

Budget Review 2024-25

Multnomah Rural Fire Protection District 10

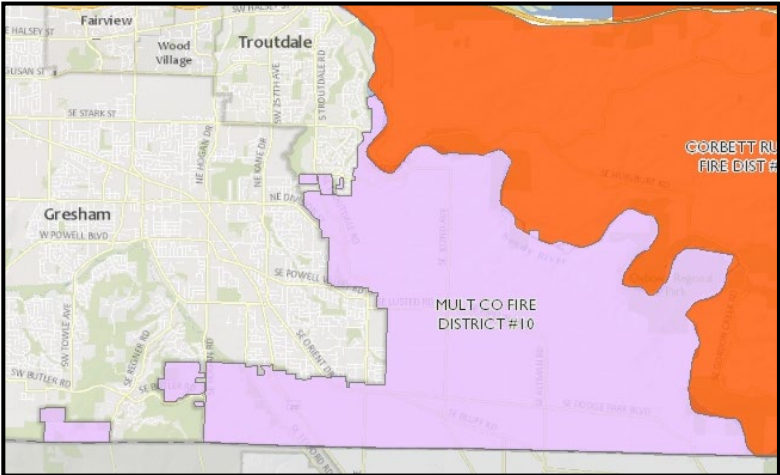


BUDGET HIGHLIGHTS

- The total FY 2024-25 Approved budget is increasing by 9.6% from \$2,997,168 to \$3,285,397. This increase can be attributed to higher fund balances as debt payments decrease and the district builds reserves for future equipment purchases.
- The district budgets \$376,256 in the Capital Reserve Fund, an increase of a little over \$61,000 (a 19.4 % increase).
- Fire District 10 has budgeted \$318,233 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.
- Budget from general fund for contingencies increased from \$60,000 to \$100,000 (66%).

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	2020-21	2021-22	2022-23	2023-24
Assessed Value in Millions	\$691.4	\$710.8	\$738.6	\$761.2
Real Market Value (M-5) in Millions	\$1,060.2	\$1,204.4	\$1,398.5	\$1,372.4
Property Tax Rate Extended: Operations	\$2.8527	\$2.8527	\$2.8527	\$2.8527
Measure 5 Impact	\$-177	\$-180	\$-195	\$-258
Number of Employees (FTE's)	0.15	0.15	0.15	0.15

BUDGET OVERVIEW

The FY 2023-24 budget is increasing by just under \$290,000 from \$2,997,168 to \$3,285,397 (9.6% increase). In the current year, the district made an additional \$52,364 principal payment on the loan used to build the replacement fire station, reducing the overall cost to taxpayers by paying down the debt and saving interest costs. This payment follows six consecutive years of optional payments that are decreasing as the debt balance is reduced. The board approved an additional principal payment of \$18,452 for FY 2024-25. Increasing fund balance is the primary contributor to the overall increase of the budget, as the district has consistently spent less than the revenue received in recent years.

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 \$1.8 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 increased 3.5% to a total of \$2.12 million. The district collects cost-sharing revenue from the City of Portland for former employees' retirement benefits. This income source increased 7.6%, from \$17,200 to \$18,500. Budgeted interest revenues increase in this budget as well.

FY 2025 Resources	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	Change
Beginning Fund Balance	677,127	750,609	808,973	992,351	22.7%
Property Taxes	1,977,370	2,036,903	2,074,995	2,144,746	3.4%
Intergovernmental Revenue	32,015	16,575	17,200	18,500	7.6%
Other Income	8,268	46,184	56,000	89,800	60.4%
Transfers In	40,000	40,000	40,000	40,000	0.0%
TOTAL	2,734,780	2,890,271	2,997,168	3,285,397	9.6%

REQUIREMENTS

Total requirements in FY 2024-25 are \$288,229 more than the current year. The district is paying an extra principal amount in FY 2024-25 as has been the practice in recent years, and debt service continues to reduce as the district pays down debt. Intergovernmental agreements, the largest budgeted item for the district, are for contracted fire service and increase \$59,700 in this budget (4.1%). The district has allocated \$87,000 for capital repairs and improvements in FY 25, consistent with the current year budget.

