

# Budget Review 2022-23

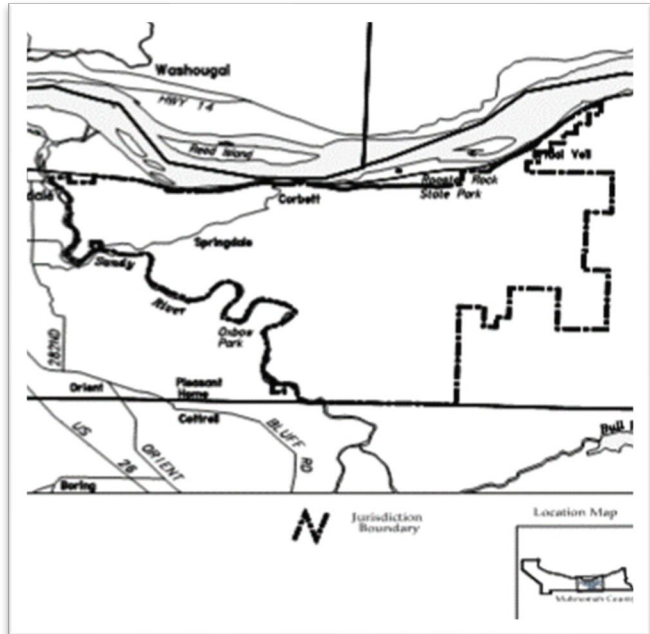
## Corbett RFPD 14



### INTRODUCTION & BACKGROUND

Corbett Fire District #14 provides fire, rescue and emergency services to a 40 square mile service area that includes the communities of Corbett, Springdale, Aims, Latourell, Bridal Veil, and surrounding areas with approximately 4,000 residents. The district is primarily staffed by volunteers, who respond from three volunteer fire stations located in Corbett, Springdale, and Aims.

Five board members elected to four-year terms serve without compensation. District volunteers work out of three stations providing fire and rescue services.



Multnomah RFPD 14	2018-19	2019-20	2020-21	2021-22
Assessed Value in Millions	\$365.3	\$378.0	\$398.1	\$408.4
Real Market Value (M-5) in Millions	\$595.9	\$601.4	\$613.8	\$692.6
Property Tax Rate Extended: Operations	\$1.2624	\$1.2624	\$1.2624	\$1.2624
Measure 5 Loss	\$-2	\$-3	\$-4	\$-4
Number of Employees (FTE's)	1	1	1	1

