

TSCC Budget Review 2017-18

Multnomah RFPD 10

Contact Person: Sue Martin

Telephone: 503-666-6704
503-665-1034 home

Reviewed by: Tunie Betschart

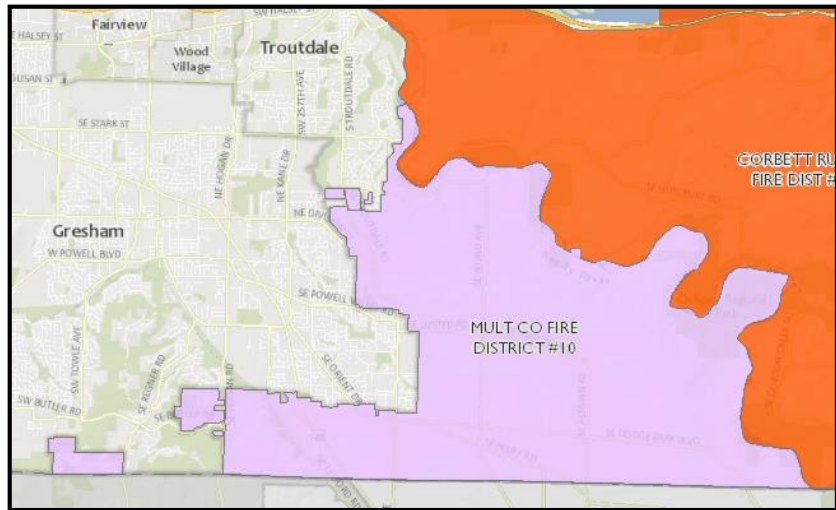
1. Introduction:

Multnomah Rural Fire Protection District 10 serves the unincorporated areas of east Multnomah County and the City of Maywood Park. Five board members elected to four-year terms serve without compensation.

2. History

At one time, the District served the unincorporated area in east Multnomah County as well as the cities of Fairview, Maywood Park, Troutdale and Wood Village.

As annexations to Portland and Gresham took place, the area served by the District was reduced. Further reductions occurred when Fairview, Troutdale and Wood Village withdrew from the district. Intergovernmental agreements with the City of Gresham provide fire protection and emergency medical services to the residents in the unincorporated areas and an agreement with the City of Portland provides service to Maywood Park.



While the District does not provide any direct services, it does own two fire stations – Station 75 in Troutdale and a new replacement Station 76 in Orient (completed in June 2015) – a training center and one fire truck, all used by Gresham Fire.

Multnomah RFPD 10	2014-15	2015-16	2016-17	2017-18
Assessed Value in Millions	\$556.3	\$580.8	\$598.5	
Real Market Value (M-5) in Millions	\$709.9	\$781.6	\$854.8	
Property Tax Rate Extended: Operations	\$2.8527	\$2.8527	\$2.8527	
Measure 5 Loss	\$-6	\$-52	\$-110	
Number of Employees (FTE's)	0.15	0.15	0.15	0.15

3. Strategic Plan/Performance Objectives

The District does not have a Strategic Plan/ Performance Objective. However, they do prepare a five-year projection of General Fund and the Capital Reserve Fund resources and requirements. The General Fund expenditures include extra loan payments to reduce debt faster. The Capital Reserve Fund shows an expenditure in fiscal year 2017-18 which is for new fire engine to replace the Pierce engine used at Station 76.

Five Year Projection					
	2017-18	2018-19	2019-20	2020-21	2020-21
General Fund					
taxes	1,675,186	1,725,458	1,777,239	1,830,576	1,885,511
other revenue	74,748	68,900	69,700	72,300	74,900
Beginning FB	727,496	459,948	332,700	330,816	331,027
Total Resources	2,477,430	2,254,306	2,179,639	2,233,692	2,291,438
Expenditures	1,842,482	1,861,606	1,785,823	1,836,665	1,889,910
Transfers	175,000	60,000	63,000	66,000	69,000
Ending FB	459,948	332,700	330,816	331,027	332,528
Total Requirements	2,477,430	2,254,306	2,179,639	2,233,692	2,291,438
Capital Reserve Fund					
Transfers	175,000	60,000	63,000	66,000	69,000
Interest	450	700	1,400	2,100	2,900
Beginning FB	469,935	60,885	121,585	185,985	254,085
Total Resources	645,385	121,585	185,985	254,085	325,985
Expenditures	584,500	0	0		
Ending FB	60,885	121,585	185,985	254,085	325,985
Total Requirements	645,385	121,585	185,985	254,085	325,985

