

Budget Message 2022-23



Arch Cape Sanitary District

32065 East Shingle Mill Lane
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April 21st, 2022

I am pleased to present the Fiscal Year 2022-23 budget to the Arch Cape Sanitary District Budget Committee, Board of Directors, and Public. The budget message is a brief synopsis of the District's financial plan for the coming year, as well as its relationship to the past and future financial needs of the District.

The 2022-23 proposed budget was developed using historical operational figures and long-range financial planning estimates developed by staff and the Board. The District prepares its budget using the modified cash basis of accounting. There are no changes in the method by which the District carries out its fiscal duties. The District's financial condition relies upon steady account revenues, a solid reserve fund, and the collaborative planning and management efforts of Board and Staff.

The major challenge of the District is to provide for the future replacement of essential treatment plant equipment. The District's financial plan has identified funding future capital improvements through rates, rather than servicing debt, whenever possible and has followed that model for the past several years. The proposed budget identifies no rate increase for the coming year.

Fiscal Year 2022-23

The budget is presented in a fund by fund format, itemizing Resources and Requirements for the General and Capital Funds. The budget figures are based on the best estimate of what the District will receive and what it will spend from July 1, 2022 to June 30, 2023.

RESOURCES

The General Fund's main revenue resources come from user fees, debt service surcharges, and excess usage fees. Revenue for 2022-23 is projected to be \$405,214. The District is anticipating receiving \$144,600 in property tax revenue into the GO Bond Debt Fund in the coming year.

The District's Capital Fund accumulates through the collection of system development charges (SDC) which are assessed to new homes connecting to the Sanitary District. Staff has followed a model of 2 new connections per year in developing the current budget and related planning documents. Money in this fund is used for future capital projects.

REQUIREMENTS

Total Personal Services:

Total Personal Services costs fall under the budget of the Water District, as a function of the intergovernmental agreement (I.G.A.) between the Water and Sanitary Districts.

Total Materials and Services:

Total Materials and Services outlays the costs for actual operations of the district including maintenance, utilities, professional services, and Water District Intergovernmental Agreement (I.G.A.) charges. The Sanitary District entered into an I.G.A. with the Water District in 2014. The Sanitary District contracts the services of the Water District for administrative and staff support functions for the operation and management of the Sanitary District's facilities and operations. Maintenance costs for FY 2021-22 were up 21% over budgeted amount due to the unforeseen replacement of the Ford Dump Truck engine. Total Materials and Services are budgeted at a 3% decrease from the adopted FY 21-22 budget.

Debt Profile:

The Sanitary District currently services debt on four loans: Irrigation Site, Facility Engineering, Wastewater Treatment Plant Upgrade, and I & I improvements. These loans are scheduled to be retired in 2022, 2027, 2040, and 2038.

Capital Projects and Future Plans:

The Webb Lift Station and generator on E. Shingle Mill Lane are responsible for conveying the entire District's wastewater load to the treatment plant. They are two of the most essential elements of the collection system. Each is dated, and requiring significant repair and maintenance costs. This station is in need of replacement at an estimated cost of \$300,000. The District has been working with Oregon Emergency Management Department on funding options and has been invited to submit a full grant application for replacement of this station through a FEMA grant. Funds have also been collected through rates for this project. The District is currently working with Curran-McLeod Inc. to update its Wastewater Facilities Plan, funded by a Technical Assistance Grant through Oregon DEQ. 2,000 feet of collection system line was recently TV inspected as part of this project. Deficiencies and repair options will be discussed in the completed Facility Plan, as well as alternatives for processing the wastewater plant's biosolids.

Summary:

I believe that this is a responsible budget. It allows the District to maintain or improve current levels of service while considering the type of long term needs and challenges that are posed to every wastewater utility. The attached documents provide a breakdown of the proposed budget, and examine the future projects and financial assumptions necessary for their completion. I look forward to the budget process and working with you all, as the District plans for FY 2022-23 and beyond.

Sincerely,



District Manager

**Arch Cape Sanitary District
FY 2022-23 Budget
General Fund - Requirements**

HISTORICAL DATA					2022-2023 FISCAL YEAR		
ACTUAL	ACTUAL	ADOPTED	EOY PROJ	SANITARY RESOURCES	PROPOSED	RECOMMEND	ADOPTED
YR: 19-20	YR: 20-21	YR: 21-22	YR: 21-22		Version 1	Version 2	Version 3
BEGINNING BALANCE							
344,486	61,003	101,172	101,172	Undesignated Balance	40,255		
				Capital Reserve			
	12,474	54,912	54,912	Operating Reserve	84,530		
15,256	15,256	15,256	15,256	ODEQ Irrigation Site Loan #11432 Req. Resv	15,256		
				USDA Loan Req. Resv	6,923		
359,742	88,733	171,340	171,340	TOTAL BEGINNING BALANCE	146,964	0	0
REVENUE							
265,250	290,157	320,160	320,160	User Fees [346 x \$232]	321,088		
18,487	7,500	9,500	9,500	Excess Usage Charges	15,000		
55,585	54,490	53,820	53,820	Debt Service Surcharges [346 x \$39]	53,976		
3,150	3,300	3,300	3,300	WD Facilities Use Charges	3,750		
		20,000	20,000	T.A.G. - Facility Plan Update	7,400		
4,235	4,000	4,000	4,000	Interest	4,000		
				Bond Receipts			
7,970	0		0	Miscellaneous			
354,677	359,447	410,780	410,780	TOTAL REVENUE	405,214	0	0
714,419	448,180	582,120	582,120	TOTAL RESOURCES	552,178	0	0

