

Palatine Hill Water District

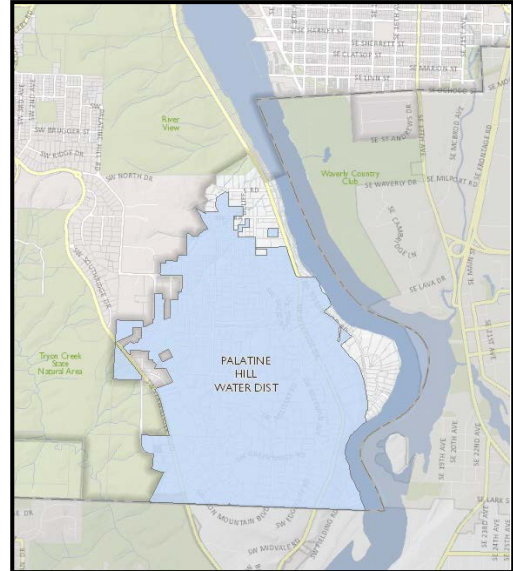
TSCC Budget Review 2020-21

1. Introduction to the District

Palatine Hill Water District is located in Southwest Portland. It covers approximately five square miles and has about 600 customers.

This district purchases water from the Portland Water Bureau.

The district has five board members who are elected to four-year terms and serve without compensation.



2. History

The District certified its tax base authority in 1997-98 in order to determine a property tax rate under Ballot Measure 50. However, it has not certified a levy since then.

3. Strategic Plan/Performance Objectives

The District is systematically upgrading its infrastructure. Some residential development is forecast in the District, so the Board is planning for future new connections that could sharply increase the number of customers.

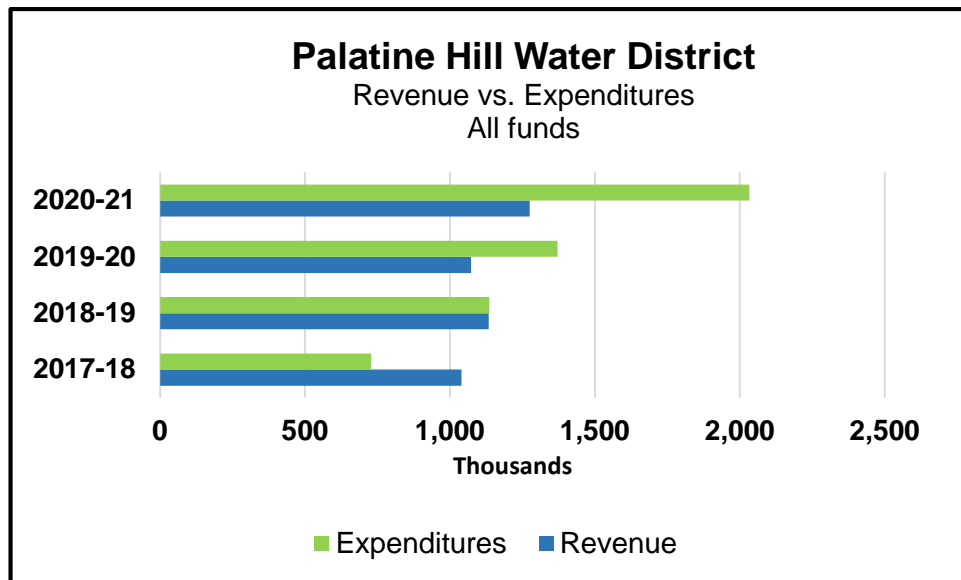
4. Budget in Total review

The District's FY21 budget is \$3.6 million, an increase of \$527K (17%). District expenditures are increasing by \$662K, which is attributable to Capital Improvements. The cost of water purchased is decreasing by \$67K to \$448K, an decrease just over 13%. However the district has received the following chart showing anticipated future rates from the Portland Water Bureau.

