



Neskowin Regional Water District

PO Box 823, 5880 S. Fairway Rd

Neskowin, OR 97149

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BUDGET MESSAGE THE FISCAL YEAR 2024-2025

The proposed budget of the Neskowin Regional Water District for the 2024-2025 fiscal year, beginning July 1, 2025, is divided into six funds:

- 1) General Operating Fund (GOF)**
- 2) Debt Service Fund (DSF)**
- 3) System Development Fund (SDF)**
- 4) Truck and Equipment Fund (TEF)**
- 5) Capital Improvement Fund (CIF)**
- 6) Watershed Acquisition Fund (WAF)**

The following is a review of the six funds that comprise the 2025-2026 budget. These numbers can and will change by small amounts before the final budget is adopted as estimates become more refined.

1) GENERAL OPERATING FUND (GOF)

RESOURCES

This fund's income is derived from District Customers' respective water billings. The District also receives small amounts of revenue from service installations and other miscellaneous sources.

- 1. Beginning Fund Balance (Cash on Hand):** The District's available cash in the General Fund decreases by \$56,000 from \$58,000 to \$2,000. Our Available Cash On Hand decreases due to increased expenses during the 2024/2025 fiscal year and less than anticipated water billing revenue.
- 2. The previously levied tax** is estimated to be \$420. This revenue is from past taxes that were levied but never collected until the 2025/2026 fiscal year.
- 3. Interest income** is estimated to be \$55. This will be from a small amount of interest on the District's checking account.
- 4. Water Sales** are estimated to increase by \$114,882, from \$606,760 to \$721,642, due to a proposed 15% rate increase and the projected growth of water sales estimated by the **2025-2026 Water Sales Estimate** document.



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- 5. Miscellaneous Income** is estimated to decrease \$5,000 from \$7,000 to \$2,000. This income is from late fees, bulk water sales, and other minor sources. The district is collecting fewer late fees, which is expected to decrease the income in this category.
- 6. Service Installations** are estimated to decrease \$2,000 from \$4,000 to \$2,000. Service Installation revenue is derived from the Water District installing a new meter or service line for a customer and charging the customer for the installation. We are estimating fewer new services being installed in the 2025/2026 fiscal year.

General Fund Total Resources are estimated to increase \$51,837 from \$676,285 in the 2024-25 fiscal year to \$728,122 in the 2025-26 fiscal year.

REQUIREMENTS

The General Fund's expenses come from Personal Services, Materials & Services.

Personal Services include:

- 1. Gross Wages** increase by \$32,173 from \$318,306 to \$350,479. Gross wages will increase this year primarily due to budgeting for a new employees' raise and higher wages for the existing employees of the District.
- 2. Social Security and Medicare** costs increase by \$2,079 from \$23,279 to \$25,358 (7.65% of gross wages).
- 3. Workers' Compensation and Accident Insurance** is estimated to be \$4,000 for the 2025-2026 fiscal year.
- 4. Public Employees Retirement System (PERS)** costs increased by \$8,530 from \$72,516 to \$81,046. Our current 24/25 fiscal year PERS employer contribution rate is 23.83% and will rise to 24.45% in the 25/26 fiscal year. The *PERS SLGRP Neskowin Water District 2025-2027* document provides more information on PERS rates. The District will see stable PERS rates through the 26/27 fiscal year.
- 5. Health Insurance** costs increased by \$7,938 from \$85,752 to \$93,690. The increase is due to increased rates per the *NRWD Health Insurance as of July 1st, 2025* document.
- 6. Unemployment Insurance** costs are estimated to be \$200.
- 7. Paid Leave Oregon** Costs are estimated to be \$1,989.



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Personal Services expenses are projected to increase by \$50,883 from \$505,879 to \$556,762 this year due to higher existing employee wages, rising PERS rates, and rising Health Insurance premiums. Personal Services will most likely always be the District's most significant expense and the District's greatest asset.

Materials and Services include:

- 1. Administrative expenses** include office supplies and expenses, telephone and internet service, office rent, insurance, legal and auditing expenses, memberships and dues, bank charges, and customer refunds.
 - 1.1. Administrative expenses** are estimated to increase by \$7,805 from \$57,680 to \$65,485 mostly due to inflation, higher liability insurance costs, and a new, more costly, billing system.
- 2. Operations and Maintenance expenses** include vehicle maintenance, miscellaneous expenses, water system repairs and maintenance, workshops, and seminars, plant supplies and tools, chlorine and chemical expenses, electricity, water testing, and wastewater charges.
 - 2.1. Operations and Maintenance** expenses are estimated to decrease slightly by \$1,500 from \$101,450 to \$99,950.
- 3. Transfers To Other Funds**
 - 3.1.** The District is budgeting to do no transfers into other funds from the General Operating Fund this year.