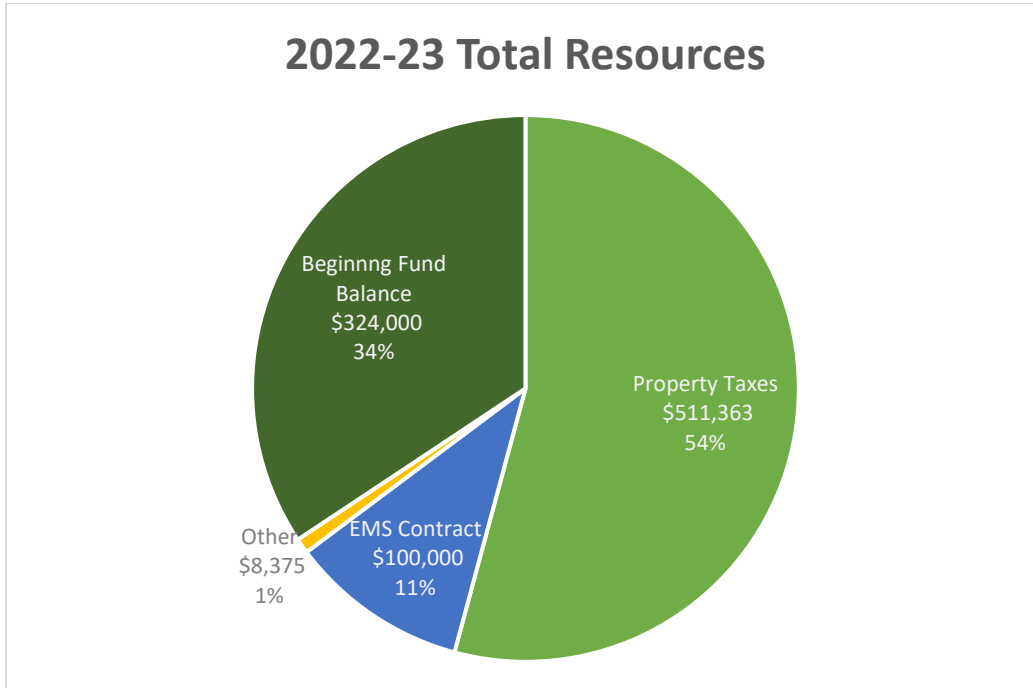
### BUDGET OVERVIEW

*Please note: Corbett staff identified an error in the Approved budget the day after it was approved and will submit corrected documents to the governing board prior to adoption. This review covers the legally Approved budget, which includes the error – the General Fund is out of balance by \$30,000 due to an error in transfers out.*

The Corbett Fire budget provides for fire protection services with an overall FY 22-23 budget of \$1.2 million, a 10 percent decrease from last year’s revised budget. The decrease is due in large part to a one-time conflagration reimbursement of \$148,198 in the revised FY 21-22 budget, the majority of which was programmed for additional personnel services and capital outlay related to Corbett Fire supporting three different fires in summer/fall of 2021.

The district has two active funds, the General Fund (operating expenses) and the Reserve Fund (capital outlay for equipment). The district’s largest revenue source is from property taxes (54%), and primary expenditures include personnel costs (21%), materials & services (32%), and capital outlay (26%).

