

Budget Review 2023-24

Multnomah Rural Fire Protection District 10

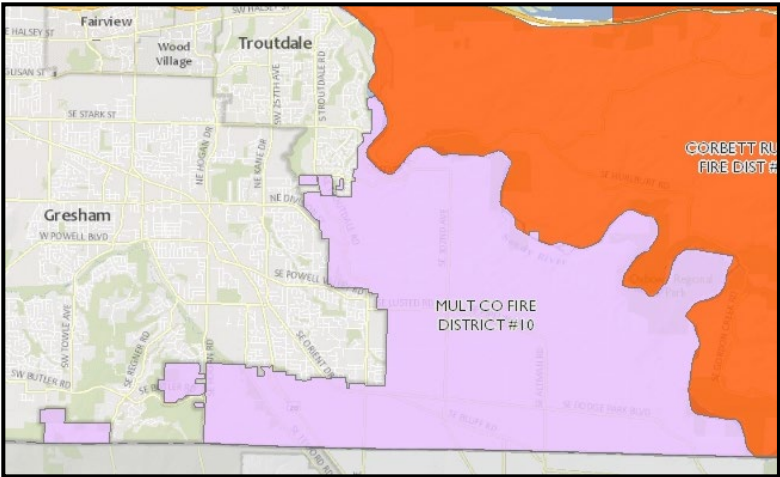


BUDGET HIGHLIGHTS

- The total budget is increasing from \$2,686,390 to \$2,997,168 (11.6%). This increase can be attributed to higher fund balances as debt payments decrease and the district builds reserves for future equipment purchases.
- The district will keep a balance of \$315,054 in the Capital Reserve Fund, an increase of nearly \$50,000 (an 18% increase).
- Fire District 10 has budgeted \$353,527 for debt service obligations. This amount includes an optional \$52,364 principal payment above what is required. Their goal is to pay this loan off in FY 2025-26.

INTRODUCTION & BACKGROUND

Multnomah Rural Fire Protection District 10 provides fire and emergency service to the district's residents through inter-governmental agreements with Gresham to serve the unincorporated areas of East Multnomah County, and with Portland, to serve the City of Maywood Park.



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

While the district does not provide any direct services, it does own two fire stations, Station 75 in Troutdale and Station 76 in Orient, which was constructed in 2015. Fire District 10 also owns a training center, a reserve fire engine purchased new in 2008, and a fire engine purchased in 2017, which is used at Station 76.

Multnomah RFPD 10	2019-20	2020-21	2021-22	2022-23
Assessed Value in Millions	\$661.2	\$691.4	\$710.8	\$738.6
Real Market Value (M-5) in Millions	\$1,006.7	\$1,060.2	\$1,204.4	\$1,398.5
Property Tax Rate Extended: Operations	\$2.8527	\$2.8527	\$2.8527	\$2.8527
Measure 5 Loss	\$-142	\$-177	\$-180	\$-195
Number of Employees (FTE's)	0.15	0.15	0.15	0.15

BUDGET OVERVIEW

The FY 2023-24 budget is increasing by just over \$310,000 from \$2,686,390 to \$2,997,168 (11.6%). In the current year, the district made an additional \$89,054 principal payment on the loan used to build the replacement fire station, reducing the overall cost to taxpayers by paying down the debt. This payment follows six consecutive years of optional payments that are decreasing as the debt balance is reduced. The board approved an extra principal payment of \$52,364 for FY 2023-24. Increasing fund balance is the primary contributor to the overall increase of the budget.

The district prepares a five-year projection for both of their funds. General Fund forecasted expenditures include extra loan payments to reduce their debt obligation. After the debt obligation is retired, an amount equivalent to the loan payment will be transferred to the Capital Reserve Fund. After five years the Capital Reserve Fund is anticipated to have an ending fund balance of just over \$1.1 million.

RESOURCES

Fire District 10 relies almost exclusively on property tax revenue. In the approved budget, property taxes make up 95% of the revenue received by the district. Property taxes increase 3.9% to a total of \$2.1 million. The district collects cost-sharing revenue from the City of Portland for former employees' retirement benefits. This income source decreased 48.2%, from \$33,200 to \$17,200. Budgeted interest revenues increase in this budget as well.

REQUIREMENTS

Total requirements in FY 2023-24 are \$310,778 more than the current year. However, expenditures decrease just under \$11,000 due to a reduction in the debt service payment over the current year's allocation. Even though the district is paying an extra principal amount in FY 2023-24, the debt payment is still less than allocated in the current year. Intergovernmental agreements for contracted fire service increase \$59,700 in this budget (4.1%). The district has allocated \$16,000 for capital repairs and improvements in FY 2023-24, consistent with the current year budget.

