

Monthly Newsletter

February 2023



"POCID"

THE ANNUAL AUDIT AND BUDGET CYCLE

The audit for the 2021-22 fiscal year was recently conducted. It is performed annually by an independent third-party auditing firm. In most recent years the audit has been conducted by McCall Gibson Swedlund Barfoot PLLC out of Houston. The annual audits are performed after September 30th and are usually completed by mid- February. This is because the District's fiscal year runs from October 1st through September 30th. The District adopts its annual budget prior to the commencement of the fiscal year. The budget for the 2022-23 fiscal year was adopted in August. Both the audit and the budget are available for viewing on the District's website: pocid.org.

The adoption of the budget is a complicated process that involves several different meetings and input from various entities and consultants. The appraisal district provides information on home and property evaluations and anticipated property tax income, the District's financial advisor offers their input on the necessary debt service rate to cover the principal and interest payments on the outstanding bonds and to maintain financial stability, bond counsel provides input on necessary reserves and upcoming bond issuances, the District's management provides input on anticipated expenses and other relevant information, and sales tax revenue figures are examined along with budgets from prior years to analyze trends. The Board has a workshop--or several workshops--usually in July, to go over the budget with the District Manager, acting general manager, the bookkeeper, and any other person deemed beneficial to include. At these meetings, a preliminary proposed budget is formed. At the August meeting the Board generally considers the proposed budget and makes the final formal adoption.

After the budget has been adopted, the Board then establishes a proposed property tax rate and sets the public hearing date for the current year tax rate. This hearing and final adoption is generally undertaken at the beginning of September. Immediately following the public hearing, the Board convenes at a public meeting to formally adopt the new tax rate. Anticipated revenues and expenses comprise the basis for the budget.

The District essentially has four sources of funding:¹ property taxes (23.92%), service rates (27.39% water; 26.39% wastewater), sales tax (8.42%) and administrative and other income which includes interest earned on investments, tap fees, and other miscellaneous sources of income (13.87%). All are considered and analyzed as part of the budget process. Of these, rates and fees have the greatest impact on the lower economic portion of the customer base. Property taxes are less impactful on this group of people for several reasons. First, POCID has generous exemptions. Let's compare the option 65 and over and disabled exemptions in Calhoun County¹:

Entity	Optional 65 and Over	Disabled	Comments
Calhoun County	64,000	64,000	
Seadrift	5,000	3,000	
Point Comfort	3,750	-	
Port Lavaca	10,000	-	
CCISD	10,000	-	Also has mandatory exemptions of 45,000 homestead and 10,000 disabled
Calhoun Port Authority	125,000	125,000	
Groundwater Cons Dist	64,000	64,000	
Drainage Dist #6	20,000	-	Districts 8, 10, and 11 have none
POCID	100,000	100,000	

¹ All percentages based on Fiscal Year End 2021 calculations as presented in the FVO report presented to the Board since year end 2022 has just recently come available and the final audited numbers were not available at the time of initial writing, except for otherwise indicated.
² Using proposed 2022 exemptions for all entities referenced in this section; final exemptions may have varied

Important Dates:

**POC Water Board Meetings
are held on the third
Thursday of each month @
1pm**

*February 16th * March 16th*

**Roll off Trash Bin
First Saturday of each month
behind the POCID Office
from 8am -2pm or UNTIL
FULL**

*February 4th * March 4th*

Billing

***Bills are mailed by the 1st
of each month and are due
on 20th of every month
and a late fee will be assessed
on the 21st unless that falls
on a weekend and then it
will be due the following
Monday.***

Payment Methods:

***Credit Card*Mail*Automatic
Bank Draft*Automatic Credit Card
Draft*In Person*Payment Drop
Box* Bill Pay through your
Financial Institute***

Contact Us

POCID

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Vision Statement

POCID is a proactive organization making a positive impact on the community while implementing best management practices to promote sustainable success.

Mission Statement

To proactively and efficiently manage the affairs of the District for the benefit of its customers, protect the health of the community, produce safe drinking water in adequate quantities, offer competitive rates, assure financial stability, and practice excellence in customer service.

