



*Serving the Svensen Community since 1938*

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# Adopted Budget Fiscal Year 2020-2021

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Budget Hearing held on June 10, 2020

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# BUDGET PROCESS AND BUDGET COMMITTEE

## Purpose and Structure of the Budget Message

This Budget Message explains the Wickiup Water District(District) budget for July 1, 2020, through June 30, 2021 (Fiscal Year (FY) 2020-2021). The budget is submitted for consideration under Oregon Budget Law, which guides the District through the budgeting process and is defined in Oregon Revised Statutes (ORS) Chapter 294.305 to 294.565 of Oregon State Law. This document is organized into three sections. Section 1 contains background information for a better understanding of the budgeting process. Section 2 provides a review of all our programs. Section 3 provides a written explanation of the budget.

## Requirements of a Special District

Wickiup Water District is a special district of the State of Oregon. It is a local unit of government formed under the authority of, and with the powers and duties described under ORS chapter 264. The District is governed by an elected Board of five Commissioners.

The District is required to establish a Budget Committee, hold public meetings, and approve the proposed budget. All meetings of the Budget Committee are subject to Oregon’s Public Meetings Law (ORS 192.610 through ORS 192.690).

The Budget Message and data are provided to the Budget Committee and the public for review and are intended to explain the proposed budget and highlight any significant changes in the District’s financial position. These documents will be available at the District office and on the District website (<http://wickiupwater.specialdistrict.org>) throughout the budget process.

## Budget Committee

The Budget Committee is composed of the District’s five-member Board of Commissioners and an equal number of local registered voters (Electors) residing within the District’s boundary.

Name	Position	Status
Doug Stevens	Elector	
Doug Graham, Jr.	Elector	
Toni Fulton	Elector	
Curtis Peugh	Elector	
Carrie Doner	Elector	
Ron Lake	Board President	Elected Board member – Position #4 through 6.30.2021
Jennifer Bunch	Board Secretary	Elected Board member – Position #1 through 6.30.2023
Murray Stanley	Board Treasurer	Elected Board member – Position #5 through 6.30.2021
Carl “Ole” Gifford	Commissioner	Elected Board member – Position #2 through 6.30.2023
Debbie Pike	Commissioner	Elected Board member – Position #3 through 6.30.2021

## **Duties of the Budget Committee**

The official duties of the Budget Committee are to:

1. Meet publicly to review the proposed budget document and message;
2. Provide an opportunity for public input and discussion on the proposed budget; and
3. Approve the budget as proposed or as modified with all funds in balance.

After the Budget Committee has approved the budget and submitted the Approved Budget to the Board of Commissioners, their work as the Budget Committee is done.

## **Duties of the Board of Commissioners**

Following approval of the budget by the Budget Committee, the District's Board of Commissioners hold a budget hearing on the budget as approved by the Committee. Any person may comment on the approved budget at the hearing.

After the hearing, the Board of Commissioners may change the budget expenditures approved by the Budget Committee. However, if the Board increases expenditures by 10 percent or more, the District must republish the amended budget summary and hold another budget hearing.

The deadline for the Board of Commissioners to enact a resolution that adopts the budget, makes appropriations, and imposes a tax levy is June 30.

## **Post-Adoption Budget Changes**

Once the budget is adopted, the District is bound by the resources and requirements for each fund as detailed in the budget document and summarized in the resolution. The resolution makes appropriations in total for District operations, which includes requirements by category: personnel, material & services, and capital outlay. Budget law allows transfers of budgeted funds between line-item categories as long as the appropriated funds in total are not exceeded; however, District policy requires Board of Commissioners approval for these types of transfers. It is illegal to overspend an appropriation in total.

There are a number of ways to amend the budget should it become necessary during the fiscal year. The process will vary depending on the nature and magnitude of the change. In all cases, action is required prior to an appropriated amount being exceeded. Some changes require the Board of Commissioners to pass a resolution; many changes require a supplemental budget; and certain changes require that a public hearing be held before the Board can make the change.

