

# Budget Review 2022-23

## Alto Park Water District



### INTRODUCTION & BACKGROUND

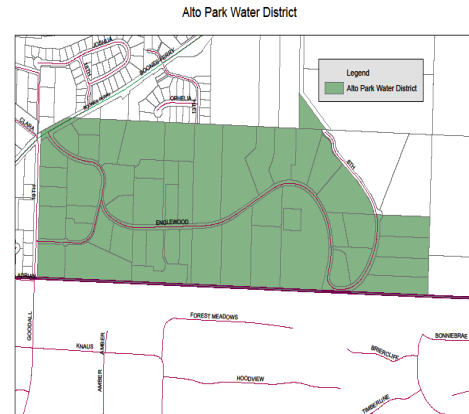
Alto Park Water District is the most southerly district in Multnomah County on the Clackamas County line just to the west of Palatine Hill, located between the Cities of Portland and Lake Oswego. It provides only fire service to its constituents.

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 residents of the district in the 1971-72 fiscal year.

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

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

The district has had a contract with the City of Lake Oswego for fire protection service since 1970. The current five-year agreement, which began July 1, 2017, was set to expire June 30, 2022 but was extended for an additional five years.



Alto Park Water	2018-19	2019-20	2020-21	2021-22
Assessed Value in Millions	\$27.6	\$28.5	\$29.5	\$30.5
Real Market Value (M-5) in Millions	\$46.2	\$47.5	\$47.9	\$50.4
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

Historically, the district has levied a permanent tax rate (\$1.5985) and a local option levy (\$0.6000). In FY 2022-23 the permanent rate will generate about \$50,000, and the local option levy about \$19,000.

FY 22-23 is the final period the district can levy the local option unless the voters renew it. The local option levy was renewed in November 2017 and became available in FY 18-19.

### STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The sole purpose of the Alto Park Water District is to ensure residents of the district have fire protection services.

## BUDGET OVERVIEW

The FY 22-23 Approved Budget totals \$94,733, four percent higher than the current year’s Adopted Budget. The increase is in administrative services as the district prepares to ask voters to renew the local option levy. Placing the request on the November ballot adds associated fees and costs to the budget expenditures.

## GENERAL FUND

### RESOURCES & REQUIREMENTS

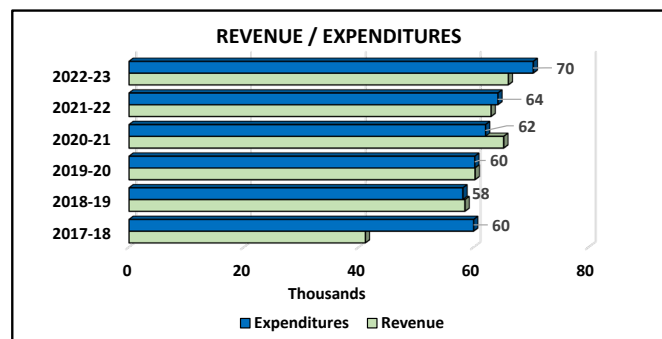
The district budgets in only one fund, the General Fund. Property tax revenue is the only source of income for the district. No prior year taxes are budgeted because the district receives 97% of taxes imposed upfront (Multnomah County Advance Recovery) rather than a portion of the taxes distributed to each district throughout the year. Thus, no delinquent taxes are collected and distributed from the prior year’s taxes. Alto Park Water District has budgeted to receive \$66,000 in taxes from its permanent tax rate and the local option levy.

No personnel services are budgeted as all services are contracted. Budget components are for the contracted fire protection and administrative services expenses.