FY 2025 Requirements	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	Change
Public Safety	1,508,465	1,534,892	1,703,525	1,763,780	3.5%
Debt Service	435,706	392,177	353,527	318,233	-10.0%
Transfers Out	40,000	40,000	40,000	40,000	0.0%
Contingencies	0	0	60,000	100,000	66.7%
Ending Fund Balance	750,609	923,202	840,116	1,063,384	26.6%
TOTAL	2,734,780	2,890,271	2,997,168	3,285,397	9.6%

GENERAL FUND

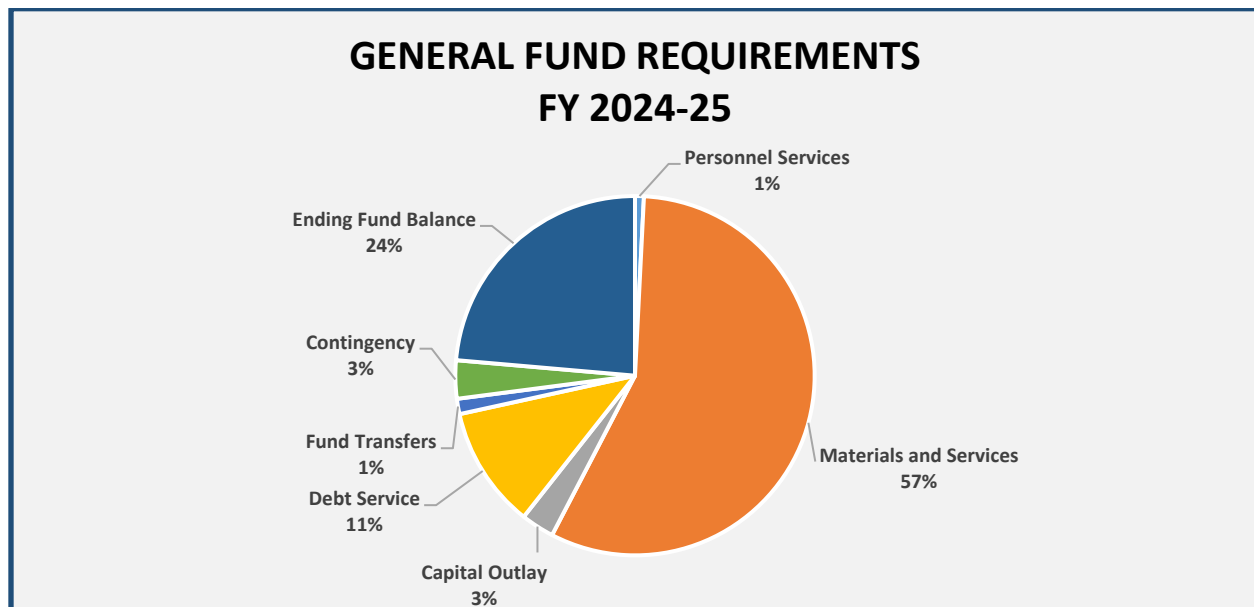
All revenue is received in the General Fund, and all expenditures are recorded in this fund except significant capital expenditures such as equipment or fire engine replacements. A transfer to the Capital Reserve Fund of \$40,000, consistent with previous years, will be made in FY 2024-25.