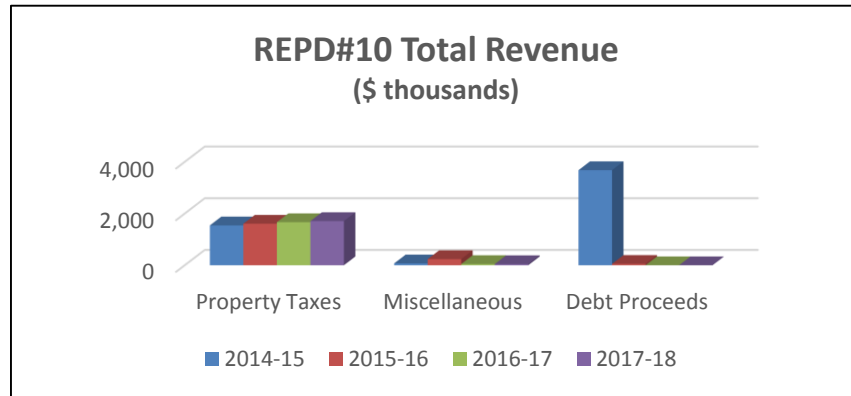
4. Budget in Total

With the conclusion of its capital projects in FY16, the District has reduced the number of active funds to two: the General Fund and the Capital Reserve Fund. The Capital projects fund has been dormant since FY16.

The District relies almost exclusively on property tax revenue and all the property tax revenue is receipted into the General Fund. Money is then transferred to the Capital Reserve fund as the Board chooses in order to fund capital purchases.

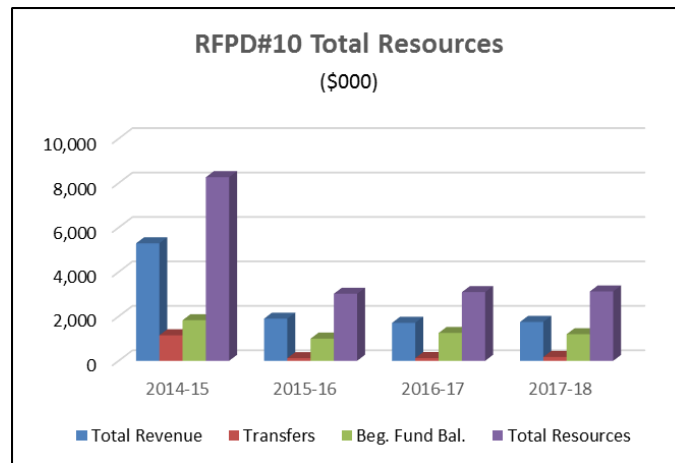
The total budget for FY17-18 is \$2.47 million. This is a decrease of 5.6% from the current year. All expenditure line items are increasing, but the sum of those increases is offset by a large (\$320k) fund balance decrease.

District revenue includes property taxes, Local Government Cost Sharing, and miscellaneous income. The district has also used debt proceeds historically. None is budgeted for this year or next. The following chart shows the relative size of the revenue sources.



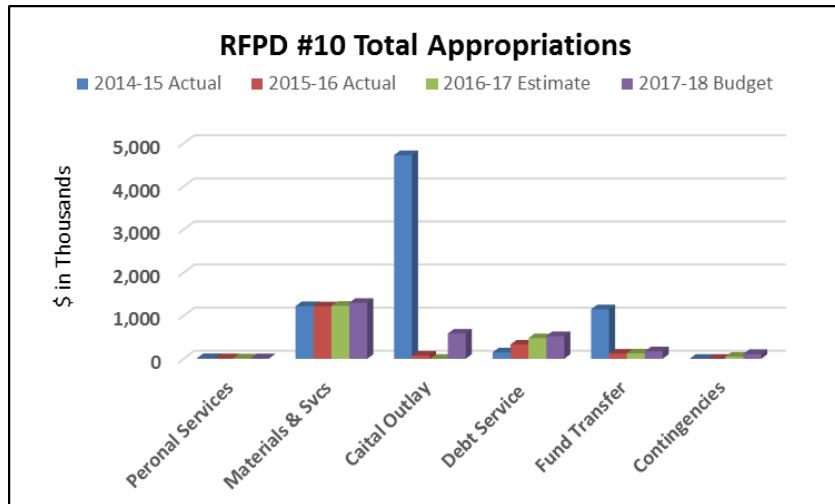
Total Resources include revenue plus transfers and beginning fund balance. With the exception of 2014-15 when the district was building the new Station 76, the budget is pretty close to the same year after year.