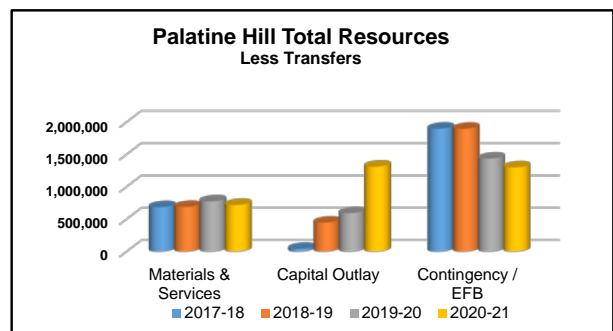
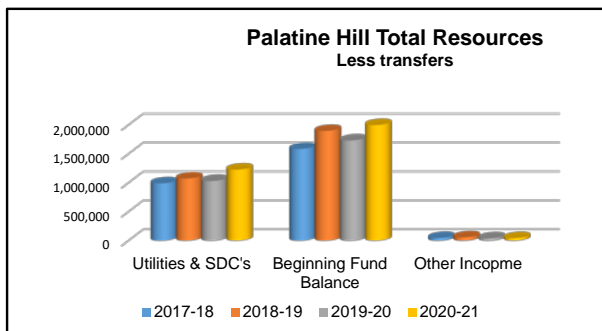
City of Portland Water Future Rates					
Fiscal Yer	2021	2022	2023	2024	2025
Rate estimated	2.136	2.506	4.489	7.396	7.623

The district has no employees and, so, no personnel services costs.

Palatine Hill Water District				
Total Requirements All Funds				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	Apv. Budget
Materials & Services	686,498	689,578	775,927	719,618
Capital Outlay	42,189	446,525	595,000	1,313,000
Total Expenditures	728,687	1,136,103	1,370,927	2,032,618
Transfers	150,000	175,000	350,000	350,000
Contingencies	0	0	100,000	100,000
Ending Fund Balance	1,897,688	1,895,815	1,335,503	1,200,510
Total Requirements	2,776,375	3,206,918	3,156,430	3,683,128



FY20 expenditures are budgeted to exceed revenues by \$297K as the district uses fund balance to pay for system improvements. The FY21 beginning fund balance is \$2.1 million, the ending fund balance is \$1.2 million.



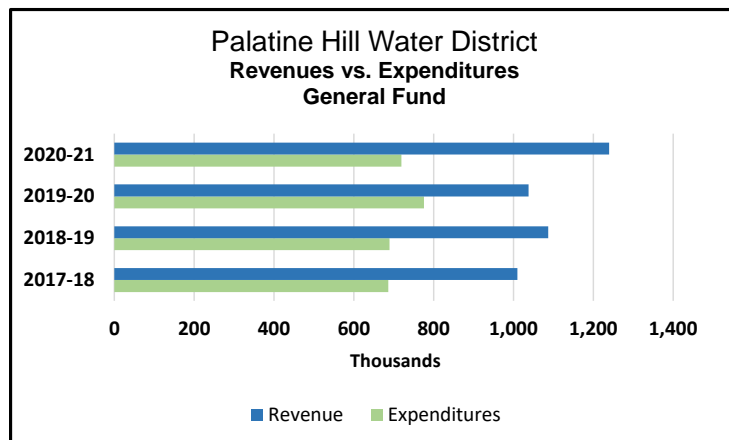
Resources equal requirements in all funds and inter-fund transfers balance. The primary revenue is water utility rate payer income (\$1,200,000 for FY21). The district also generates revenue from a cell tower lease (\$16K annually) and miscellaneous income. In FY19 Systems Development Charges generated \$23,932. The same amount is anticipated to be received in the current year and ensuing years.

Palatine Hill Water District				
Total Requirements All Funds				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	Apv. Budget
Utilities	980,748	1,050,852	1,008,600	1,205,600
Fees & Charges	11,614	23,932	24,000	24,000
Other Income	47,936	59,446	40,876	45,875
Total Revenues	1,040,298	1,134,230	1,073,476	1,275,475
Transfers in	150,000	175,000	350,000	350,000
Beginning Fund Balance	1,586,077	1,897,688	1,732,954	2,057,653
Total Resources	2,776,375	3,206,918	3,156,430	3,683,128

The General Fund is one of two district funds. The other is the System Improvement Fund. Operations expenditures are accounted for in the General Fund, and Capital Projects are accounted for in the System Improvement Fund.

