

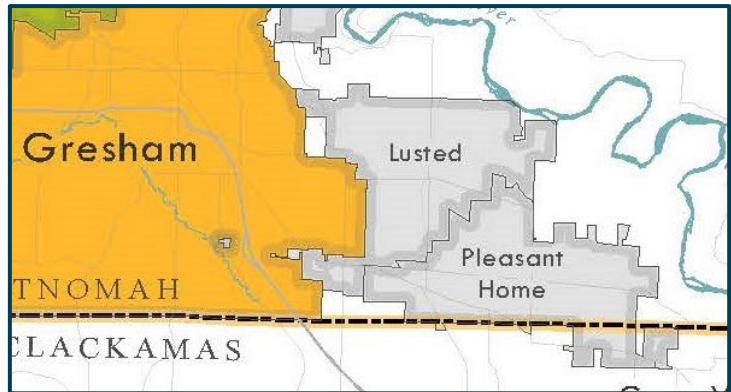
# Budget Review 2022-23

## Lusted Water District



### INTRODUCTION & BACKGROUND

Lusted Water District serves 30 square miles east of Gresham. The district purchases water from the City of Portland. It has three water storage reservoirs and five pump stations (two are idle). The district serves just over 400 customers, including Sam Barlow High School. Customers are mostly rural residential.



The district borders are 282<sup>nd</sup> Street to the west, Victory Rd. on the north, east to 302<sup>nd</sup> and south to one mile beyond Orient Drive.

Five board members elected to four-year terms are compensated \$49.99 per meeting. The district has a permanent property tax rate of \$0.2423 per \$1,000 of assessed value. In May 2009 the voters approved a \$900,000 General Obligation Bond measure to replace the water tank.

Lusted Water	2018-19	2019-20	2020-21	2021-22
Assessed Value in Millions	\$130.2	\$134.8	\$138.7	\$143.3
Real Market Value (M-5) in Millions	\$202.8	\$204.6	\$217.7	\$243.5
Property Tax Rate Extended:				
Operations	\$0.2423	\$0.2423	\$0.2423	\$0.2423
Debt Service	\$0.5722	\$0.5763	\$0.5592	\$0.5565
Total Property Tax Rate	\$0.8145	\$0.8186	\$0.8015	\$0.7988
Number of Employees (FTE's)	1.4	1.4	1.8	1.8

### STRATEGIC PLAN / PERFORMANCE OBJECTIVES

The district has no specified strategic plan. They do have a Water System Master Plan, which is due for revision (the update work was originally budgeted for FY 22, but is now planned for early FY 23).

## BUDGET OVERVIEW

The FY 2022-23 budget is \$5.3 million, \$400,000 less than the current year budget of \$5.7 million. The decrease is primarily due the cancelation of the Barlow High Fire Flow Improvement project, budgeted at \$820,000 in FY 22 and \$0 in FY 23.

The majority of the budget resides in the \$3 million distribution system improvement project fund, which accounts for 57% of the total budget. The district is working on a number of projects that involve improvements to the water distribution system. Neither current year spending or borrowing will be near the budgeted amounts.