## **DISTRICT GOALS**

We are committed to ensuring the best quality of water is delivered to the homes, schools, and businesses within our community. We want our customers to understand the efforts we make to continually improve the water treatment and distribution processes, as well as our efforts to protect and perpetuate our local water resources. The District's annual budget supports our mission and strategic goals. In developing the budget, we considered both our long-term and the short-term goals.

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## **Fiscal Oversight**

The Office Administrator/District Manager and the Board of Commissioners regularly monitor accounts and compare expenditures to limits authorized in the budget. Each month, the Board of Commissioners reviews the District's financial statements and obtains explanations for any variances from budget or changes in financial position.

All District funds are held in federally insured depositories approved by the Oregon State Treasury.

The District's financial statements are audited annually. The audit report is filed with the Oregon Secretary of State, Division of Audits. A strong and effective system of internal controls is employed to protect the public funds entrusted to the care of the District.

## **BUDGET AND ASSUMPTIONS**

### **Budget Preparation**

The proposed FY 2020-2021 budget is in balance and complies with Oregon Local Budget Law, state statutes, and generally accepted accounting principles. The budget supports implementation of the District's annual work plans and is consistent with the District's mission, vision, and desired outcomes. It is prepared on a cash basis, which is consistent with how the District's audited financial statements are prepared.

### **Budget Documents and Funds**

Budget documents are provided to the Budget Committee and to the public for their review. The District is required to submit the final budget on standardized Local Budget (LB) forms prescribed by the Oregon Department of Revenue.

The LB forms contain FY 2017-18 and FY 2018-19 audited financial results, FY 2019-20 Adopted Budget, and FY 2020-21 Proposed Budget. The District has a General Fund and six Special Funds. The purpose of the General Fund is to account for operations and general services of the District; it can be used whenever a specific type of fund is not required. The six special funds are used to record revenue dedicated for specific expenditures. Resources and requirements within each fund are equal, creating a balanced fund.

Specific forms submitted by the District are: General Fund Resources (Form LB-20); General Fund Requirements (Form LB-30); Special Funds (LB-10). Each is described below.

### **General Fund Resources (Form LB-20)**

The primary source of revenue for the General Fund is from water sales. Other resources include grant and loan funding.

### **General Fund Requirements (Form LB-30)**

Categories in the General Fund requirements and their increase from prior year's budget are reflected in the table below and discussed in detail within each section.

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Category	FY 2019-20	FY 2020-21	Increase/ (Decrease)	%	Reason for Change
<b>Personnel services</b> -- Administrative -- Maintenance	49,000 156,000	63,200 172,000	14,200 16,000	29 10	Cost of living increase; delegation of duties; varied increases resulting from Oregon Pay Equity Law analysis; PERS increase
<b>Materials &amp; services:</b> -- Administrative -- Maintenance	201,100	64,195 111,500	(25,405)		In the past, these categories have been combined. This year they are broke out between Administration & Maintenance. Bringing AR and AP back to the District office has substantially reduced costs
<b>Capital outlay</b> -- Administrative -- Maintenance	175,000	-0- 181,500	6,500	4	These categories were also combined. Capital outlay is a purchase over \$5,000 with a life span of more than one-year
<b>Transfer Out to Debt Service Loan Fund #1 and #2</b>	60,301 34,301	60,472	26,171	75	\$60,301 was budgeted, but billing adjustments did not take place, so only \$34,301 was transferred. Payments will begin on the second loan in the approximate amount of \$26,000 and funds need to be available to make the loan payments
<b>System Development Charge Fund</b>	162,440	155,401	(7,039)		This fund was established in 1991 to direct a portion of funds received from new construction to the existing system and future system improvements. Current number is based upon five new builds (\$4,242 x 5)
<b>Maintenance Program</b>	24,009	24,009			Established by resolutions in 2011, 2012, and 2018, this fund was established for the upkeep of the Little Creek Reservoir. On the advice of our CPA, this fund will be closed and transferred to the General Fund.
<b>Distribution System Improvements Master Plan New Service Truck</b>	0	0			These three funds are closed or were never established. However, they must be included for the next two years or until the whole schedule is zero

Personnel services

Personnel services of \$235,200 include salaries and wages, health insurance, workers' compensation insurance, PERS retirement plan contributions, and payroll taxes.