Received
100%

Sanitary District Accounts

346	\$	Base Rate 232.00	321,088
346	\$	Debt Service Rate 39.00	53,976
Total Rate	\$	<u>271.00</u>	

FY 2022-23 Budget
General Fund - Requirements

CONTINGENCY & ENDING BALANCE						
CONTINGENCY FUND						
	20,000	62,244	62,244	CONTINGENCY	59,244	
UNAPPROPRIATED BALANCE						
		54,912	54,912	Operating Reserve	63,194	
15,256	15,256	15,256	15,256	ODEQ Irrigation Site Loan #11432 Required Reserve	15,256	
				USDA Loan Required Reserve	6,923	
105,870	19,702	32,200	32,200	Undesignated		
121,126	34,958	102,368	102,368	TOTAL UNAPPROPRIATED BALANCE	85,373	0
391,126	54,958	164,612	164,612	TOTAL CONTINGENCY & UNAPP BAL (ENDING)	157,217	0
714,419	448,180	582,120	556,957	TOTAL REQUIREMENTS	552,178	0

ARCH CAPE SANITARY DISTRICT
Capital Fund: 2022-2023 Fiscal Year

HISTORICAL DATA				SANITARY RESOURCES	2022-2023 FISCAL YEAR		
ACTUAL	ACTUAL	ADOPTED	EOY PROJ	CAPITAL FUND RESOURCES	PROPOSED	RECOMMEND	ADOPTED
YR: 19-20	YR: 20-21	YR: 21-22	YR: 21-22	BEGINNING BALANCE	Version 1	Version 2	Version 3
117,113	82,111	90,652	90,652	Undesignated Balance	107,414		
117,113	82,111	90,652	90,652	TOTAL BEGINNING BALANCE	107,414	0	0
				REVENUE			
16,556	8,541	16,762	16,762	SDC Revenue	16,762		
				Other			
16,556	8,541	16,762	16,762	TOTAL REVENUE	16,762	0	0
270,000				Transfer From General Fund			
403,669	90,652	107,414	107,414	TOTAL RESOURCES	124,176	0	0

HISTORICAL DATA				EXPENDITURE DESCRIPTION	2022-2023 FISCAL YEAR		
ACTUAL	ACTUAL	ADOPTED	EOY PROJ	CAPITAL FUND REQUIREMENTS	PROPOSED	RECOMMEND	ADOPTED
YR: 19-20	YR: 20-21	YR: 21-22	YR: 21-22	CAPITAL OUTLAY	Version 1	Version 2	Version 3
				Other			
321,558				Membranes, screens & SCADA			
				Webb Lift Station			
				Other			
321,558	0	0	0	Total Capital Outlay	0	0	0
				CONTINGENCY			
	90,652	107,414		Contingency			
0	90,652	107,414	0	Total Contingency	124,176	0	0
				UNAPPROPRIATED BALANCE			
82,111				Undesignated			
82,111	0	0	0	Total Unappropriated Balance	0	0	0
403,669	90,652	107,414	0	TOT CONTINGENCY & UNAPP BAL (ENDING)	124,176	0	0

SANITARY DISTRICT

SD Go Bond Debt Fund 2022-2023 Fiscal Year

HISTORICAL DATA				SANITARY RESOURCES	2022-2023 FISCAL YEAR		
ACTUAL	ACTUAL	ADOPTED	ACTUALS	SD GO BOND DEBT FUND	PROPOSED BY	APPROVED BY	ADOPTED BY
YR: 19-20	YR: 20-21	YR: 21-22	YR: 21-22	BEGINNING BALANCE	BUDGET OFF	BUDGET COMM	GOV BODY
2,333	-6,108	-2,299	101	Undesignated Balance	1,073		
2,333	-6,108	-2,299	101	TOTAL BEGINNING BALANCE	1,073	0	0
				REVENUE			
136,104	150,406	147,000	145,568	Bond Proceeds	144,600		
55	40		4	Bond Interest			
136,159	150,446	147,000	145,572	TOTAL REVENUE	144,600	0	0
				Transfer From General Fund			
138,492	144,338	144,701	145,673	TOTAL RESOURCES	145,673	0	0
HISTORICAL DATA				EXPENDITURE DESCRIPTION	2022-2023 FISCAL YEAR		
ACTUAL	ACTUAL	ADOPTED	ACTUALS	SD GO BOND DEBT FUND REQUIREMENTS	PROPOSED BY	APPROVED BY	ADOPTED BY
YR: 19-20	YR: 20-21	YR: 21-22	YR: 21-22	EXPENDITURES	BUDGET OFF	BUDGET COMM	GOV BODY
144600	144600	144600	144600	USDA Plant Upgrade Payments	144600		
144600	144600	144600	144600	Total Expenditures	144600	0	0
				CONTINGENCY			
				Contingency			
0	0	0	0	Total Contingency	0	0	0
-6108	-262	101	1073	UNAPPROPRIATED BALANCE	1073		
				Undesignated			
-6108	-262	101	1073	Total Unappropriated Balance	1073	0	0
138492	144338	144701	145673	TOT CONTINGENCY & UNAPP BAL (ENDING)	145673	0	0