Materials and Services expenses increased \$6,305 from \$159,130 to \$165,435, primarily due to inflation, a new billing system, and higher insurance costs. The District has done as much as possible to keep expenses down and to be very frugal with its Material and Services Budget, as should be noted by the minimal increase in expenses over the last several years with high inflationary rates.

Unappropriated Ending Fund Balance is estimated to be \$5,925.

2) DEBT SERVICE FUND (DSF)



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This fund is used exclusively to pay interest and principal on bonded debt approved by the District's voters. This bond was used to pay for the District's Water Treatment Plant Upgrade Project in 2006. Revenue for this fund is kept in our LGIP (Local Government Investment Pool) account.

RESOURCES

Property tax revenues are the only resource for this fund and can only be used to pay the District's bonded debt. Voters approved this G.O. Bond during the March 9th, 2004 election.

- 1. Beginning Fund Balance (Cash on Hand)** The District's available cash in the Debt Service Fund increases by \$123,124 from \$123,124 to \$0 due to the District paying off its bonded debt during the 2024/2025 fiscal year and moving all remaining funds in the Debt Service Fund to the Capital Improvement Fund.
- 2. Previously Levied Taxes Estimated to be Received** are estimated to be \$0.
- 3. Taxes Necessary to Balance** The District will budget to receive \$0 during the 2025/2026 fiscal year as we have retired our previous bonded debt.

REQUIREMENTS

Expenditures for this fund include one payment to Business Oregon (Oregon Business Development), which is usually made in December of each year.

- 1.** The District has no expenses budgeted for this Fund as the District has paid off its bonded debt in the 2024/2025 fiscal year.

3) SYSTEM DEVELOPMENT FUND (SDF)

This fund was created in 1986 to improve the water system. The District's Capital Improvement Plan identifies projects that the District needs to complete to provide the community with proper fire flow and water pressure. Projects that are necessary because of growth can be paid for from this fund. Revenue for this fund is kept in our Local Government Investment Pool (LGIP) account.



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RESOURCES

Income for this fund is generated when a new customer connects to the water system. New customers are required to pay a System Development Charge (SDC). All SDC payments will be placed in the System Development Fund. In February 2025, the District Board enacted a new SDC rate of \$13,252.81 per new 3/4" x 5/8" service. Revenue for this fund is kept in our LGIP (Local Government Investment Pool) account.

- 1. Beginning Fund Balance (Cash on Hand)** The District's available cash in the System Development Fund decreased by \$1,606 from \$540,802 to \$539,196 due to the District receiving multiple System Development Charges during the 2024-2025 fiscal year, and also paying for engineering expenses on our South Beach Water Main Improvements project.
- 2. System Development Charges** are estimated to decrease by \$28,407 from \$117,416 to \$53,011 due to an expected decrease in new home construction in the 2025-26 fiscal year. The District is estimated to collect four System Development Charges in the 2025-2026 fiscal year.

REQUIREMENTS

Expenditures for this fund are used to pay the SDC-eligible share of identified projects in the approved current Capital Improvement Plan.

- 1.** The next fiscal year, 2025-26, will see expenses from this fund to pay for the District's planned Capital Improvement projects. Specifically our South Beach Water Main Improvements project. All resources in this fund will be budgeted to be spent in the 2025-26 fiscal year.

4) TRUCK AND EQUIPMENT FUND (TEF)

This fund allows the District to accumulate money to purchase equipment, such as a truck, backhoe, etc.

RESOURCES



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Our primary resource for this fund is a transfer from the General Fund. The District has budgeted to transfer no funds from the General Operating Fund for the 2025/2026 fiscal year in order to decrease expenses.

- 1. Beginning Fund Balance (Cash on Hand)** The District's available cash in the Truck and Equipment Fund increases by \$4,609 from \$81,405 to \$86,014.
- 2. Transfers From Other Funds** decrease by \$17,125 from \$17,125 to \$0.

REQUIREMENTS

We continue to budget all available monies in this fund to pay for any purchases eligible to be funded by the Truck and Equipment Fund.