5. Analysis of General Fund

The General Fund requirements are increasing from \$1.9 million to \$2.1 million or 9%. Expenditures are decreasing by \$56K (-7%) to \$719K. General Fund revenues exceed expenditures by \$520K, allowing the district to continue the transfer of \$350K to the System Improvement Fund. The district pays for all system improvements using this annual surplus, forgoing its tax authority or borrowing power.



Palatine Hill Water District				
General Fund Summary				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	Apv. Budget
Beginning Fund Balance	590,465	763,666	879,097	847,104
Utilities	980,748	1,050,852	1,008,600	1,205,600
Other Income	28,711	36,101	28,876	33,875
Total Resources	1,599,924	1,850,619	1,916,573	2,086,579
Public Utilities Water	686,258	689,303	775,677	719,368
Transfers	150,000	175,000	350,000	350,000
Contingencies	0	0	50,000	50,000
Ending Fund Balance	763,666	986,316	740,896	967,211
Total Requirements	1,599,924	1,850,619	1,916,573	2,086,579
Revenue - Expenditures	323,201	397,650	261,799	520,107

General Fund Resources

Ninety-seven percent of District revenues are receipted in the General Fund and the majority of that is water sales revenue. The increase in utility revenue in the table above reflects an increase in rates charged customers in the last quarter of the current year and also assumed increase in the volume of water sold. Water rates were increased in March 2020 and are not budgeted to increase in FY21.

General Fund Requirements

With the exception of water purchases and engineering contract expenditures, all of the Materials and Services costs remain flat. Water purchases, which account for two-thirds of the M&S budget, will decrease \$67K or 13%. Other General Fund expenditures include:

- System Maintenance (\$55K),
- Utilities (\$35K)
- Administration (\$54K),
- Accounting (\$48K),
- Engineering (\$51K), and
- Other Expenses (\$28K)

6. Analysis of Other Funds

The System Improvement Fund budget is \$1.60 million, an increase of \$357 thousand.

The District's Systems Development Charge revenue is \$24,000 for new residences. The budget anticipates the same for the current year. Transfers from the General Fund will remain the same as in the current year.

Palatine Hill Water District				
System Improvement Fund				
	2017-18	2018-19	2019-20	2020-21
Beginning Fund Balance	995,612	1,134,022	853,857	1,210,549
Sys Development Charges	11,614	23,932	24,000	24,000
Interest Income	19,225	23,345	12,000	12,000
Transfers In	150,000	175,000	350,000	350,000
Total Resources	1,176,451	1,356,299	1,239,857	1,596,549
Total Fund Expense	42,429	446,800	595,250	1,313,250
Contingencies	0	0	50,000	50,000
Ending Fund Balance	1,134,022	909,499	594,607	233,299
Total Requirements	1,176,451	1,356,299	1,239,857	1,596,549

FY 21 System Improvement expenditures are for water main replacements and water storage system improvements. The District is operating on a pay as you go basis for these incremental projects.

7. Debt Status

The District has no debt.

8. Is Budget in Sync with Strategic Plan/Performance Objectives?

Yes the budget is synchronized with the improvement plans. Water rates have been maintained at a level sufficient to fund needed improvements without issuing debt.

9. Budget Law Compliance

Yes	No	Compliance Issue
	✓	1. Did district meet publication requirements?
✓		2. Do resources equal requirements in every fund?
	n/a	3. Does the G.O. Debt Service Fund show only principle and interest payments
✓		4. Are contingencies shown only in operating funds?
✓		5. Did budget committee approve the budget?
✓		6. Did budget committee set the levy?
✓		7. Does audit show the district was in compliance with budget law?