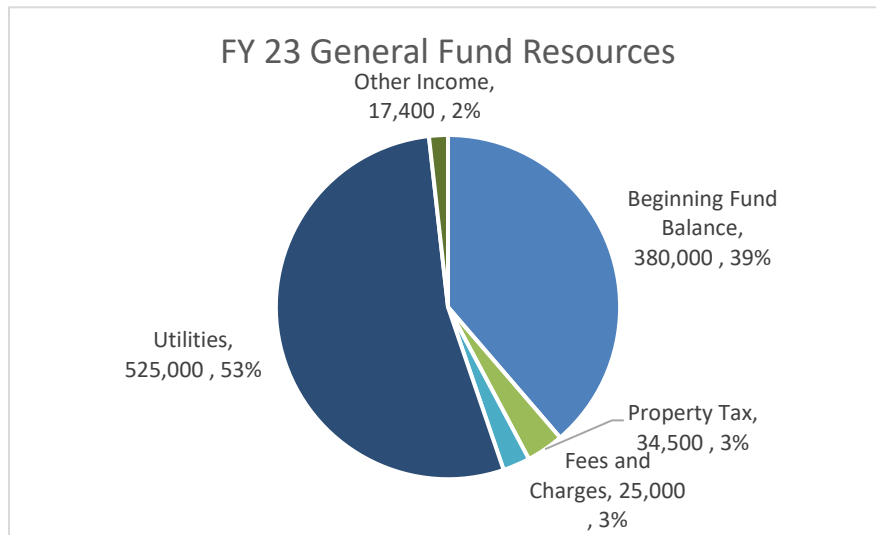
## RESOURCES

<b>Lusted Water - Total Resources</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev Bud</b>	<b>App Bud</b>	<b>% Change</b>
Beginning Fund Balance	596,267	654,145	663,000	753,500	14%
Property Taxes	107,126	107,826	113,230	115,100	2%
Fees and Charges	259,800	0	705,000	30,000	-96%
Utilities	422,002	433,877	500,000	525,000	5%
Other Income	34,871	18,770	17,300	17,400	1%
Debt Proceeds	236,653	13,116	3,695,000	3,876,350	5%
Transfers In	5,000	50,000	0	0	0%
<b>TOTAL RESOURCES</b>	<b>1,661,719</b>	<b>1,277,734</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>

## REQUIREMENTS

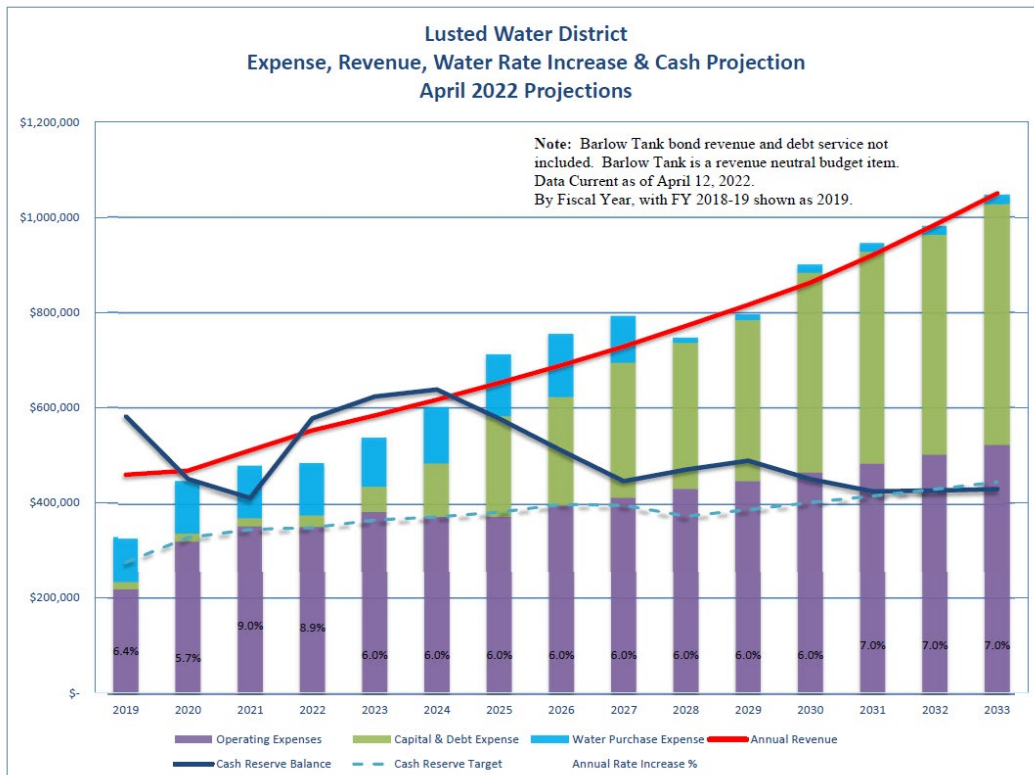
<b>Lusted Water - Total Requirements by Object Code</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Budget</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev Bud</b>	<b>App Bud</b>	<b>% Change</b>
Personnel Services	135,325	183,748	209,900	233,200	11%
Materials & Services	592,979	323,147	346,720	364,140	5%
Capital Outlay	199,075	22,948	4,650,000	4,216,350	-9%
Debt Service	75,140	78,160	145,960	149,540	2%
Fund Transfers	5,000	50,000	0	0	0%
Contingencies	0	0	125,000	125,000	0%
Ending Fund Balance	654,200	619,730	215,950	229,120	6%
<b>TOTAL REQUIREMENTS</b>	<b>1,661,719</b>	<b>1,277,733</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>