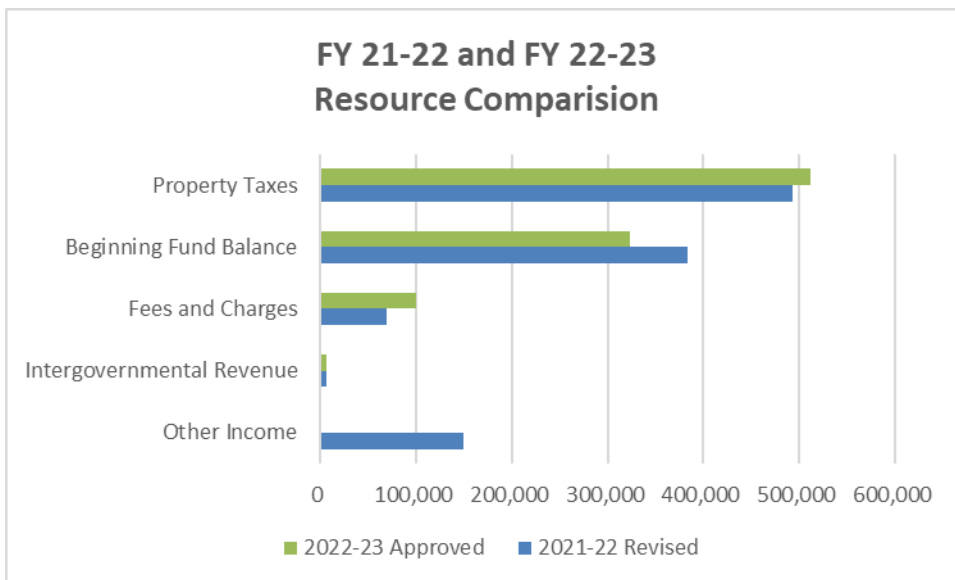
**RESOURCES**



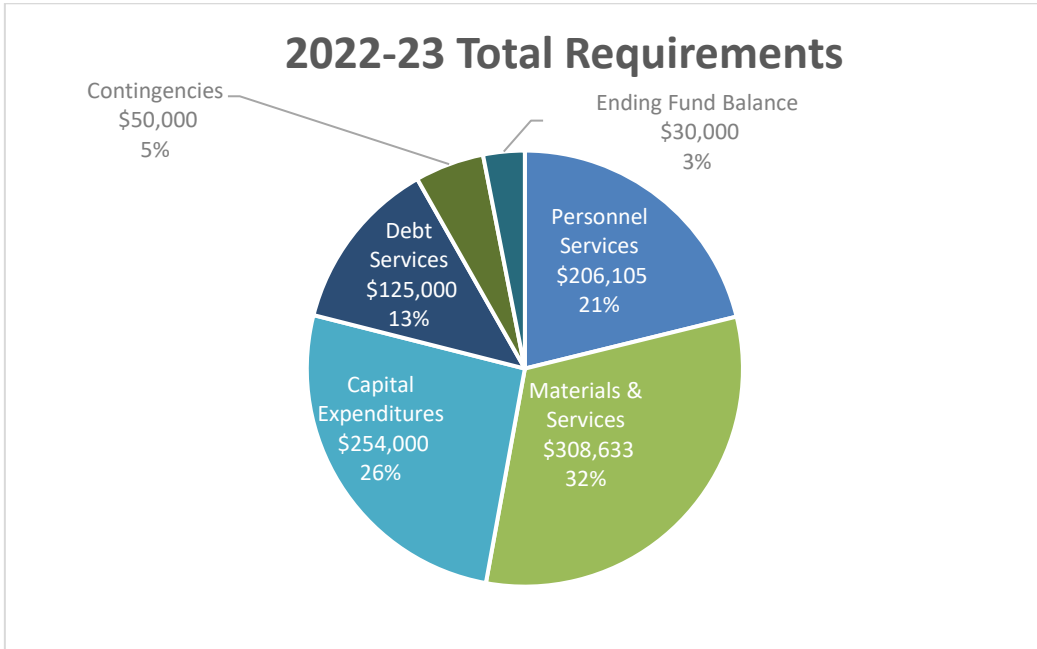
As in years past, property taxes make up the majority of resources for Corbett Fire, with beginning fund balance as the second largest resource. Beginning fund balance decreased by 16% (\$60,000) from the prior year.

New this year, revenue from the emergency medical service response (EMS) contract with Multnomah County is increased by \$30,000 to a total of \$100,000. This contract is currently under negotiation with hopes to have it finalized by early FY 22-23.

A one-time conflagration reimbursement from the state received in FY 21-22 is categorized as Other Income in the chart below.

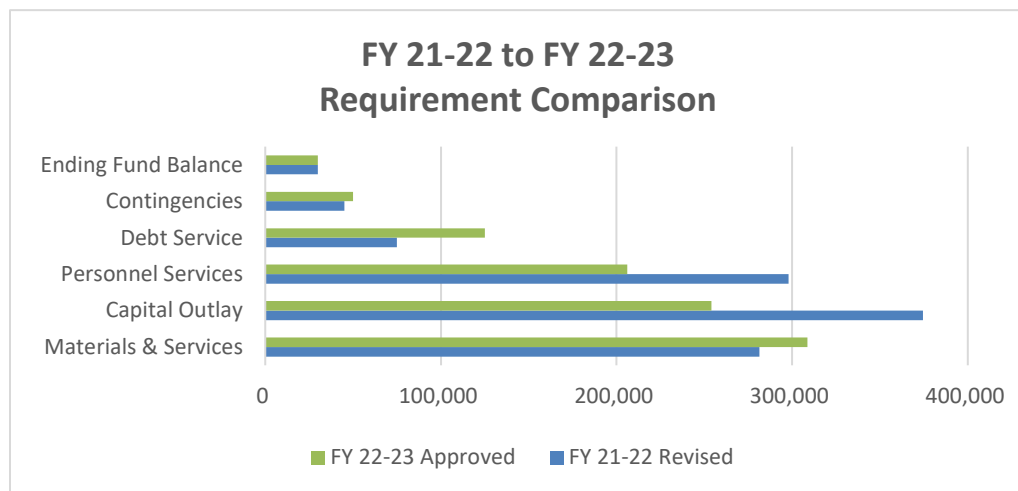


**REQUIREMENTS**



Overall, requirements are in line with previous budgets (when omitting the FY 21-22 revised budget increases for one-time conflagration-related expenses). **Materials & Services (M&S)** make up the largest requirements classification. Budget for equipment/maintenance make up approximately one-third of M&S costs, with volunteer firefighter expenditures for training and supplies making up 20%. The remainder of M&S costs are for administrative costs (e.g. utilities and insurance).