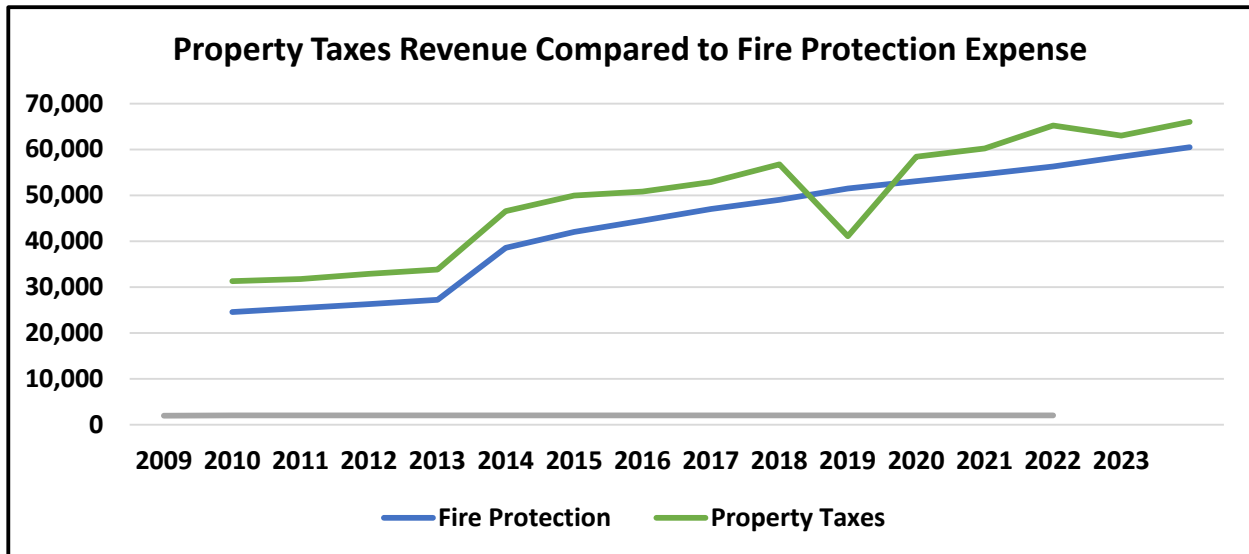
Alto Park Water District				
	FY20	FY21	FY22	FY23
	Actual	Actual	Adp. Budget	App. Budget
Beginning Fund Balance	25,110	25,167	27,862	28,733
Property Tax	60,212	65,198	63,000	66,000
<b>Total Resources</b>	<b>85,322</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>
Fire Protection Contract	54,648	56,715	58,416	60,473
Administrative Costs	5,517	5,317	5,765	9,865
Contingency/Ending FB	25,110	25,167	25,258	26,681
<b>Total Requirements</b>	<b>85,275</b>	<b>87,199</b>	<b>89,439</b>	<b>97,019</b>
<b>Annual Gain/Loss</b>	<b>47</b>	<b>3,166</b>	<b>-1,181</b>	<b>-4,338</b>

Revenue keeps pace with expenditures in the Actual Years’ budget. Property tax revenue is budgeted slightly lower in the current year, causing income to fall short of spending. In the FY23 Approved Budget, legal fees associated with the local option renewal added \$3,500 to the expenditures, causing the expenditures to outpace the revenue.

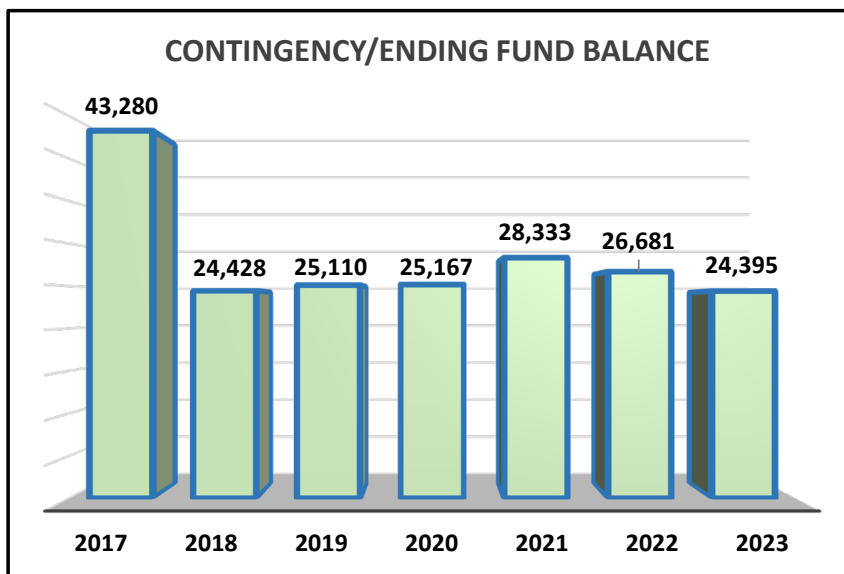
The Fire Protection Contract is 91% of the district’s expenses. The chart at the right shows four years of actuals and two years of budgeted revenue and expenses. In FY18, the district did not levy a local option tax, so expenditures exceeded revenue by almost \$19,000. With the renewal of the local option in FY19, expenses and income are very close to equal.