As shown in both graphs the bump up in resources is 2014-15 was due to debt proceeds of nearly \$4 million for the new station.



Total Appropriations increase from the current year estimate of \$1.9 million to \$2.7 million, an increase of \$820 thousand (or 43%). Of this, \$585 thousand is for the purchase of a new fire engine. Other significant increases are in debt service, where the District is voluntarily paying more debt service than is due, and in fund transfers and contingencies.

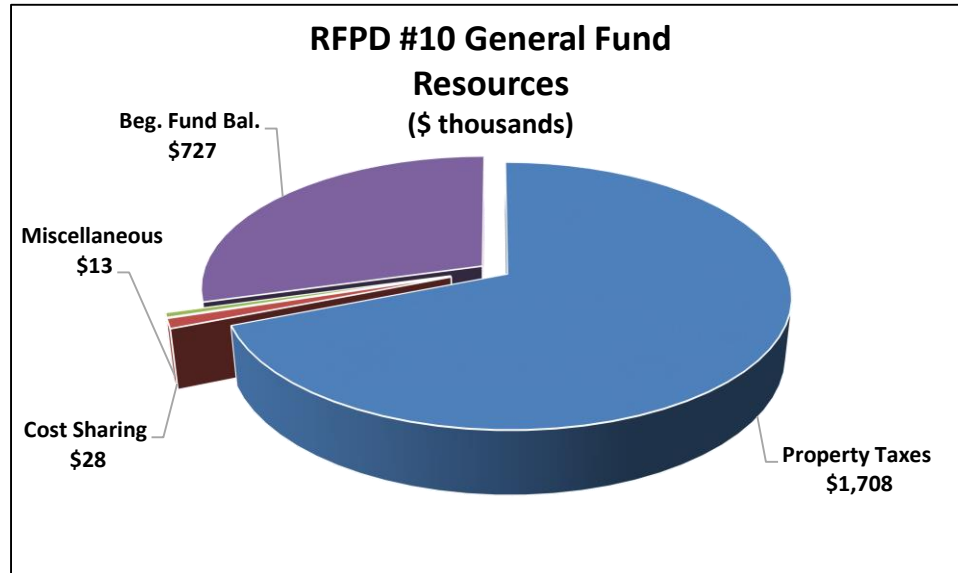
RFPD #10 Budget Requirements				
Thousands				
	2014-15	2015-16	2016-17	2017-18
	Actual	Actual	Estimate	Budget
Personnel Services	17	15	11	14
Materials & Svcs	1,224	1,219	1,230	1,299
Capital Outlay	4,727	76	0	586
Debt Service	149	331	480	528
Fund Transfer	1,149	122	125	175
Contingencies	0	0	50	113
Total Appropriations	7,267	1,763	1,895	2,715
Ending Fund Balance	1,000	1,256	1,197	407
Total Requirements	8,267	3,019	3,093	3,123



5. Analysis of the General Fund

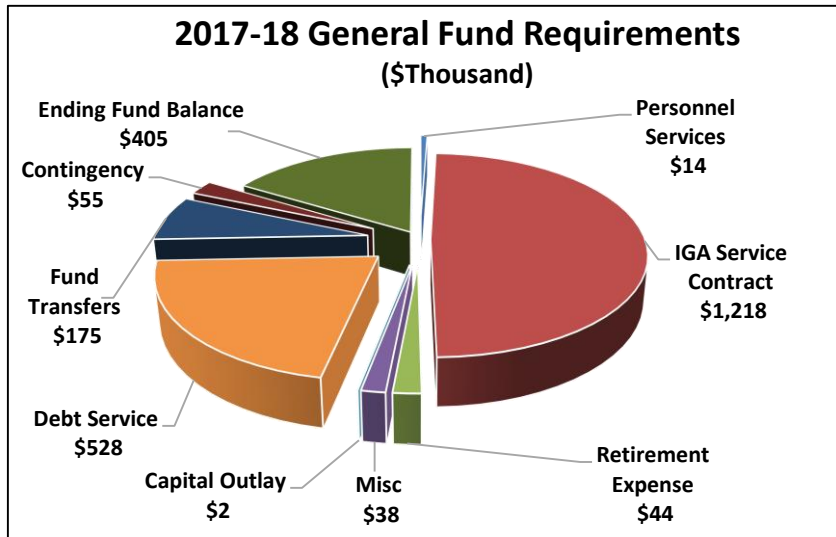
Resources

The following chart shows the 2017-18 General Fund Resources. The amounts are not significantly different from prior years



Local government cost sharing is money received (\$28,300) from the City of Portland’s share of retirement obligations for former District employees. Portland’s share of retirement obligations is 65%. Currently there are two individuals receiving benefits, both are surviving spouses who receive 50% of the firefighter’s benefit.

