

Budget Review 2024-25

Alto Park Water District



HIGHLIGHTS

- The budget is increasing from \$95,004 to \$96,747; most notable is the increase in Public Safety due to contracted costs for fire protection.
- The district's only significant expense is providing fire protection services via a contract with the City of Lake Oswego, and this cost will increase by 3.2% from \$63,400 to \$65,400 in FY 2024-25.
- The current contract for fire protection will expire June 30, 2027.
- The district budgeted resources above operating expenses as an ending fund balance. Budgeting in this manner is reasonable for a district with no capital assets and few expenses outside of contracted services.

INTRODUCTION & BACKGROUND

Alto Park Water District is the most southerly district in Multnomah County on the Clackamas County line just to the west of Palatine Hill, located between the Cities of Portland and Lake Oswego. It provides only fire service to its constituents.

Before 1971, Alto Park Water District provided water services and contracted fire protection for the district's citizens. The City of Portland began providing water services for district residents in the 1971-72 fiscal year.

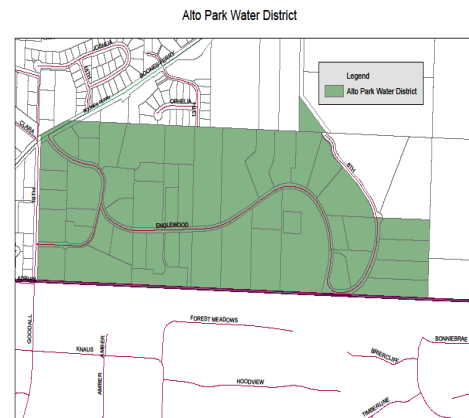
Over the years, the governing body has considered annexation options but, to date, has determined to remain a separate water district that provides fire protection service to 40-plus residents.

Five board members elected to four-year terms serve without compensation.

The district has contracted for fire protection services with the City of Lake Oswego since 1970. The current agreement, which began July 1, 2017, was extended to July 1, 2027.

Historically, Alto Park Water District has levied a permanent tax rate (\$1.5985) and a local option levy (\$0.6000). The local option levy was approved by voters for 2011 through 2016 and then 2018 to present (the district did not renew the levy for 2017 and therefore did not receive the local option revenue that year; they spent down reserves to cover operating costs). The local option levy rate has consistently been \$0.6000 per \$1,000 assessed value. The district's local option levy was most recently renewed in November 2022 and is included in the budget for FY 2024-25. The district anticipates the permanent rate and local option levy will generate \$69,000 in the upcoming year, which is more conservative than TSCC's estimate of \$71,000.

The Alto Park Water District's sole purpose is to ensure its residents have fire protection services.



Alto Park Water	2020-21	2021-22	2022-23	2023-24
Assessed Value in Millions	\$29.5	\$30.5	\$31.7	\$32.7
Real Market Value (M-5) in Millions	\$47.9	\$50.4	\$53.6	\$56.3
Property Tax Rate Extended:				
Operations	\$1.5985	\$1.5985	\$1.5985	\$1.5985
Local Option	\$0.6000	\$0.6000	\$0.6000	\$0.6000
Total Property Tax Rate	\$2.1985	\$2.1985	\$2.1985	\$2.1985

BUDGET OVERVIEW

The 2024-25 Approved Budget totals \$96,747, 1.8% percent higher than the current year's budget. The 3.2% fire protection increase resulted in the ending fund balance reduction.