## GENERAL FUND

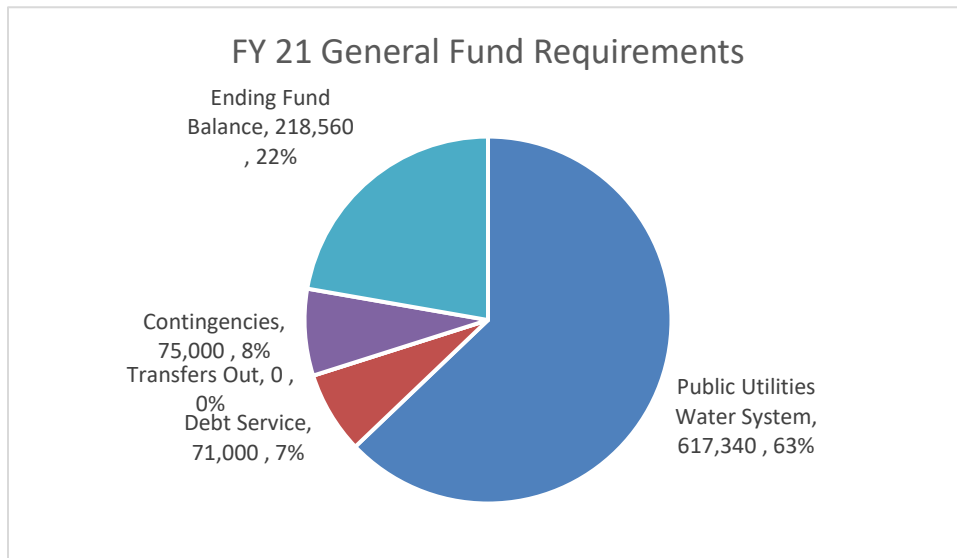


The General Fund is used to account for all costs except specific capital projects. The General Fund makes up 18% of the total budget. This fund has increased from the current year by 6% to \$981,900.

The primary increase in revenue is in water sales and fees, an increase of 5%. The rates charged by the district have increased every year for the last several years and are rising again in the upcoming year, this time by 6%. Rate increases are to fund the planned pipeline replacement and water supply development projects, as well as to keep pace with rising inflation. The Board will hold a hearing and vote on the rate increase in July 2022.



Water sales are 87% of General Fund revenues. Six percent or \$34,500 of the district’s revenue comes from property taxes and they receive \$15,000 from an AT&T lease agreement for the antennae installed on the Barlow tower.



The major expenditure categories are **personnel services** (\$233,200), and **materials and services (M&S)**, with the largest M&S expenses being water purchases (\$120,000), and maintenance and repair (\$100,000). **Contingency** and **ending fund balance** total just over 30% of all requirements.

All personnel services costs are recorded in the General Fund and include salaries for four part-time positions:

- Superintendent
- General Manager
- Capital Projects Manager (temporary)
- Office Manager
- Utility Worker

Allocated expenditures increased by 6%, with the majority of the cost increase happening in **personnel services**, which totals \$233,200. This is in part due to \$19,000 budgeted for employee insurance benefits, which would make the FY 23 budget the first one to include a full year of these expenses (a small amount was included in FY 22, but the board has not yet decided to fund these benefits so it has not been spent).

**Materials & services** at \$339,140 sees only minor changes from prior years, with regulatory compliance and water testing with one of the largest year over year increase (from \$7,500 to \$12,500). This is in anticipation of increased testing required to meet federal requirements. Water purchases from the City of Portland are budgeted to increase by 5%.

**Debt service** is \$71,000 to repay the state SRF loan, but they will only need to pay this if they borrow money against this loan (similar to a line of credit).

## OTHER FUNDS

The district has five other funds in addition to the General Fund, four of which are active.