10. Highlights of 2020-21 Budget

- The District’s FY20 budget is \$3.7 million, an increase of \$527K (17%).
- Expenditures are increasing by \$661K, which is attributable to Capital Improvements.
- Water rates charged to customers were increased in March of the current years in order to maintain future pace with the cost of water purchased from the City of Portland and continue to support the capital needs of the district.

- The District continues to budget for capital improvements from operating revenues (transfer in FY21 is \$350,000). In FY21 they expect to experience \$1.3 million in capital improvement expenditures.

11. Local Budget Law Compliance:

The 2020-2120 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown. However the publication notice did not give ample public notice of the Budget Committee Meeting. Two notices were published; one 8 days prior to the meeting and the other was only the day before.

The audit report for fiscal year 2018-19 does not note any expenditures in excess of budget.

12. Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the district's FY 2020-21 budget and suggests the certification letter contain the following recommendation:

When publishing the notice of the budget committee meeting make certain it is published twice between 5-30 days prior to the budget committee meeting.

Palatine Hill Water District

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Resources:					
Beginning Fund Balance	1,586,077	1,897,688	1,732,954	2,057,653	19%
Fees and Charges	11,614	23,932	24,000	24,000	0%
Utilities	980,748	1,050,852	1,008,600	1,205,600	20%
Other Income	47,936	59,446	40,876	45,875	12%
Transfers In	150,000	175,000	350,000	350,000	0%
TOTAL RESOURCES	2,776,375	3,206,918	3,156,430	3,683,128	17%
Requirements by Function:					
Public Utilities Water System	728,687	1,136,103	1,370,927	2,032,618	48%
Transfers Out	150,000	175,000	350,000	350,000	0%
Contingencies	0	0	100,000	100,000	0%
Ending Fund Balance	1,897,688	1,895,815	1,335,503	1,200,510	-10%
TOTAL REQUIREMENTS	2,776,375	3,206,918	3,156,430	3,683,128	17%
Requirements by Object:					
Materials & Services	686,498	689,578	775,927	719,618	-7%
Capital Outlay	42,189	446,525	595,000	1,313,000	121%
Fund Transfers	150,000	175,000	350,000	350,000	0%
Contingencies	0	0	100,000	100,000	0%
Ending Fund Balance	1,897,688	1,895,815	1,335,503	1,200,510	-10%
TOTAL REQUIREMENTS	2,776,375	3,206,918	3,156,430	3,683,128	17%
SUMMARY OF BUDGET - BY FUND					
General Fund	1,599,924	1,850,619	1,916,573	2,086,579	9%
System Improvement Fund	1,176,451	1,356,299	1,239,857	1,596,549	29%
GRAND TOTAL ALL FUNDS	2,776,375	3,206,918	3,156,430	3,683,128	17%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	590,465	763,666	879,097	847,104	-4%
Utilities	980,748	1,050,852	1,008,600	1,205,600	20%
Other Income	28,711	36,101	28,876	33,875	17%
TOTAL FUND RESOURCES	1,599,924	1,850,619	1,916,573	2,086,579	9%
Requirements:					
Public Utilities Water System	686,258	689,303	775,677	719,368	-7%
Transfers Out	150,000	175,000	350,000	350,000	0%
Contingencies	0	0	50,000	50,000	0%
Ending Fund Balance	763,666	986,316	740,896	967,211	31%
TOTAL FUND REQUIREMENTS	1,599,924	1,850,619	1,916,573	2,086,579	9%
BALANCE SHEET AS OF JUNE 30 EACH YEAR					
	2017-18	2018-19			
Assets:					
Cash & Investments	1,866,163	1,856,202			
Receivables	116,573	119,424			
Fixed Assets	1,864,411	2,229,718			
Other	5,622	6,338			
TOTAL ASSETS	3,852,769	4,211,682			
Liabilities and Equity:					
Liabilities	90,670	86,149			
Equity	3,762,099	4,125,533			
TOTAL LIABILITIES AND EQUITY	3,852,769	4,211,682			