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## Staffing:

The budget includes three full-time staff. The District operates with two full-time maintenance personnel. Our DOC ensures that our plants are running and producing the best water possible. He ensures that the District is complaint with all laws and regulations pertaining to public drinking water.

Maintenance Staff works under the supervision of the Interim District Manager / Office Administrator. The Interim District Manager / Office Administrator provides management and administrative services also ensuring the District is fully complaint with all laws and regulations, including budgetary controls and reporting. The Interim District Manager / Office Administrator reports to the Board of Commissioners.

## Capital outlay

Capital outlay is for purchases of capital assets, defined as assets that have a value of \$5,000 or more and have a useful life of more than one year. Capital outlay requirements in the past have primarily been for improvements to the District, such as upgraded pipe, SCADA system, and other improvements to the plants. This year's budget moves funds previously allocated to capital outlay to repairs and maintenance. Capital outlay remaining will allow the District to begin purchasing radio read meters (approximately 350); purchase and set up a storage container behind the shop, LED lighting at all facilities, and a new service truck.

## Debt

In approximately July 2009, the District received a loan from the State of Oregon Business Development Department to help finance construction of the 450,000 gallon water storage tank located at the Little Creek Treatment Plant, and approximately 16,000 feet of 10-inch water main. In 2017, Oregon Business Development Department agreed to loan additional money to the District to abandon the existing water line between Little Creek Reservoir and the intersection of Palmrose, Hillcrest, and Koppisch and to replace it with approximately 1,800 linear feet of new 12-inch PVC water line. Additional work was required during this project to correct parts of the distribution system that were discovered to be deficient during construction.

The District has two outstanding loans to the State of Oregon Business Development Department. The Debt Service Loan Fund was established to repay the debt. The "system development fee" of \$11.62 on patron's billing statements is transferred each month into this fund.

## **Financial Policies**

The District's financial policies set forth the basic framework for the overall fiscal management of the District. Operating independently of changing circumstances and conditions, these policies assist the decision-making process of the Board of Commissioners and District staff. These policies guidelines are applied to both current activities and proposals for future expenditures. Policies are reviewed and revised, as necessary.

## ***Budget and Financial Planning***

The Board of Commissioners review the District's financial statements at regularly scheduled monthly board meetings. The Board will continue to establish funding priorities to reflect the District's mission to provide quality drinking water to the Svensen community.

The District will be a good steward of public funds and ensure that budgeting and financial management are in compliance with applicable laws and regulations and achieve results that are in the best interest of the District and its patrons.

The budgeting and financial reporting process will be conducted in a manner that is transparent and easy for patrons to understand.

The District will continue to build and maintain a reserve for future expenditures that will be used to fund larger scale projects consistent with its goals and priorities.

The District will maintain a balanced budget, defined as when a fund's total resources (comprised of beginning fund balance, revenues, and other resources) are equal to the sum of a fund's total expenditures, reserve for future expenditures and ending fund balance.

### ***Use of District Resources***

It is the policy of District to be a good steward of public funds. To that end, expenditures must be for a valid public purpose which benefits the community, is directly related to the District's authorized functions, and which does not have as its primary objective the benefit of a private person.

### ***Revenue and Cash Management***

The District will fund current expenditures with current revenues, avoiding the use of one-time funds and unpredictable revenues for ongoing expenses, postponing needed expenditures, or depleting reserves to meet current expenses.

### ***Asset Management***

It is the policy of the District to maintain accountability for its assets. The District will maintain its physical assets at a level that is adequate to protect its capital investment and to minimize future maintenance and replacement cost. The District budget will provide for adequate maintenance and orderly replacement of its assets.