipated restart of Station 68 construction after land use issues are resolved; completion of the Station 56/South Operating Center; \$2,826,870 toward planning, design, permits, and construction and fitness equipment for Stations 35, 51, and 52; and \$2,629,083 toward fire apparatus, including two fire engines, one tender, one light brush rig, and one heavy rescue unit.

DEBT SERVICE

Total budgeted debt service expenditures are scheduled to decrease by \$75,776 to a total of \$5,839,637 to meet estimated principal and interest obligations associated with general obligation debt outstanding. The debt service is budgeted in the Debt Service Fund for the repayment of the Series 2007 bonds, the Series 2009 bonds sold in March of 2009, the Series 2009 B bonds, and the amounts for Series 2011 bonds dated June 2011.



TRANSFERS

Transfers are decreased by \$2,422,830 to \$3,558,592, reflecting planned transfers to capital funds and fiduciary funds. Transfers are made to the Apparatus Fund, Capital Improvements Fund, Emergency Management Fund, Grants Fund, Property and Building Fund, Pension Trust Fund, and the Volunteer LOSAP Fund. The Apparatus Fund is budgeted to receive \$500,000 for future apparatus replacements; the Capital Improvements Fund receives \$2,000,000 of transfers from the General Fund. The Emergency Management Fund will receive \$47,046 for the District's cost share of the program, and the Property and Building Fund will receive \$500,000 for future capital construction for projects outside the Capital Bond program. The Grant Fund has budgeted \$100,000 of matching funds, and the Pension Trust Fund will receive up to \$346,444 from the General Fund to meet pension obligations for pre-1973 and 1976 retirees, and the Volunteer LOSAP Fund has \$65,102 scheduled. As expected, plan assets for the pension plan have been exhausted, and thus, the District will transfer sufficient funds each payroll to meet monthly pension obligations for this closed plan.

Message from the Chief Financial Officer, continued

CONTINGENCIES

Contingencies across all funds are budgeted at \$12,718,137 for 2012-13, a decrease of \$83,466 from the prior year. All Funds' contingencies remained approximately the same. 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, 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, \$21,062,473; the Apparatus Fund, \$2,573,264; the Capital Improvements Fund, \$2,863,487; the Bonded Debt Service Fund, \$1,157,919; the Retiree Medical Insurance Stipend Fund, \$75,989; the Property and Building Fund at \$5,000,000; and the Capital Projects Fund at \$8,000,000. The District seeks a stable General Fund balance and conservatively forecasts the actual ending fund balance to be approximately \$33,400,000, which equates to an estimated five months of operating funds.

DEBT ADMINISTRATION

Debt outstanding consists of Series 2007, Series 2009, Series 2009B, and Series 2011 General Obligation Bonds. The District sold \$20,000,000 of Series 2007 bonds in April 2007, and there is \$15,000,000 outstanding. These bonds will mature over a 20 year period. In March 2009, the District sold \$14,000,000 of Series 2009 bonds, of which \$11,520,000 is outstanding. These bonds will mature in 2024. The District sold \$15,000,000 of Series 2009B bonds in June 2009, of which \$13,315,000 remains outstanding as of July 1, 2010, and the bonds will mature in 2029. On May 17, 2011, the District sold \$22,635,000 of bonds, which mature in 2031, leaving \$5,000,000 of issuance authority.

The District's legal debt limit is approximately \$730,000,000, with remaining debt capacity of \$665,000,000 as of June 30, 2011. We utilize capital planning in conjunction with financial forecasting to determine what level of capital funding we can continue to make while managing our resources under our legal tax base. Our largest future variables will be the siting and possible relocation of stations. Because station siting and relocation planning are dependent upon factors such as land use laws, transportation routes, placement of neighboring jurisdictions' stations, incident count, and population and development growth, we continue to work extensively on a regional basis to ensure the best service to our citizens. Our goal is to locate stations for the most effective emergency response and allow continued alternative staffing configurations depending on the region's call types and run volumes. The bond will fund continued land purchases for new fire stations, the construction of new fire stations, and the reconstruction and seismic improvements of several older fire stations.