Requirements



The District's main expense is its ten year Intergovernmental Agreement with the City of Gresham for fire service (\$1.2 million). The agreement was renewed in 2015 and will expire at the end of 2024-25 fiscal year. The terms of the contract are a cost of \$1.90 per thousand assessed value of taxable property within the district, not including property within the City of Maywood Park as that is covered by an intergovernmental agreement with the City of Portland. Since both contracts are tied to property taxes, both have-and will-increase.

The District's debt service payments are for a \$4 million bank loan taken out in FY15 to finance construction of the new fire station. Debt service due in 2017-18 is \$332,300, but the district is budgeting for a \$528,000 payment to accelerate payoff and reduce interest costs.

The Personnel Services costs (\$14,050) include the salaries for a part-time Administrative Assistant as well as a potential backup assistant in training. With the addition of the potential backup assistant this expenditure will increase slightly over the current budget. The district does not provide medical insurance. The expenditures for former employees' retirement benefits are budgeted as Materials and Services.

Retirement Benefits (\$44k) are the result of a convoluted history of formerly paid firefighters, intergovernmental agreements, and legal cases for employees who retired prior to July 1, 1982. The extant beneficiaries are two surviving spouses. As stated in the discussion of resources above, these expenses are partially offset by payment from the City of Portland.

6. Analysis of other Funds

In addition to the General Fund the district budgets in two other funds:

- Capital Reserve Fund. The sole revenue source for this fund is a routine transfer from the General Fund. The 2017-17 transfer of \$175k will be combined with fund balance to purchase a new fire engine (\$585k).

- Capital Projects Fund. Previously expenditures were connected to the replacement of Station 76. There are no resources or requirements budgeted in the 2016 or 2017 fiscal years. It will remain in the budget for historical purposes only.

7. Debt Status:

As of June 30, 2016, the district's outstanding debt is \$3,394,573. This is the principal owed on the 2014 bank loan.

8. Is the Budget in sync with Strategic Plan/Performance Objectives

The district is in sync with the 5-year financial plan.

9. Local Budget Law Compliance

Yes	No	Compliance Issue (If not in compliance, explain below)
X		1. Did district meet publication requirements?
X		2. Do resources equal requirements in every fund?
NA		3. Does the G.O. Debt Service Fund show only principle and Interest payments
	X*	4. Are contingencies shown only in operating funds?
X		5. Did budget committee approve the budget?
X		6. Did Budget committee set the levy?
X		7. Does audit show the district was in compliance with budget law?

10. Highlights of the 2017-18 Budget to be published in TSCC Annual Report:

- The total budget increased only \$30 thousand which can be attributed to property tax revenue.
- The General Fund decreased by 6%, from \$2.6 million to \$2.5 million due to the decrease in the amount carried forward from the current year.
- The district is planning to purchase a new fire engine in 2017-18 and budgeted \$585 thousand dollars for that purpose.
- The district will levy its full taxing authority (\$2.8527 per \$1,000 AV) for the fourth time in seven years.
- The district will pay \$528 thousand to pay down debt acquired in fiscal year 2015 to build the new fire station.

Local Budget Law Compliance:

The audit report for fiscal year 2015-16 does not note any expenditures in excess of budget.

In reviewing the 2017-18 Budget we found one error. The Capital Reserve Fund contains \$58,450 in contingency. Local Budget Law only allows contingency to be allocated in operating funds. Prior to adopting the budget, this will need to be corrected. We suggest including these funds in the line item "Reserved for Future Expenditures".

The following objection will be included in the Certification Letter and need to be corrected prior to adoption of the 2017-18 budget.

Certification Letter Recommendations and Objections:

Objection – Contingency included in a Reserve Fund

There is an error in the District's FY 2017-18 budget. The Capital Reserve Fund contains \$58,450 in contingency. Local Budget Law only allows contingency expenditures in operating funds. (ORS 294.388(7)). Prior to adopting the 2017-18 budget this will need to be corrected. We suggest including these funds in the line item "Reserved for Future Expenditures".