As shown in the following chart, since 2015 the cost of the fire service contract has increased as it is contingent on the assessed value of the district. The contract rate is \$1.92 per \$1,000 AV for the fire protection services. These payments are made in 3 annual installments. Since the district will collect \$2.1953 per \$1,000 AV from the permanent tax rate and the five-year local option levy, they will net \$0.2153 per \$1,000 AV after paying the fire service contract. The current agreement will expire in June 2027.



Alto Park Water District budgets miscellaneous operating costs such as budget publication, election costs, insurance, and filing fees at \$1,165. The district also contracts with a local attorney firm to handle budget preparation. This expenditure will remain flat at \$4,600.



Anticipating the Fire Protection Contract increase and the local option tax levy expiration in 2016, Alto Park built up their fund balance. The local option levy had expired in 2017, so the district spent down its reserves in FY18. Voters renewed the five-year levy in November 2017. As mentioned, in November 2022, voters in the Alto Park water district will be asked to continue this sixty-cent per \$1,000 AV local option levy.

The district will use contingency to fill the gap between what taxes are collected and the funds needed for the fire protection contract.

**OTHER FUNDS**

The district has only the General Fund.

**DEBT STATUS**

The district has no outstanding debt.

**BUDGET/STRATEGIC PLAN ALIGNMENT**

This budget ensures the district will have access to fire protection services through the contract with the City of Lake Oswego.

**HIGHLIGHTS**

- The budget is increasing from \$90,862 to \$94,733, most notable is the increase in the Administrative Services due to extra costs and fees associated with the district asking voters for a renewal of the local option levy in November.
- The district budgets any resources above operating expense as a contingency, not a planned ending fund balance. Budgeting in this manner is reasonable for a district with no capital assets.
- 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 four percent from \$58,416 to \$60,473 in 2022-23.
- The current contract for fire protection was extended for an additional five years and will expire June 30, 2027.

**BUDGET PROCESS & COMPLIANCE**

Yes	No	Compliance Issue (If not in compliance, explain below)
<b>x</b>		1. Did district meet publication requirements?
<b>x</b>		2. Do resources equal requirements in every fund?
<b>NA</b>		3. Does the G.O. Debt Service Fund show only principal and interest payments?
<b>x</b>		4. Are contingencies shown only in operating funds?
<b>x</b>		5. Did the budget committee approve the budget?
<b>x</b>		6. Did the Budget committee set the levy?
<b>NA</b>		7. Does the audit show the district complied with budget law (no over-expenditures or budget violations)?

**LOCAL BUDGET LAW COMPLIANCE**

The FY 2022-23 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

**CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

TSCC staff did not find any deficiencies in the district’s FY 2022-23 budget or budget process, and we suggest the Certification Letter contain no recommendations or objections.

# Alto Park Water District

## Approved Budget Summary Sheet

	2019-20 Actual	2020-21 Actual	2021-22 Rev Bud	2022-23 App Bud	Budget % Change
<b>SUMMARY OF ALL FUNDS</b>					
<b>Property Tax Breakdown:</b>					
Permanent Rate Property Taxes	60,212	65,198	63,000	66,000	5%
<b>Total Property Taxes</b>	<b>60,212</b>	<b>65,198</b>	<b>63,000</b>	<b>66,000</b>	<b>5%</b>
<b>Resources:</b>					
Beginning Fund Balance	25,110	25,167	27,862	28,733	3%
Property Taxes	60,212	65,198	63,000	66,000	5%
Other Income	10	0	0	0	0%
<b>TOTAL RESOURCES</b>	<b>85,332</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>	<b>4%</b>
<b>Requirements by Function:</b>					
Administrative Services	5,517	5,317	5,765	9,865	71%
Public Safety	54,648	56,715	58,416	60,473	4%
Contingencies	0	0	26,681	24,395	-9%
Ending Fund Balance	25,167	28,333	0	0	0%
<b>TOTAL REQUIREMENTS</b>	<b>85,332</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>	<b>4%</b>
<b>Requirements by Object:</b>					
Materials & Services	60,165	62,032	64,181	70,338	10%
Contingencies	0	0	26,681	24,395	-9%
Ending Fund Balance	25,167	28,333	0	0	0%
<b>TOTAL REQUIREMENTS</b>	<b>85,332</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>	<b>4%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	85,332	90,365	90,862	94,733	4%
<b>GRAND TOTAL ALL FUNDS</b>	<b>85,332</b>	<b>90,365</b>	<b>90,862</b>	<b>94,733</b>	<b>4%</b>