Message from the Chief Financial Officer, continued

BUDGET SUMMARY FOR REVENUES

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

Revenues	2011-12 Budget	2012-13 Budget	Increase (Decrease)
Beginning Fund Balance	\$74,490,159	\$72,842,578	(\$1,647,581)
Property Tax, Current Year	76,004,415	77,039,481	1,035,066
Property Tax, Prior Year	1,801,521	1,918,818	117,297
Other Taxes and Interest on Tax	54,110	21,194	(32,916)
Interest on Investments	363,434	338,623	(24,811)
Service Contracts	922,946	1,140,868	217,922
Special Service Charges	2,250	2,250	
Regional Hazardous Response	12,500	12,500	
Accounting Service Revenues	51,200	54,440	3,240
Training Center Revenues	21,502	28,710	7,208
Rental Income	118,350	120,000	1,650
Insurance Refund	68,000	154,791	86,791
Donations and Grants	1,103,314	1,692,180	588,866
Transfers from Other Funds	5,981,422	3,558,592	(2,422,830)
Proceeds From Debt Issuances			
Other Revenues	97,568	2,500	(95,068)
Total Revenues	\$161,092,691	\$158,927,525	(\$2,165,166)

BEGINNING FUND BALANCE

Beginning Fund Balance has decreased 2.21% to \$72,842,578 for all funds. The General Fund's budgeted beginning fund balance was increased by \$700,986, reflecting that we had been able to meet our goal of increasing fund balance each year in order to ensure that we maintain a beginning fund balance of five months of operations. Our General Fund has a targeted goal to provide at least five months of operating funds before we receive our tax collections in late November of each year. The beginning fund balance in the Apparatus Fund increased by \$769,471, as we will not use this fund's savings for fire apparatus until the end of the bond program. The Debt Service Fund increased \$354,675 to meet debt service payments. The decrease in the Capital Project Fund beginning fund balance of \$4,342,065 is a result of the bond proceeds from 2009 being utilized.

PROPERTY TAXES - CURRENT YEAR

General operating property taxes are based upon the District's assigned "permanent tax rate" of \$1.5252, multiplied by the assessed valuation within the District and supplemented by a local option levy. The local option levy was renewed by voters in November 2008, and will be levied annually through 2014-15, at the approved rate of \$0.25 per \$1,000 of assessed valuation. Under current law, assessed value is generally significantly less than market value and is based upon the relationship of other similar properties. For 2011-12, the Washington County Assessor estimated the ratio of Assessed Value was 77% and the Clackamas County Assessor reported an 86% ratio. For purposes of our 2012-13 budget, we assumed a 2.1% to 2.4% assessed valuation increase for property in our service area based on data from Washington County, as well as our own analysis of the local economy, and current property tax. A collection rate of 93.7% was assumed. Tax levies for general obligation bonds are exempt from the property tax limitation measures and accordingly, the District levies the total dollar amount necessary for payment of the general obligation bonds.

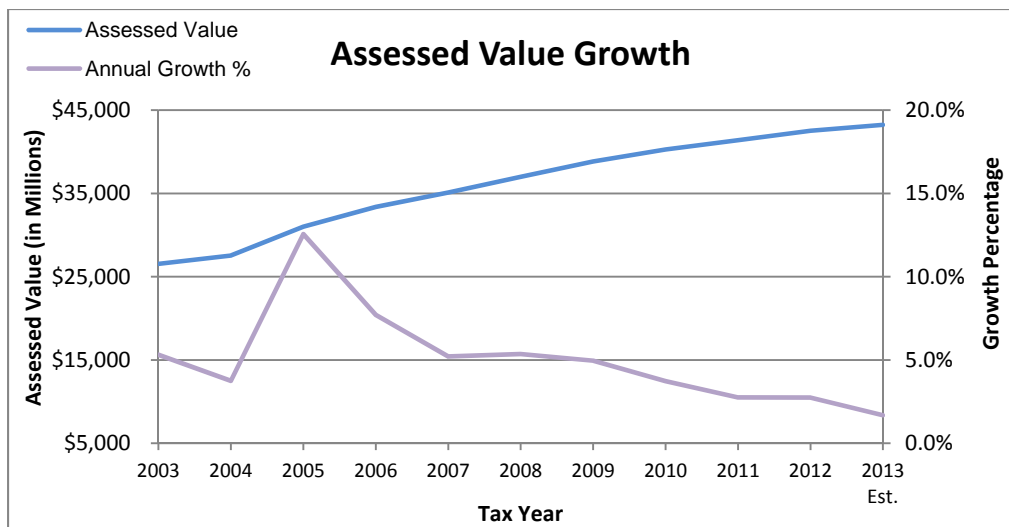
Message from the Chief Financial Officer, continued

How is TVF&R funded?

Permanent tax rate of \$1.5252/\$1,000 AV.

Voter optional Local Option Levy of \$.25/\$1,000 AV.

GO Bond Levy of an estimated \$.1402/\$1,000 AV.



Note, the spike in the growth percentage in fiscal year 2005 was the result of the West Linn annexation.