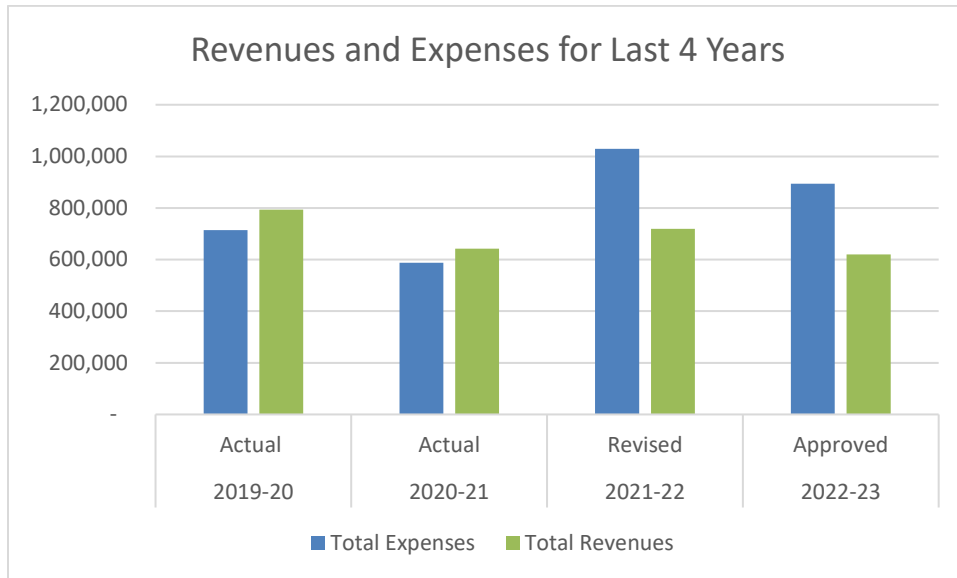
**Personnel Services** costs decreased from last year due to the one-time bump up for conflagration related expenses in FY 21-22. **Capital Outlay** similarly sees a decrease from last year for the same reason.



Notable for this year is a budgeted **Debt Service** payment of \$125,000, an increase of \$50,000 from last year’s budget. The Debt Service budget will cover the second payment for a new structural fire engine (anticipated for May 2022 delivery). Two payments are remaining on the fire engine, and the district anticipates having the engine paid off in FY 24-25.

**Capital Outlay** primarily consist of \$217,000<sup>1</sup> for future lease payments in the Reserve Fund.<sup>2</sup>

Budgeted Revenues (does not include transfers or beginning fund balance) have exceeded Expenses (does not include contingencies or ending fund balance) in FY 21-22 and FY 22-23. The district budgeted money for future equipment lease payments as capital outlay, but in actuality will only be spending a portion of that total money each year (see footnote 2 at bottom of the page for TSCC recommendation on future budgets). Prior year actuals show the district’s revenues typically exceed expenses.



## FUND DETAIL

The district has four funds, two of which are inactive but included in the budget for historical purposes.

1. General Fund
2. Reserve Fund
3. Incentive Plan Fund (Inactive)
4. Volunteer Activities Fund (Inactive)

### GENERAL FUND – \$832,738 (70% of total budget)

General Fund resources of property taxes, fees and charges, intergovernmental revenue, other revenue, and beginning fund balance make up 88% of total resources for the district. All operating expenses for the district are budgeted in the General Fund.