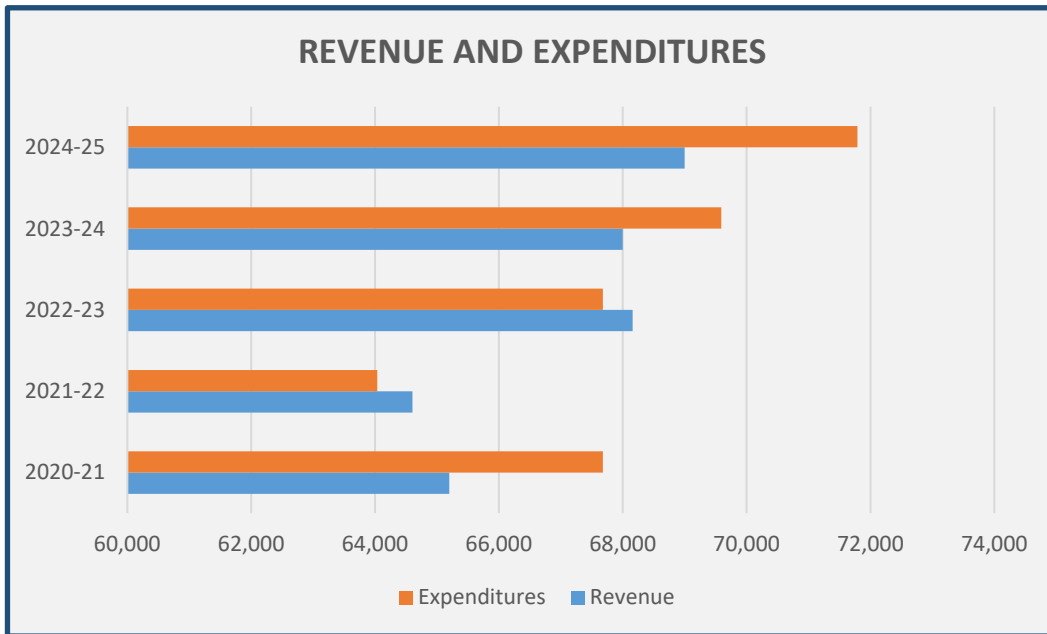
GENERAL FUND

RESOURCES & REQUIREMENTS

The district budgets in only one fund, the General Fund. Property tax revenue is the only source of income for the district. No prior year taxes are budgeted because the district receives 97% of taxes imposed upfront (Multnomah County Advance Recovery) rather than a portion of the taxes distributed to each district throughout the year. Thus, no delinquent taxes are collected and distributed from the prior year's taxes. As stated earlier, Alto Park Water District has budgeted to receive \$69,000 in taxes from its permanent tax rate and the local option levy.

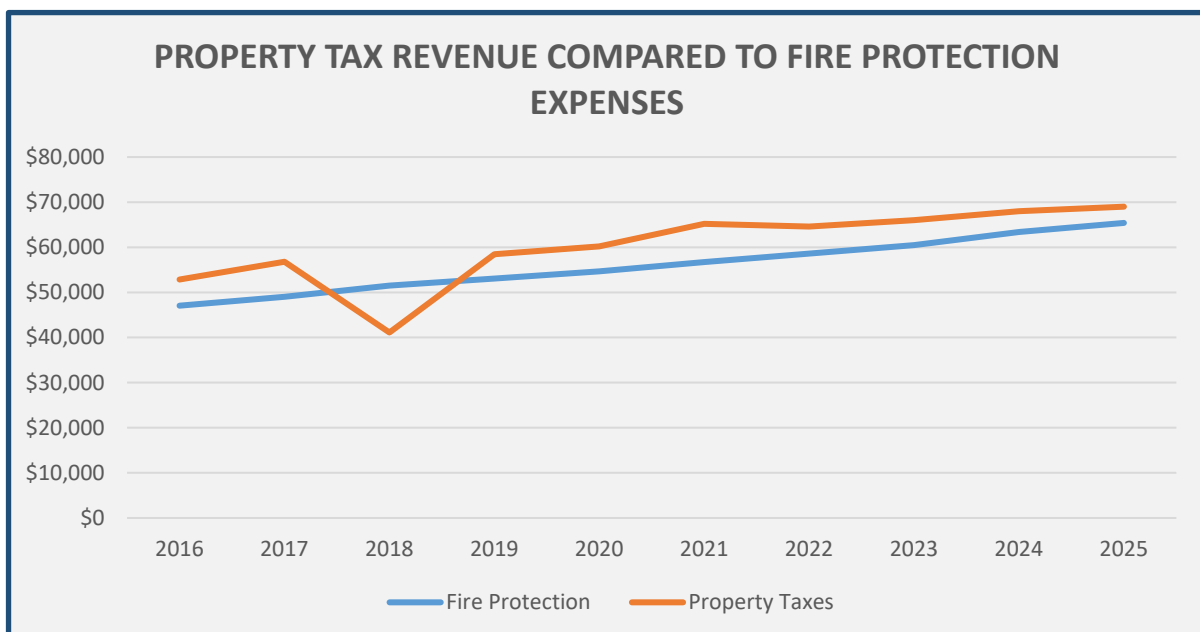
Alto Park Water District				
	FY22	FY23	FY24	FY25
	Actual	Actual	Revised	Approved
Beginning Fund Balance	28,035	28,604	27,004	27,747
Property Tax	64,603	68,158	68,000	69,000
Total Resources	92,638	96,762	95,004	96,747
Fire Protection Contract	58,597	58,597	63,400	65,400
Administrative Costs	5,438	9,081	6,190	6,390
Contingency/Ending Fund Balance	28,603	28,603	25,414	24,957
Total Requirements	92,638	96,281	95,004	96,747
Annual Gain/(Loss)	568	480	(1,590)	(2,790)

The 2023-24 and 2024-25 budgets conservatively show expenditures exceeding revenues. Historically, however, actual revenue comes in higher than expected and exceeds district expenses.