GENERAL FUND FIVE-YEAR PROJECTION					
	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Taxes	2,144,746	2,209,033	2,275,235	2,343,504	2,413,801
Other Revenue	91,700	54,900	55,600	58,600	60,700
Beginning Balance	672,695	687,128	718,165	728,380	753,834
Total Resources	2,909,141	2,951,061	3,049,000	3,130,484	3,228,335
Expenditures	1,763,780	1,713,550	1,772,220	1,826,650	1,889,030
Debt Service	318,233	19,346	-	-	-
Transfers	40,000	400,000	450,000	450,000	450,000
Contingency	100,000	100,000	100,000	100,000	100,000
Ending Fund Balance	687,128	718,165	728,380	753,834	789,305
Total Requirements	2,909,141	2,951,061	3,050,600	3,130,484	3,228,335

GENERAL FUND RESOURCES

Revenue for the district is primarily from property taxes, which account for 73% of total resources. Property tax is expected to increase by 3.4%. Other revenue includes interest from investments, which will increase by 59% to 73,000. The district also receives cost-sharing income from the City of Portland for their share of retirement obligations for former Fire District 10 employees; surviving spouses are entitled to 50% of the firefighter's benefit. Portland's share of the retirement obligations is \$18,500. This amount is calculated as 64.9% of pension costs. Forecasted income is \$18,500 to \$21,500 over the five-year period.

GENERAL FUND REQUIREMENTS



The district's main expense is \$1,331,700 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 \$218,400. Both contract costs are tied to property tax growth and increase slightly over last year.

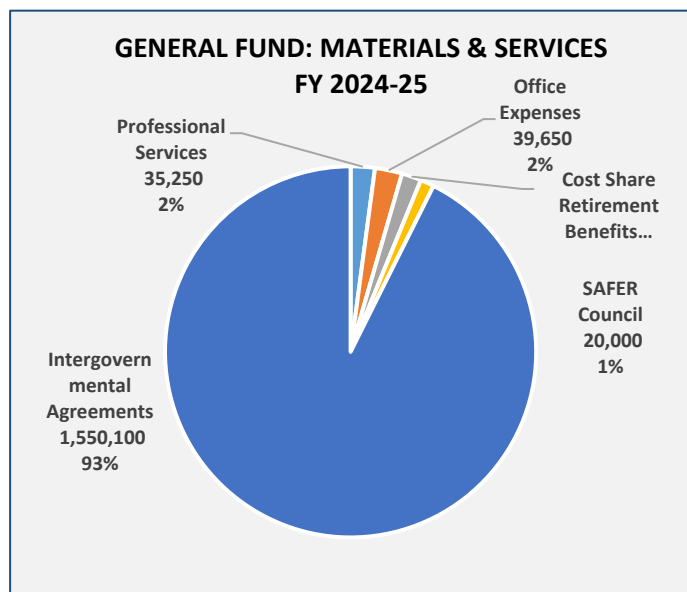
The **Personnel Services** charges of \$23,180 include the salaries for an administrative assistant and a backup assistant, both part-time. With a cost-of-living increase, personnel services increase by 3.6% in this budget.

Capital Expenditures are budgeted at \$87,000, including \$85,000 for major repairs or improvement of facilities and \$2,000 for any equipment needs the district may have in FY 2024-25.

Materials & Services total \$1,653,600 and are 57% of the district's General Fund requirements. See list below for Materials & Services detail:

The Intergovernmental Agreements (IGA) with the cities of Gresham and Portland total \$1,550,100 and account for 93.7% of the materials and service expenditures. A majority of IGA funds (\$1,331,700) go towards Gresham Fire & Emergency Services.

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.



Professional Services allocations equal \$35,250 – more than double FY 24. Services include legal counsel (\$8,000), auditors services and filing fees (\$7,250) and potential cost share for a regional fire service study (\$20,000). The study accounts for the increase in this area.

Cost Share Retirement Benefits for former employees' retirement benefits accounts for \$28,600 in materials & services 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.

Debt Services allocations are responsible for 10.9% 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 2024-25 is the same as the current year, \$40,000.

The General Fund's combined **Contingency** and **Ending Fund Balance** is \$687,128, 23.6% of fund requirements, an increase of 15.5% year over year.