<b>SUMMARY OF BUDGET - BY FUND</b>					
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Budget %</b>
	<b>Actual</b>	<b>Actual</b>	<b>Rev Bud</b>	<b>App Bud</b>	<b>Change</b>
General Fund	737,713	786,022	925,800	981,900	6%
GO Debt Service Fund	93,847	94,243	92,730	89,100	-4%
Water System Imp Fund	338,376	146,965	500,000	471,350	-6%
Distribution Imp Project	241,753	64,124	3,105,000	3,025,000	-3%
Groundwater Supply Project	0	0	250,000	750,000	200%
Barlow High Fire Flow Imp Project	250,030	186,380	820,000	0	-100%
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,661,719</b>	<b>1,277,734</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>

Nearly all funds are in some way working towards converting the system to well water. The district anticipates the City of Portland will increase water purchase rates at the end of the district's 20 year contract with the city that expires in 2026. Therefore, the board is exploring options for either system conversion or potentially buying water from the City of Gresham/Rockwood Water People's Utility District (rather than the City of Portland as they currently do). The City of Gresham is expanding their network and once complete, the new water system will be able to produce over 30 million gallons per day to meet future demand (completion expected by 2026).

Four of the following funds record capital projects that are directly or indirectly influenced by preparing for obtaining a ground water well system. The General Obligation Debt Service Fund records property taxes for payment of the water tank debt.

### **WATER SYSTEM IMPROVEMENT FUND - \$471,350**

For small and medium capital projects. The primary activity in this fund is to purchase, clean-up and acquire property easement for the new ground water well. Funded by loan proceeds from the Oregon Business Development Department (OBDD), this fund also includes pump station improvements and renovations to the 30-year-old station; brownfield remediation, Coons Pump Station flow path modification; and easements for the pipeline replacement project. The district is actively working on this project and plans to have the initial clean up done in the beginning months of the upcoming fiscal year. No major budgetary change in this fund, it is budgeted at the similar levels each year to allow the board flexibility to tackle any small projects that come up through the year. They do not anticipate spending all of these dollars each year.

### **DISTRIBUTION IMPROVEMENT PROJECT FUND - \$3.03 million**

This fund is financed by a \$3 million from an OPDD (Oregon Business Development Department) loan. Expenditures are paid by the state as they are incurred. Funds will be used for the replacement of approximately two miles of severely corroded pipe. The cost of the entire project is included in the FY 23 budget – it was originally budgeted in FY 21-22 but supply chain challenges have delayed some progress

on the project. The district does not anticipate spending the full amount of the project, actual expenditures are expected to be closer to \$1 million.

**GROUNDWATER SUPPLY PROJECT FUND - \$750,000**

The Groundwater Supply Project Fund is supported entirely by OBDD loan proceeds. These funds will be used for engineering support and the development of a groundwater well. The land has been purchased and the district is halfway through the permitting process. Fund resources increased by \$500,000 to \$750,000 for the upcoming budget year.

**GENERAL OBLIGATION DEBT SERVICE FUND (Barlow Tank Debt Service Fund) – \$89,100**

This fund is supported entirely by from property taxes and is used to pay G.O. debt service. No major changes in FY 23 to this fund.

**BARLOW HIGH FIRE FLOW IMPROVEMENT PROJECT FUND - \$0**

The Barlow High School Fire Flow Improvement Project Fund was developed when Barlow High School was remodeled and required to increase their flow capacity for fire protection. The school district had contracted with Lusted Water to upgrade the station and accomplish increased flow but later chose to discontinue the project. This fund was closed in FY 2022 by board resolution.

**DEBT STATUS**

The voters approved a \$900,000 General Obligation Bond Measure on May 19, 2009 to replace an aging water storage tank and the district residents have been paying between \$75,000 and \$80,000 annually for debt service.

Lusted Water	6-30-18	6-30-19	6-30-20	6-30-21 est.
Debt Outstanding	\$690,000	\$650,000	\$605,000	\$555,000

**BUDGET/STRATEGIC PLAN ALIGNMENT**

The budget aligns with the overall goal of providing water services to the district.

**HIGHLIGHTS**

- The total FY 2022-23 budget is \$5.3 million, a 7% decrease from FY 22. The decrease is primarily due the cancelation of the Barlow High Fire Flow Improvement project.
- The district is investing in projects to support a new groundwater well and over half of the budget is money to fund work related to this aim. It is not anticipated that all budgeted work will be completed in this fiscal year.
- The district is budgeting for a 6% increase in water rates, to be voted on in July 2022 by the board.

## BUDGET PROCESS & COMPLIANCE

Yes	No	Compliance Issue
X		Did the district meet publication requirements?
X		Do resources equal requirements in every fund?
X		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?

