



*Serving the Svensen Community since 1938*

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# PROPOSED Budget Fiscal Year 2022-2023

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## **WICKIUP WATER DISTRICT**

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Wickiup Water District Board of Commissioners, Budget Committee, and the Svensen Community:

Please accept the Wickiup Water District's proposed budget for the 2022-2023 fiscal year (July 1, 2022, to June 30, 2023). This budget document provides detailed information about the District's revenue and expenditure forecast for the next year.

This budget reflects the District's efforts to balance funding for the ongoing operational needs of supplying quality water to the Svensen Community. This budget is the District's "work plan," translated in expenditures and supported by revenues. It establishes the District's current direction and helps direct the District for future improvements. The budget has taken into consideration the current local and worldwide economic conditions.

Our sources for projecting revenue include water sales, fees, and miscellaneous revenues. Revenues and expenses are tracked monthly to ensure that the receipts and expenditures are maintained within planned activities. The proposed budget has been prepared pursuant to Oregon Local Budget Law and meets or exceeds guidance provided in the Oregon Department of Revenue Local Budgeting Manual. This Budget is prepared on a cash basis.

# **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, 2022, through June 30, 2023 (Fiscal Year (FY) 2022-2023). 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. Each person is appointed for a 3-year term.

## **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.

### **Fiscal Oversight**

The 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 review 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 2022-2023 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 2019-2020 audited financial results, FY 2020-2021 (currently being audited), FY 2021-2022 Adopted Budget, and FY 2022-2023 Proposed Budget. The District has a General Fund and two 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 two 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 and LB-11). Each are described below.

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

The primary source of revenue for the General Fund is from water sales.

### 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.

Category	FY 2021-2022	FY 2022-2023	Increase (Decrease)	Reason for Change
<b>Personnel services*</b>  -- Administrative -- Maintenance	98,400 195,000	91,500 215,600	(6,900) 20,600	There is a decrease in the administrative side due to a better understanding of figuring payroll taxes. The increase in maintenance reflects the increase in PERS, the board having offered/agreed to paying 100% of health insurance, tenure, and the probability of finding quality, experienced, new hire(s), if needed
<b>Materials &amp; services:</b>  -- Administrative -- Maintenance	76,050 136,000	86,250 162,500	10,200 26,500	The increase in administrative materials and services is anticipated legal fees in finding and obtaining a new water source. The increase in maintenance materials and supplies is due to the increase in fuel and products. Also, it is anticipated there will be engineer consulting fees regarding a new water source.
<b>Capital outlay**</b>  -- Administrative -- Maintenance	-0- 260,000	-0- 110,000	(150,000)	Capital outlay is a purchase over \$5,000 with a life span of more than one-year. The majority of purchases are under \$5,000, hence the higher amount for Materials & Services above. The current amount will

				enable to the district to build a shop to store supplies and a dry area to work on projects. It also includes one-half of the estimated cost to add flow meters and transducers to the Ivy Station Tank.
<b>Debt Service Fund</b>	76,560	72,500	(4,060)	Over the last fiscal year, the average transfer is approximately \$5,650 per month. There are approximately 680 meters @ \$10.00 per month
<b>System Development Charge Fund</b>	24,960	21,210	(3,750)	Current number is based upon five new installs (\$4,242 x 5). The system development fund will also pay the remaining one-half of the Ivy Station tank project.
<b>Maintenance Program</b>	n/a	n/a	n/a	This fund was closed and transferred to the General Fund on the advice of our CPA.
<b>Master Plan</b>	n/a	n/a	n/a	This fund has been closed. However, it must be included in the budget until the whole schedule is zeroed out.
<b>New Service Truck</b>	n/a	n/a	n/a	This fund has been closed. However, it must be included in the budget until the whole schedule is zeroed out.
<b>Distribution System Improvements</b>	n/a	n/a	n/a	This fund has been closed. However, it must be included in the budget until the whole schedule is zeroed out.

*\*Personnel Services:*

*Maintenance Staff works under the supervision of the Water Treatment and Distribution Supervisor and the District Manager. This position assists with installation, maintenance, and repair of the water distribution system and water treatment facilities.*

*Our Water Treatment and Distribution Supervisor 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. The Water Treatment and Distribution Supervisor reports to the District Manager, Board of Commissioners, and the Svensen Community.*

*The District Manager provides management and administrative services also ensuring the District is fully complaint with all laws and regulations, including budgetary controls and reporting. The District Manager reports to the Board of Commissioners and the Svensen Community.*

*Wickiup Water District employees are essential workers. The water treatment and distribution system are monitored everyday 24/7. The State requires several different certifications that our Water Treatment and Distribution Supervisor must have. The Board has voted to pay 100% of employee's health and dental insurance. The District also provides life insurance to employees. The District contributes to employee's PERS, but does not pay the employees portion of 6%.*

*\*\*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.*

### **Debts Service Fund (Form LB-10)**

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 \$10.00 on patron’s billing statements is transferred each month into this fund.

### **System Development Charge Fund (LB-11)**

The System Development Charge Fund was authorized and established by Ordinance 91-01 on November 20, 1991. This fund was established for the purpose of directing funds received from new construction to the existing system and future system improvements and/or developments. Each new construction has paid a connection fee of \$1,500 and a system development fee of \$4,242.00. The connection fee was recently increased to \$3,000. Once a new service has been installed, the system development fee (\$4,242) is transferred from the General Fund to the System Development Charge 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.

This year's budget document is the result of the continuous budget review and evaluation by our District Manager. The Wickiup Water District would like to extend our appreciation to the Board of Commissioners and the Budget Committee for your guidance and service to the District and the Svensen Community.