OTHER SIGNIFICANT BUDGET AREAS

CAPITAL RESERVE FUND \$376,256

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 2024-25 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 2024-25 is \$291,564, but the district is budgeting for an additional principal payment of \$18,452 to reach its goal of paying off this loan as early as possible. As of June 30, 2024, the district's outstanding debt will be \$329,057. Paying the additional principal payment in FY 2024-25 will leave a principal balance of \$19,041 at the close of the year. By paying off the loan as quickly as possible, they are reducing the overall cost to taxpayers.

BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the 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?
X		Does the audit show the district was in compliance with Local Budget Law?

LOCAL BUDGET LAW COMPLIANCE

The 2024-2025 Approved Budget is in substantial compliance with local budget law.

The audit report for fiscal year FY 2022-2023 had not been received at the time of this review; the district was received late but prior to commission certifying their budget. The audit contained no exceptions.

CERTIFICATION LETTER RECOMMENDATIONS AND OBJECTIONS

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

Multnomah RFPD District 10

Budget Summary

	2021 - 2022	2022 - 2023	2023 - 2024	2024 - 2025	%
<u>SUMMARY OF ALL FUNDS</u>	Actual	Actual	Revised	Approved	Change
PROPERTY TAX BREAKDOWN:					
Permanent Rate Property Taxes	1,952,922	2,015,503	2,049,995	2,123,746	3.6%
Prior Years Property Taxes	24,448	21,400	25,000	21,000	-16.0%
TOTAL PROPERTY TAX	1,977,370	2,036,903	2,074,995	2,144,746	3.4%
RESOURCES:					
Beginning Fund Balance	677,127	750,609	808,973	992,351	22.7%
Property Taxes	1,977,370	2,036,903	2,074,995	2,144,746	3.4%
Intergovernmental Revenue	32,015	16,575	17,200	18,500	7.6%
Other Income	8,268	46,184	56,000	89,800	60.4%
Transfers In	40,000	40,000	40,000	40,000	0.0%
TOTAL RESOURCES	2,734,780	2,890,271	2,997,168	3,285,397	9.6%
REQUIREMENTS BY OBJECT:					
Personnel Services	17,954	18,122	22,375	23,180	3.6%
Materials & Services	1,490,511	1,516,771	1,595,150	1,653,600	3.7%
Capital Outlay	0	0	86,000	87,000	1.2%
Debt Service	435,706	392,177	353,527	318,233	-10.0%
Fund Transfers	40,000	40,000	40,000	40,000	0.0%
Contingencies	0	0	60,000	100,000	66.7%
Ending Fund Balance	750,609	923,202	840,116	1,063,384	26.6%
TOTAL REQUIREMENTS BY OBJECT	2,734,780	2,890,272	2,997,168	3,285,397	9.6%
SUMMARY OF BUDGET - BY FUND					
General Fund	2,515,896	2,624,615	2,682,114	2,909,141	8.5%
Capital Reserve Fund	218,884	265,656	315,054	376,256	19.4%
GRAND TOTAL ALL FUNDS	2,734,780	2,890,271	2,997,168	3,285,397	9.6%
DETAIL OF GENERAL FUND					
RESOURCES:					
Beginning Fund Balance	499,345	531,725	543,819	672,695	23.7%
Property Tax	1,977,370	2,036,903	2,074,995	2,144,746	3.4%
Local Revenue	32,015	16,575	17,200	18,500	7.6%
Other Income	7,166	39,412	46,100	73,200	58.8%
Transfers In	0	0	0	0	0.0%
TOTAL FUND RESOURCES	2,515,896	2,624,615	2,682,114	2,909,141	8.5%
REQUIREMENTS:					

Public Safety	1,508,465	1,534,892	1,703,525	1,763,780	3.5%
Debt Service	435,706	392,177	353,527	318,233	-10.0%
Transfers Out	40,000	40,000	40,000	40,000	0.0%
Contingencies	0	0	60,000	100,000	66.7%
Ending Fund Balance	531,725	657,546	525,062	687,128	30.9%
TOTAL FUND REQUIREMENTS	2,515,896	2,624,615	2,682,114	2,909,141	8.5%