5) CAPITAL IMPROVEMENT FUND (CIF)

This reserve fund has four purposes:

- 1.** To accumulate revenue to pay the non-SDC eligible share of the projects identified in the approved current capital improvement plan.
- 2.** To pay for unanticipated and/or emergency repairs and additions to the water system.
- 3.** To make bond payments if insufficient tax revenue is collected.
- 4.** To act as a reserve for the General Fund.

RESOURCES

Our primary resource for this fund is the District's permanent property tax rate of 38.31 cents per \$1,000 of assessed value, which is kept in our LGIP account.

- 1. Beginning Fund Balance (Cash on Hand)** The District's available cash increases by \$90,630 from \$428,287 to \$518,917 due to modest 2024-25 fiscal year expenses.
- 2. Previously levied taxes** are estimated to decrease \$1,000 from \$4,000 to \$3,000 due to a better delinquent tax collection rate by Tillamook County.



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- 3. Tax Income** is estimated to increase by \$7,376 from \$160,514 to \$167,890 due to higher property values and the District allocating 100% of the permanent tax rate to the CIF as presented in the *Tax Estimate Math 25-26* document.
- 4. DEQ Grant Income** will be budgeted to pay for NRWD Hawk Creek watershed appraisals and land purchases. This revenue has been shifted into the Watershed Acquisition Fund for the 2025/2026 budget cycle.

REQUIREMENTS

We continue to budget all available monies in this fund to pay for any projects eligible to be funded by the Capital Improvement Fund. Possible projects to be funded in 2024-25 include but are not limited to:

- 1.** A transfer of \$50,000 to the Watershed Acquisition Fund to purchase and manage property within the District's source water area.
- 2.** Installing new power-generating equipment for the Hawk Hills pump station.
- 3.** Installing fire hydrants and replacing old fire hydrants where needed
- 4.** Contracting for power handling equipment at the District's Frank E Clanton water plant.
- 5.** Purchasing and installing multiple mixers for our water storage tanks.
- 6.** Work on our South Beach Road Water Main Improvements project.

6) WATERSHED ACQUISITION FUND (WAF)

This fund allows the District to accumulate money to purchase and manage the District's source water area. This fund was created by Resolution 2021-07.

RESOURCES

Our primary resources for this fund are a transfer from the Capital Improvement Fund and grants, which in 2025-26 are estimated to be \$1,103,722. The District will transfer funds from the CIF to



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the WAF as shown in our 2025-2026 Proposed Budget document. The 2025-2026 Proposed Budget document transfers \$50,000 from line 7 of the Capital Improvement Fund page to line 5 of the Watershed Acquisition Fund page.

- 1. Beginning Fund Balance (Cash on Hand):** The District's available cash in the Watershed Acquisition Fund is estimated at \$103,093.
- 2. OWEB Grant:** The District is expecting a large grant of \$983,722 in the 2025/2026 fiscal year from OWEB to purchase properties within the District's source water area.
- 3. OHA DWSP Grant U25007:** This \$50,000 grant was won in 2023 to purchase a Forest Management Plan and appraise property in the District's source water area.
- 4. OHA DWSP Grant U23004:** This \$70,000 grant was won in 2024 to purchase appraisals and forest cruise of land within the District's source water area.
- 5. Transfers From Other Funds** will be \$50,000 from the CIF on line 7 to the WAF on line 5.

REQUIREMENTS

We will budget all available monies in this fund to pay for any projects eligible to be funded by the Watershed Acquisition Fund.

GENERAL MANAGERS DISCUSSION

This year's Budget process has been challenging. I have done and will continue to do my best to cut expenses where possible. The Personnel Budget expense will continue to be the most difficult to balance as labor costs continue to climb for the foreseeable future.

One of the significant changes in this year's budget is that we received less revenue than projected for the 2024/2025 fiscal year. The District was running a very tight budget for this year, and with less revenue, the District will have fewer funds to begin the 2025/2026 fiscal year. The District is in the position where we need to significantly boost revenue to pay expenses.

Another change in this year's budget is the inclusion of the OWEB Grant in our Watershed Acquisition Fund for roughly 1 million dollars. This will allow the District to further accomplish the task of purchasing property within the District's source water area.

The other significant change in this year's budget is that we have paid off our bonded debt. Our Debt Service Fund will have no income and no expenses for the 2025/2026 fiscal year.



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Mounting costs due to inflation and personnel costs will raise expenses during the 2025-2026 fiscal year. I recommend we either raise rates beginning July 1st, 2025, or use the District's permanent tax rate to pay for our increased Personnel, and Operations and Maintenance costs.

I want to thank everyone for their time and effort with this year's budget.