### LOCAL BUDGET LAW COMPLIANCE

The FY 2022-23 Budget is 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

TSCC staff notes no deficiencies in the district's FY 2022-23 budget development process.

# Lusted Water District

## 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	32,059	32,290	33,000	34,000	3%
GO Debt Property Taxes	75,067	75,536	79,730	80,600	1%
Prior Years Property Taxes	0	0	500	500	0%
<b>Total Property Taxes</b>	<b>107,126</b>	<b>107,826</b>	<b>113,230</b>	<b>115,100</b>	<b>2%</b>
<b>Resources:</b>					
Beginning Fund Balance	596,267	654,145	663,000	753,500	14%
Property Taxes	107,126	107,826	113,230	115,100	2%
Fees and Charges	259,800	0	705,000	30,000	-96%
Utilities	422,002	433,877	500,000	525,000	5%
Other Income	34,871	18,770	17,300	17,400	1%
Debt Proceeds	236,653	13,116	3,695,000	3,876,350	5%
Transfers In	5,000	50,000	0	0	0%
<b>TOTAL RESOURCES</b>	<b>1,661,719</b>	<b>1,277,734</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>
<b>Requirements by Function:</b>					
Public Utilities Water System	927,379	529,843	5,206,620	4,813,690	-8%
Debt Service	75,140	78,160	145,960	149,540	2%
Transfers Out	5,000	50,000	0	0	0%
Contingencies	0	0	125,000	125,000	0%
Ending Fund Balance	654,200	619,730	215,950	229,120	6%
<b>TOTAL REQUIREMENTS</b>	<b>1,661,719</b>	<b>1,277,733</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>
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Personnel Services	135,325	183,748	209,900	233,200	11%
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<b>SUMMARY OF BUDGET - BY FUND</b>					
General Fund	737,713	786,022	925,800	981,900	6%
GO Debt Service Fund	93,847	94,243	92,730	89,100	-4%



Water System Imp Fund	338,376	146,965	500,000	471,350	-6%
Distribution Imp Project	241,753	64,124	3,105,000	3,025,000	-3%
Groundwater Supply Project	0	0	250,000	750,000	200%
Barlow High Fire Flow Imp Project	250,030	186,380	820,000	0	-100%
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,661,719</b>	<b>1,277,734</b>	<b>5,693,530</b>	<b>5,317,350</b>	<b>-7%</b>

#### DETAIL OF GENERAL FUND

##### Resources:

Beginning Fund Balance	260,807	301,085	350,000	380,000	9%
Property Tax	32,059	32,290	33,500	34,500	3%
Fees and Charges	0	0	25,000	25,000	0%
Utilities	422,002	430,031	500,000	525,000	5%
Other Income	22,845	22,616	17,300	17,400	1%
<b>TOTAL FUND RESOURCES</b>	<b>737,713</b>	<b>786,022</b>	<b>925,800</b>	<b>981,900</b>	<b>6%</b>

##### Requirements:

Public Utilities Water System	431,629	472,369	581,620	617,340	6%
Debt Service	0	0	65,000	71,000	9%
Transfers Out	5,000	50,000	0	0	0%
Contingencies	0	0	75,000	75,000	0%
Ending Fund Balance	301,084	263,653	204,180	218,560	7%
<b>TOTAL FUND REQUIREMENTS</b>	<b>737,713</b>	<b>786,022</b>	<b>925,800</b>	<b>981,900</b>	<b>6%</b>

#### DETAIL OF GENERAL OBLIGATION DEBT SERVICE FUND

##### Resources:

Beginning Fund Balance	18,780	18,707	13,000	8,500	-35%
GO Debt Property Taxes	75,067	75,536	79,730	80,600	1%
<b>TOTAL FUND RESOURCES</b>	<b>93,847</b>	<b>94,243</b>	<b>92,730</b>	<b>89,100</b>	<b>-4%</b>

##### Requirements:

Debt Service	75,140	78,160	80,960	78,540	-3%
Ending Fund Balance	18,707	16,083	11,770	10,560	-10%
<b>TOTAL FUND REQUIREMENTS</b>	<b>93,847</b>	<b>94,243</b>	<b>92,730</b>	<b>89,100</b>	<b>-4%</b>