Taxes levied at \$1.5252 for general operations against an estimated \$42.8 billion in assessed valuation are expected to provide approximately \$61.2 million in collections. The local option levy of \$.25 per thousand dollars of assessed valuation on an estimated \$43.2 billion is expected to provide collections of \$10.1 million. Urban renewal creates the difference in assessed value that is used to levy the District's permanent tax rate versus the assessed value that is used to levy the local option levy and bonded debt levy. We will also levy \$6,060,823 for our general obligation bonds. This bond levy is expected to result in a levy rate of 14.02 cents per thousand dollars of assessed valuation and approximately \$5,678,991 in collections.

PROPERTY TAX-PRIOR YEAR

Total taxes outstanding totaled \$3,342,701 at the fiscal year ended June 30, 2011. At the beginning of the previous fiscal year, that amount totaled \$3,517,610. Of the June 30, 2011 amount, \$1,933,009 was for taxes levied during that fiscal year, while \$1,409,692 was related to prior years' tax levies. Delinquent tax collections are estimated on an average collection rate based upon the forecasted June 30, 2012 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 2012-13 are lower than the actuarial projections.

Transfers into and out of pool accounts are made by telephone prior to 1:00 p.m. on a one day ahead basis. This provides a flexible mode for keeping surplus cash invested and is reinforced by a cash management program with our designated banking institution.

Message from the Chief Financial Officer, continued

PROGRAM REVENUE

These revenues are primarily from apparatus maintenance contracts (\$662,161) and the EMS/Health/Wellness program (\$248,725). Fees are collected from several governmental agencies for providing preventive and corrective maintenance to firefighting apparatus and automobiles. The Occupational Health Services program for District employees also contracts with other governmental agencies to provide occupational health services, which serves to reduce the District's costs of providing these required services to our own employees. The EMS/Health/Wellness program is scheduled for \$145,725 in contract revenues with other agencies for health services and \$103,000 of contract fees related to ambulance franchise collaborative agreements for a total of \$248,725.

RENTAL INCOME

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

DONATIONS AND GRANTS

The District has received a multi-year grant for firefighters and applied for additional grants for other projects. The District actively pursues grant funding for projects and equipment and for additional staffing. Donations are sought from community partners to increase safety messaging, community education, and support important programs.

TRANSFERS FROM OTHER FUNDS

A major revenue source for seven funds is, correspondingly, also a major requirement for another fund. In the Non-Organizational category section in the General Fund, transfers are listed as a requirement. Monies are transferred from this fund to seven funds, where they are listed as a resource. These transfers provide operating resources to the Apparatus Fund, Capital Improvements Fund, the Emergency Management Fund, Grant Fund, the Property and Building Fund, the Pension Trust Fund, and the Volunteer LOSAP Fund.

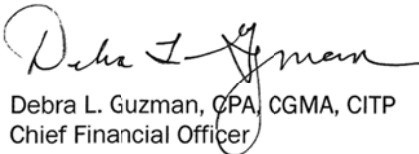
SUMMARY

The adopted budget for fiscal year 2012-13 continues to afford the District a high level of service to our community, while continuing to meet our long-term performance statements. The year 2012-13 promises to be a year of many challenges to the organization, as we manage our many bond projects, adjust to the new Integrated Operations business model, and continue to constantly focus on the most effective emergency response service to our citizens.

Recognition is given to all staff members, division heads, and worksite managers who have appropriately devoted their time and energy toward the development of the annual budget. Please be assured that the same degree of effort will be devoted to the effective administration of the 2012-13 budget.

Sincerely,

Tualatin Valley Fire and Rescue


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

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Resolution to Adopt Budget

RESOLUTION 2012-04

RESOLUTION OF TUALATIN VALLEY FIRE AND RESCUE, A RURAL FIRE PROTECTION DISTRICT TO ADOPT 2012-2013 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, 2012 and ending June 30, 2013, was approved by the District Budget Committee on May 17, 2012;

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 with the following changes:

WHEREAS, desired July 3, 2012 deployment changes to better serve citizens will result in the transfer of Medic 61 with Car 62, resulting in the transfer of one position from Station 61 to Station 62, which has no net effect on the General Fund budget and certain uniform budgets in stations 50, 51, 61, and 62 were inadvertently not entered, increasing personnel services by \$2,950 as a result of these items; and

WHEREAS, it was discovered that overtime for certain Civil Service testing processes were not budgeted and the adjustment requires a \$16,163 adjustment to personnel services in Civil Services and another \$924 in Human Resources; and

WHEREAS, a position was transferred from North to South Operating Center, transferring \$138,238 of personnel costs between the departments; and

WHEREAS, during budget review, removal of the OHS requested budget items for a medical clinic until further work to define issues resulted in the inadvertent elimination of costs for medical services to current employees and correction requires an increase in Materials and Services of \$163,250 and revenue increase of \$20,000; and

WHEREAS, certain supplies in the Supply department were removed and should be corrected in Materials and Services in the amount of \$1,560; and