### RESERVE FUND - \$342,000 (30% of total budget)

The Reserve Fund is used to accumulate resources and pay for capital expenses such as buildings, land, equipment, and vehicles. Resources are transfers from the General Fund for the sale/lease of equipment. For FY23, the district

<sup>1</sup> This amount was in error - Corbett Fire staff will adjust this amount to \$187,000 before the budget is adopted.

<sup>2</sup> These funds are not expected to be spent in the current year, and TSCC recommended staff consider moving the funds to “reserve for future expenditures” rather than as part of the appropriation. Corbett Fire staff plan to submit this suggestion to their board for inclusion in the adopted budget.

will transfer \$231,000 into this fund.<sup>3</sup> Reserve Fund expenditures are all in the Capital Outlay classification, although the district plans to move these funds to Reserve for Future Expenditures in the Adopted budget.

### INACTIVE FUNDS - \$0

The Incentive Plan Fund was designed to compensate active volunteers by providing money to volunteers post-retirement from the Fire Department but the expenditures have been transferred to the General Fund. The district will show the fund in the budget for historical purposes for 2 years; this is the final year.

The Volunteer Activities Fund receives donations made to the volunteer firefighters to fund various actions such as benevolent activities, scholarship awards and citizen of the year awards. These proceedings do not fall under the purpose of the district which is to provide fire protection. The district has been working towards the separation of finances for the past couple of years. Corbett Firefighters’ Association (CFA) is now its own legal entity so the district abolished this fund, turning the \$5,000 in resources over to the newly formed CFA on July 1, 2020.

### DEBT STATUS

Aside from the capital lease for the fire engine, the district has no outstanding debt, but is tentatively planning to request approval of a GO bond from voters in November 2022. If approved, the proceeds of this bond would be budgeted in the FY 23-34 budget.

### BUDGET/STRATEGIC PLAN ALIGNMENT

Not applicable - the district currently does not have a written Strategic Plan or Performance Objectives.

### HIGHLIGHTS

- The overall FY 22-23 budget shows a decrease from the prior year budget due to one-time funds from the state to reimburse personnel and equipment costs related to the district helping during three conflagration events.
- Debt service increased this year due to scheduled payments on a lease to purchase a fire engine.
- Budget includes revenue increase of \$30,000 for district’s EMS contract.

### BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
x		Did the district meet publication requirements?
	x	Do resources equal requirements in every fund? – <i>Error in GF, Corbett Fire staff identified and will correct</i>
NA		Does the G.O. Debt Service Fund show only principal and interest payments?
x		Are contingencies shown only in operating funds?
x		Did the budget committee approve the budget?
x		Did the budget committee set the levy?
x		Does the audit show the district was in compliance with budget law?

<sup>3</sup> The proposed and approved budget contain an error and list the transfer amount as \$231,000; the amount should be \$201,000. Staff identified the error directly after budget approval and the governing board will make the adjustment before the budget is adopted.

## **LOCAL BUDGET LAW COMPLIANCE**

Although there was an error of \$30,000 in the approved budget, staff immediately identified and corrected the issue. Staff will present the needed correction to the governing board for inclusion in the adopted budget. Due to this error, resources and requirements do not balance. Once the error is corrected, the FY 22-23 Budget will be in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for FY 2020-21 notes no exceptions.

## **CERTIFICATION LETTER RECOMMENDATIONS & OBJECTIONS**

**Objection:** In the FY 22-23 budget as approved by the budget committee General Fund Requirements exceed Resources by \$30,000. Per Oregon budget law, all funds must balance. When the Commission “finds that any item is an expenditure not authorized by law to be made by the municipal corporation, the commission may order the item to be stricken from the budget. The levying board of the municipal corporation thereupon shall strike the item from the budget and shall not thereafter levy any tax for the payment of the same” (ORS 294.650). Before adopting the budget, Corbett Fire must correct the errors in the budget so that all funds balance and transfers in and out are equal. Please submit a copy of the budget resolution showing the corrected budget amounts after it is adopted so TSCC can verify the correction is completed.