GENERAL FUND

All revenue is received in the General Fund, and all expenditures are recorded in this fund except significant capital expenditures such as equipment or fire engine replacements. A transfer to the Capital Reserve Fund of \$40,000, consistent with previous years, will be made in FY 2023-24.

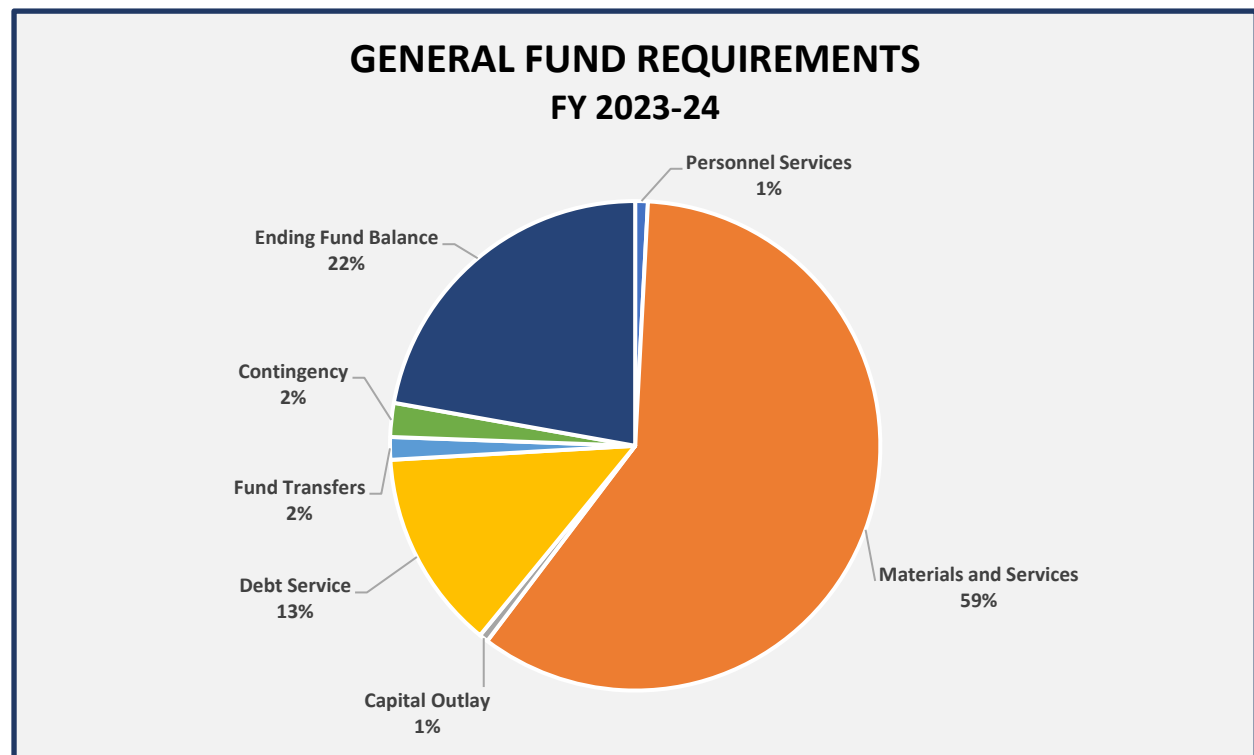
GENERAL FUND FIVE-YEAR PROJECTION

	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Taxes	2,074,995	2,137,221	2,201,342	2,267,362	2,335,343
Other Revenue	63,300	39,500	43,500	48,000	51,800
Beginning Balance	543,819	595,062	681,930	784,396	868,178
Total Resources	2,682,114	2,771,783	2,926,772	3,099,758	3,255,321
Expenditures	1,633,525	1,661,620	1,713,030	1,771,580	1,826,190
Debt Service	353,527	318,233	19,346	-	-
Transfers	40,000	50,000	350,000	400,000	450,000
Contingency	60,000	60,000	60,000	60,000	60,000
Ending Fund Balance	595,062	681,930	784,396	868,178	919,131
Total Requirements	2,682,114	2,771,783	2,926,772	3,099,758	3,255,321

GENERAL FUND RESOURCES

Revenue for the district is primarily from property taxes. This amount is expected to increase by 3.9%. The district receives cost-sharing income from the City of Portland for their share of retirement obligations for former Fire District 10 employees; surviving spouses entitled to 50% of the firefighter's benefit. Portland's share of the retirement obligations is \$17,200. This amount is calculated as 64.8731% of pension. Forecasted income is \$17,200 to \$19,200 over the five-year period.