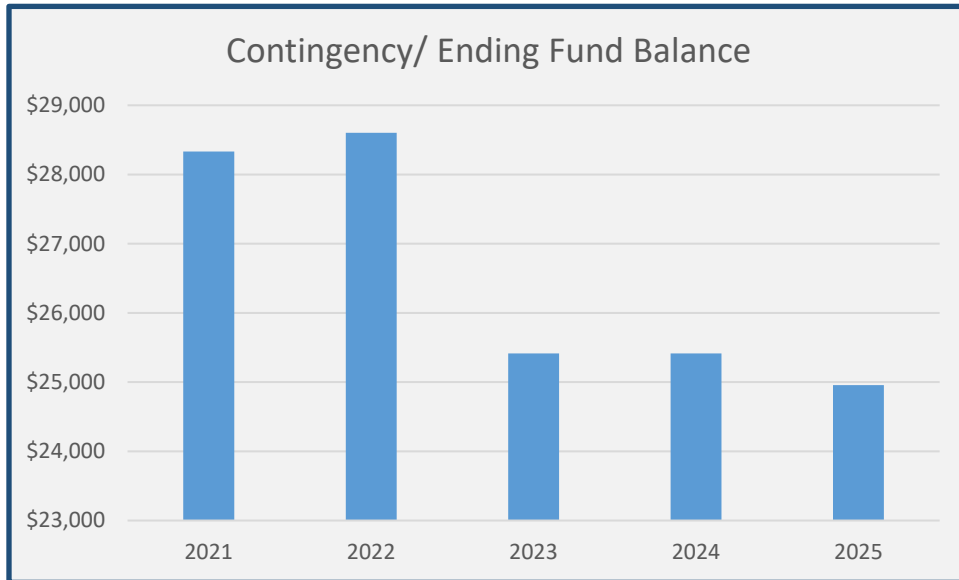


No personnel services are budgeted as all services are contracted. Budget components are for the contracted fire protection and administrative services expenses. The Fire Protection Contract covers 91% of the district's operating expenses.

The contract rate is \$1.92 per \$1,000 of assessed value (AV) for the fire protection services. As shown in the chart below, since 2016, the cost of the fire service contract has increased as assessed value in the district has grown. Contract payments are made in three installments. Since the district will collect \$2.1985 per \$1,000 AV from the permanent tax rate and the five-year local option levy, there is a net \$0.2785 per \$1,000 AV after paying the fire service contract, which is budgeted in the ending fund balance. The current agreement expires in June 2027.



Alto Park Water District budgeted miscellaneous operating costs such as budget preparation and publication, insurance, and filing fees at \$6,390 in this budget.



During the 2022-23 fiscal year, the district asked the voters to re-approve the local option levy for another five year term. The preparation for the levy resulted in additional legal fees (\$3,500), which decreased the ending fund balance. The ending fund balance and contingency amounts are in the \$25,000 to \$29,000 range. The lower amounts are usually budgeted, while the higher amounts reflect actual balances at the end of the year.

DEBT STATUS

The district has no outstanding debt.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue (If not in compliance, explain below)
x		Did district meet publication requirements?
x		Do resources equal requirements in every fund?
x		Are contingencies shown only in operating funds?
x		Did the budget committee approve the budget?
x		Did the Budget committee set the levy?

LOCAL BUDGET LAW COMPLIANCE

The 2024-25 Approved Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown. Due to budget size, the district is not required to file an audit.

CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2024-25 budget or budget process and suggest the Certification Letter contain no recommendations or objections.

Alto Park Water District					
Budget Summary					
<u>SUMMARY OF ALL FUNDS</u>	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	64,603	68,158	68,000	69,000	1.5%
TOTAL PROPERTY TAX	64,603	68,158	68,000	69,000	1.5%
RESOURCES:					
Beginning Fund Balance	28,035	28,604	27,004	27,747	2.8%
Property Taxes	64,603	68,158	68,000	69,000	1.5%
Other Income	0	18	0	0	0.0%
TOTAL RESOURCES	92,638	96,780	95,004	96,747	1.8%
REQUIREMENTS BY FUNCTION:					
Administrative Services	5,438	9,081	6,190	6,390	3.2%
Public Safety	58,597	60,869	63,400	65,400	3.2%
Ending Fund Balance	28,603	26,830	25,414	24,957	-1.8%
TOTAL REQUIREMENTS BY FUNCTION	92,638	96,780	95,004	96,747	1.8%
REQUIREMENTS BY OBJECT:					
Materials & Services	64,035	69,950	69,590	71,790	3.2%
Ending Fund Balance	28,603	26,830	25,414	24,957	-1.8%
TOTAL REQUIREMENTS BY OBJECT	92,638	96,780	95,004	96,747	1.8%
<u>SUMMARY OF BUDGET - BY FUND</u>					
General Fund	92,638	96,780	95,004	96,747	1.8%
GRAND TOTAL ALL FUNDS	92,638	96,780	95,004	96,747	1.8%