Other water districts that were viewed for comparisons have the following exemptions:

Entity	Optional 65 and Older	Disabled	Comments
Galveston County Mud No. 12	10,000	10,000	
Galveston County Fresh Water Supply Dist No 6	-	-	
Caney Creek MUD	30,000	30,000	Matagorda County
Matagorda County WCID #2	30,000	-	
Matagorda County WCID #5	-	-	
Matagorda County WCID #6	10,000	-	
Beach Road MUD	30,000	-	
Nueces County Drainage Dist #2	60,000	60,000	
Aransas County MUD #1	3,000	-	
Lamar Improvement District	20,000	-	Aransas County

Second, property taxes are naturally stepped. In other words, those that possess the most valuable property carry a larger portion of the burden. The recently adopted 2022 tax rate is .5090—a slight reduction from the .5190 2021 rate—comprised of .2477 for debt service and .2613 for funding District maintenance and operations expenditures. The 2023 tax rate will be adopted in September or early October.

Waster Service Revenue comprises 27.39% of all District revenue. This category includes the Basic Service Fee and the Water portion of customer bills. The five-year history of water revenues is as follows:

Year	Water Service Revenue Amount	% Change
2017	\$977,502	--
2018	\$950,181	-2.8%
2019	\$931,455	-2.0%
2020	\$1,018,835	9.4%
2021	\$1,122,399	10.2%

Wastewater Service Revenue contributed 26.39% of the District 's revenue for fiscal year 2021. The five -year revenue stream for wastewater:

Year	Wastewater Service Revenue Amount	% Change
2017	\$957,700	--
2018	\$953,854	-0.4%
2019	\$997,862	4.6%
2020	\$1,067,318	7.0%
2021	\$1,081,447	1.3%

The sales tax income is a nice contributor, but—while a significant amount of money—Is pretty insignificant in the overall budget of the District comprising 8.42% of revenue. Here are the recent sales tax revenue amounts available as of January 31, 2023 as published by the Texas Comptroller's Office:

Sales tax revenue of the last six years:¹

Year	Sales Tax Revenue Amount	% Change
2017	\$213,651	--
2018	\$248,768	16.4%
2019	\$251,834	1.2%
2020	\$306,615	21.8%
2021	\$348,893	13.8%
2022	\$386,235	10.7%

Administrative Revenue includes revenue generated through Penalty and Interest, Investment Earnings, and anything characterized as Miscellaneous. This category only accounts for 1.98% of District revenue. The only other category that contributes to revenue is "Other" and its contribution fluctuates, but in 2021 it comprised 11.89% of all revenue.

As you can see, most revenue is derived from the property taxes, along with customer rates and fees. Customer rates and fees are constantly reviewed by the District's Board of Directors to evaluate sufficiency, opportunities to reduce or to forecast if any potential raises might be necessary in the future, and explore other options and opportunities that might alleviate any future increases. During 2022, the District's Board of Directors completed a ten-year budget forecast exercise to aid in setting tax rates, structuring the budget, managing customer service rates and fees, and to assist with long term planning and forecasting.

Auto Draft Fee Waived

Sign up for Auto Draft with your **Bank Account** for **NO FEE!!** Please note that if you use your **Credit Card** there is a 3.5% fee.

* Go to the website @ www.pocid.org - select Bill Payment and log in or set up an account and then select I want to set up auto pay.

* Go online to <https://www.pocid.org/all-forms> and select POCID ACH & Credit Card Form then fill out a form and email it to www.pocid@pocid.org

* Contact the Port O'Connor Improvement Office at 361-983-2652



POCID Rules and Regulations require all customers to have a customer service valve outside their meter box within 3 feet of the meter box.



Reminder

Check out our Website @ www.pocid.org

- * Sign up for Alerts
- * Pay your bill
- * Applications/Forms
- * Sign up for Auto Draft
- * Current Projects
- * Agendas/Minutes
- * Updates
- * Sign up for paperless billing

Irrigation Permits

All sprinkler systems require a permit completed and turned in to the POCID Office **before** installation. After installation a backflow inspection is required.



Sorry We're
**CLOSED
FOR LUNCH**

We will be closing for Lunch
from 12PM to 1PM starting
February 6, 2023.