GENERAL FUND REQUIREMENTS

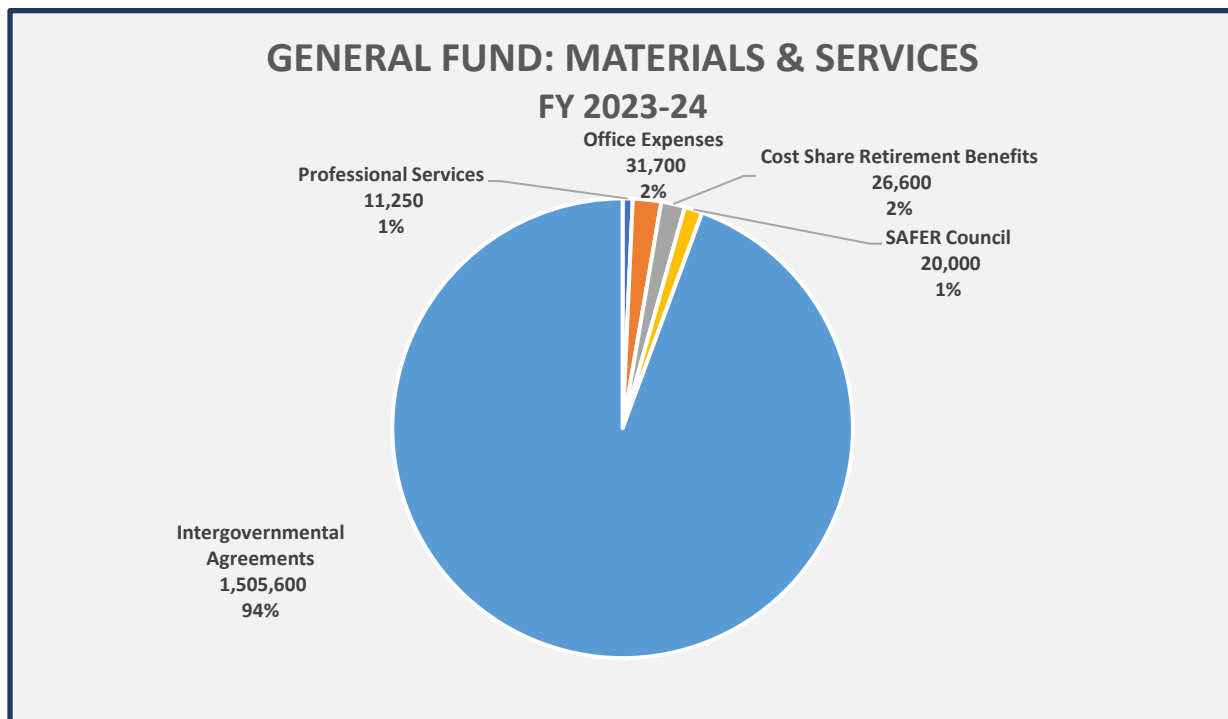


The district's main expense is \$1,292,900 for a ten-year intergovernmental agreement that contracts with the City of Gresham to provide fire services for the Multnomah County Fire District residents. The contract

was renewed in 2015 and will expire in FY 2024-25. The contract terms require Fire District 10 to pay \$1.90 per thousand assessed value of taxable property within the district's boundaries, not including property within the City of Maywood Park. The City of Portland provides Maywood Park's fire protection services through a separate agreement with Fire District 10, which will cost the district \$212,700. Since both contracts are tied to property taxes, these expenditures increase slightly over the current year's amount.

The **Personnel Services** charges of \$22,375 include the salaries for an administrative assistant and a backup assistant, both part-time. With a cost-of-living increase, personnel services increase by 5.2% in this budget.

Materials & Services total \$1,595,150 and are 59.5% of the district's General Fund requirements.



Cost Share Retirement Benefits for former employees' retirement benefits accounts for \$26,600 in expenditures. This cost results from a complicated history of formerly paid firefighters, intergovernmental agreements, and legal cases for employees who retired before July 1, 1982. These expenses are partially offset by a payment received from the City of Portland.

Sustainable Affordable Funding for Emergency Services (SAFER) Council consists of 10 members: two members from Fire District 10 and two from the four east county cities. Their goal is to determine emergency response levels, provide an assessment of these service levels, and establish a SAFER proposal for consideration. Each city and the fire district have allocated \$20,000 in their budgets for the cost-share of SAFER Council requirements.

Professional Services allocations are used for legal counsel (\$4,000), and auditors services and filing fees (\$7,250).

The **Intergovernmental Agreements (IGA)** with the cities of Gresham and Portland total \$1,505,600 and account for 94.4% of the materials and service expenditures.

Office expenses include landscape maintenance at Station 76, half of the cost for landscaping and care at the Training Center, office equipment and supplies, travel & training, dues and subscriptions and insurance.

Capital Expenditures are budgeted at \$16,000, including \$15,000 for landscaping projects and \$1,000 for any equipment needs the district may have in FY 2023-24.