WHEREAS, cellular telephone expenses in Communications were duplicated and should be reduced, reducing materials and services by \$38,400; and

WHEREAS, General Fund Contingency is recommended to be adjusted by the increases and decreases of the above budgeted items in the General fund in the amount of \$126,447; and

WHEREAS, in the Capital Improvements Fund, \$34,290 of RIT packs budgeted in 2012 will not be received until 2013, and therefore capital outlay is requested to be increased by \$34,290 and contingency reduced commensurately in the fund; and

NOW THEREFORE BE IT ALSO RESOLVED, the Board of Directors of Tualatin Valley Fire and Rescue hereby adopts total appropriations for the 2012-13 fiscal year in the amount of \$118,194,393, and which is now on file in the Command and Business Operations Center at 11945 SW 70th Ave., Tigard, Oregon; and

Resolution to Adopt Budget, continued

BE IT ALSO RESOLVED, that the amounts for the fiscal year beginning July 1, 2012, for the purposes shown are hereby appropriated as follows:

		<u>GENERAL FUND</u>	
<u>By Fund</u>			
	Personnel Services		\$68,286,143
	Materials and Services		9,343,951
	Transfers		3,558,592
	Contingency		<u>5,502,102</u>
	Total		\$86,690,788
<u>By Function</u>			
	Command Division		
	Personnel Services	\$ 2,039,601	
	Materials and Services		<u>1,005,077</u>
	Total		\$ 3,044,678
	Integrated Operations Division		
	Personnel Services	\$ 58,520,303	
	Materials and Services		<u>3,718,391</u>
	Total		\$ 62,238,694
	Finance Division		
	Personnel Services	\$ 1,196,744	
	Materials and Services		<u>457,848</u>
	Total		\$ 1,654,592
	Business Operations Division		
	Personnel Services	\$ 6,529,495	
	Materials and Services		<u>4,162,635</u>
	Total		\$ 10,692,130
	District Non-Organizational		
	Transfers	\$ 3,558,592	
	Contingency		<u>5,502,102</u>
	Total		\$ 9,060,694

Resolution to Adopt Budget, continued

BONDED DEBT SERVICE FUND

Debt Service - Principal	\$ 3,420,000
Debt Service - Interest	<u>2,419,637</u>
Total	\$ 5,839,637

APPARATUS FUND

Contingency	\$ <u>500,000</u>
Total	\$ 500,000

CAPITAL IMPROVEMENTS FUND

Capital Outlay	\$ 3,004,701
Contingency	<u>2,648,870</u>
Total	\$ 5,653,571

EMERGENCY MANAGEMENT FUND

Personnel Services	\$ 186,458
Materials and Services	44,570
Capital Outlay	<u>21,000</u>
Total	\$ 252,028

GRANTS FUND

Personnel Services	\$ 1,756,395
Capital Outlay	116,350
Contingency	<u>10,000</u>
Total	\$ 1,882,745

RETIREE MEDICAL INSURANCE STIPEND FUND

Personnel Services	\$ <u>48,256</u>
Total	\$ 48,256

INSURANCE FUND

Materials and Services	\$ <u>640,164</u>
Total	\$ 640,164


CAPITAL PROJECTS FUND

Capital Outlay	\$11,376,866
Contingency	<u>2,449,501</u>
Total	\$13,826,367

Resolution to Adopt Budget, continued

<u>PROPERTY AND BUILDING FUND</u>		
Contingency		\$ <u>1,617,664</u>
Total		\$ 1,617,664
<u>PENSION TRUST FUND</u>		
Personnel Services		\$ <u>346,444</u>
Total		\$ 346,444
<u>VOLUNTEER LOSAP FUND</u>		
Personnel Services		\$ <u>896,729</u>
Total		\$ 896,729

APPROVED AND ADOPTED, on June 26, 2012



Clark I. Balfour, President

ATTEST:



Brian J. Clopton, Secretary-Treasurer

RESOLUTION 2012-05

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 \$1.7752 per \$1,000 of assessed value for operations (comprised of \$1.5252 permanent rate and \$.25 local option tax rate) and \$6,060,823 for bonds, and that these taxes are hereby imposed and categorized for tax year 2012-13, 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:	\$.25/\$1,000

Excluded from the General Government Limitation:

Debt Service Fund Levy	\$ 6,060,823
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NOW THEREFORE BE IT RESOLVED, that the Budget Officer certify the County Clerk or other recording officer, County Assessor or other assessing officer, of Washington, Clackamas, and Multnomah Counties, Oregon, and the Department of Revenue of the State of Oregon, the tax levy created by the resolution and shall file with them a copy of the adopted budget.

APPROVED AND ADOPTED, on June 26, 2012



Clark I. Balfour, President

ATTEST:



Brian J. Clopton, Secretary-Treasurer

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