Staff is aware of the error and brought it to the attention of the TSCC before they submitted their Approved budget. Corbett Fire district staff plan to implement a new policy for verifying numbers before submitting the proposed budget in coming years, and TSCC supports this strategy.

# Corbett RFPD District 14

## 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	455,908	480,993	488,000	507,000	4%
Prior Years Property Taxes	5,827	7,339	4,605	4,363	-5%
<b>Total Property Taxes</b>	<b>461,735</b>	<b>488,332</b>	<b>492,605</b>	<b>511,363</b>	<b>4%</b>
<b>Resources:</b>					
Beginning Fund Balance	316,823	406,380	384,000	324,000	-16%
Property Taxes	461,735	488,332	492,605	511,363	4%
Intergovernmental Revenue	202,000	7,000	7,000	7,000	0%
Fees and Charges	70,000	70,000	70,000	100,000	43%
Other Income	59,434	77,367	150,058	1,375	-99%
Transfers In	105,891	0	230,000	231,000	0%
<b>TOTAL RESOURCES</b>	<b>1,215,883</b>	<b>1,049,079</b>	<b>1,333,663</b>	<b>1,174,738</b>	<b>-12%</b>
<b>Requirements by Function:</b>					
Public Safety	703,612	588,225	953,663	768,738	-19%
Debt Service	0	0	75,000	125,000	67%
Transfers Out	105,891	0	230,000	231,000	0%
Contingencies	0	0	45,000	50,000	11%
Ending Fund Balance	406,380	460,854	30,000	30,000	0%
<b>TOTAL REQUIREMENTS</b>	<b>1,215,883</b>	<b>1,049,079</b>	<b>1,333,663</b>	<b>1,204,738</b>	<b>-10%</b>
<b>Requirements by Object:</b>					
Personnel Services	181,917	192,615	297,986	206,105	-31%
Materials & Services	256,873	219,610	281,295	308,633	10%
Capital Outlay	264,781	176,000	374,382	254,000	-32%
Debt Service	0	0	75,000	125,000	67%
Fund Transfers	105,891	0	230,000	231,000	0%
Contingencies	0	0	45,000	50,000	11%
Ending Fund Balance	406,380	460,854	30,000	30,000	0%
<b>TOTAL REQUIREMENTS</b>	<b>1,215,842</b>	<b>1,049,079</b>	<b>1,333,663</b>	<b>1,204,738</b>	<b>-10%</b>
<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	671,580	839,890	958,663	862,738	-10%
Equip, Bldg & Land Reserve Fund	384,800	204,031	375,000	342,000	-9%
Incentive Plan Fund	115,377	0	0	0	0%
Volunteer Activities Fund	44,126	5,158	0	0	0%
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,215,883</b>	<b>1,049,079</b>	<b>1,333,663</b>	<b>1,204,738</b>	<b>-10%</b>

**DETAIL OF GENERAL FUND****Resources:**

Beginning Fund Balance	112,609	262,500	239,000	213,000	-11%
Property Tax	461,735	488,332	492,605	511,363	4%
State Revenue	7,000	7,000	7,000	7,000	0%
Fees and Charges	70,000	70,000	70,000	100,000	43%
Other Income	20,236	12,058	150,058	1,375	-99%
<b>TOTAL FUND RESOURCES</b>	<b>671,580</b>	<b>839,890</b>	<b>958,663</b>	<b>832,738</b>	<b>-13%</b>

**Requirements:**

Public Safety	303,189	480,825	653,663	551,738	-16%
Transfers Out	105,891	0	230,000	231,000	0%
Contingencies	0	0	45,000	50,000	11%
Ending Fund Balance	262,500	359,065	30,000	30,000	0%
<b>TOTAL FUND REQUIREMENTS</b>	<b>671,580</b>	<b>839,890</b>	<b>958,663</b>	<b>862,738</b>	<b>-10%</b>