With the extra principal payment, **Debt Services** allocations are responsible for 13% of the district's General Fund requirements.

Routine **Transfers** are made to the Capital Reserve Fund each year for future capital. The amount in FY 2023-24 is the same as the current year, \$40,000.

The General Fund's combined **Contingency** and **Ending Fund Balance** is \$655,062, 24.4% of fund requirements.

OTHER SIGNIFICANT BUDGET AREAS

CAPITAL RESERVE FUND \$315,054

The district budgets in one other fund, the Capital Reserve Fund. The revenue sources for this Capital Reserve Fund are a routine transfer from the General Fund and interest earned on investments. The FY 2023-24 transfer of \$40,000 is intended for future replacement of a fire engine.

DEBT STATUS

Debt service payments are used to cover the \$4 million loan taken out to finance the construction of the new fire station in 2015. Debt service due in FY 2023-24 is \$282,168, but the district is budgeting for an additional principal payment of \$52,364 to reach its goal of paying off this loan as early as possible. As of June 30, 2023, the district's outstanding debt will be \$663,589. Paying the additional principal payment in FY 2023-24 will leave a principal balance of \$329,057 at the close of the year. By paying off the loan as quickly as possible, they are reducing the overall cost to taxpayers.

BUDGET/STRATEGIC PLAN ALIGNMENT

The district is in sync with the five-year financial forecast. This budget includes resources to pay down the district's debt. They are on track to have this obligation satisfied in three years.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
N/A		Does the GO 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 Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The 2023-2024 Approved Budget is in substantial compliance with local budget law.

The audit report for fiscal year FY 2021-2022 notes no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

TSCC staff did not find any deficiencies in the district's FY 2023-24 budget or budget process, and recommend the Certification Letter contain no recommendations or objections.

Multnomah Fire District #10					
Budget Summary					
	2020 - 2021	2021 - 2022	2022 - 2023	2023 - 2024	%
	Actual	Actual	Revised	Approved	Change
<u>SUMMARY OF ALL FUNDS</u>					
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	1,884,438	1,952,922	1,972,919	2,049,995	3.9%
Prior Years Property Taxes	28,970	24,448	25,000	25,000	0.0%
TOTAL PROPERTY TAX	1,913,408	1,977,370	1,997,919	2,074,995	3.9%
RESOURCES:					
Beginning Fund Balance	669,891	677,127	608,571	808,973	32.9%
Property Taxes	1,913,408	1,977,370	1,997,919	2,074,995	3.9%
Intergovernmental Revenue	30,715	32,015	33,200	17,200	-48.2%
Other Income	10,577	8,268	6,700	56,000	735.8%
Transfers In	30,000	40,000	40,000	40,000	0.0%
TOTAL RESOURCES	2,654,591	2,734,780	2,686,390	2,997,168	11.6%
REQUIREMENTS BY OBJECT:					
Personnel Services	16,504	17,954	21,260	22,375	5.2%
Materials & Services	1,443,195	1,490,511	1,563,540	1,595,150	2.0%
Capital Outlay	3,311	0	16,000	16,000	0.0%
Debt Service	484,454	435,706	397,235	353,527	-11.0%
Fund Transfers	30,000	40,000	40,000	40,000	0.0%
Contingencies	0	0	60,000	60,000	0.0%
Ending Fund Balance	677,127	750,609	588,355	910,116	54.7%
TOTAL REQUIREMENTS BY OBJECT	2,654,591	2,734,780	2,686,390	2,997,168	11.6%
SUMMARY OF BUDGET - BY FUND					
General Fund	2,476,809	2,515,896	2,426,768	2,682,114	10.5%
Capital Reserve Fund	177,782	218,884	259,622	315,054	21.4%

GRAND TOTAL ALL FUNDS	2,654,591	2,734,780	2,686,390	2,997,168	11.6%
DETAIL OF GENERAL FUND					
RESOURCES:					
Beginning Fund Balance	523,353	499,345	389,849	543,819	39.5%
Property Tax	1,913,408	1,977,370	1,997,919	2,074,995	3.9%
Local Revenue	30,715	32,015	33,200	17,200	-48.2%
Other Income	9,333	7,166	5,800	46,100	694.8%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	2,476,809	2,515,896	2,426,768	2,682,114	10.5%
REQUIREMENTS:					
Public Safety	1,463,010	1,508,465	1,600,800	1,633,525	2.0%
Debt Service	484,454	435,706	397,235	353,527	-11.0%
Transfers Out	30,000	40,000	40,000	40,000	0.0%
Contingencies	0	0	60,000	60,000	0.0%
Ending Fund Balance	499,345	531,725	328,733	595,062	81.0%
TOTAL FUND REQUIREMENTS	2,476,809	2,515,896	2,426,768	2,682,114	10.5%