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Meeting Date: May 19, 2021  
Staff Contact: Stan Allred, Chief Financial Officer

**TITLE: C-21-12 – Approving FY2021 3rd Quarter Operating Financial Reports**

**ACTION: Receipt be Noted**

**SUMMARY:**

Submitted to the Board for review and informational purposes are the financial reports for the quarter ended March 31, 2021. The reports provide a year-to-date comparison between the approved FY21 budget and actual expenses through March 31, 2021. The reports also include revenue and expense projections to June 30, 2021. The projections are based on actual, trend, and historical information. As with any estimates, this information is subject to change.

These reports have been reviewed and approved by the State Department of Finance and Administration Local Government Division.

Fund 21 General Operating Fund

Revenues:

Third Quarter rate revenues are \$1.9 million above the actuals for the same period in FY20; the revenues reflect the increase of 491MG of water produced through the third quarter. Revenues are projected be at the FY21 budgeted amount. This projection is based upon 9 months of actual consumption and is subject to change.

Third Quarter other revenue, which includes interest revenue, is \$1.2 million below the actuals for the same period in FY20.

Revenue budget amounts were derived with the expectation of very limited growth in the service area for the next several years coupled with a GCPD goal of 125 for FY21.

Expenses:

Third Quarter total expenses are \$8.3 million above the actuals for the same period in FY20, due to increases in the transfers to the Capital and Debt Service funds. In March 2021, the Water Authority Board approved a one-time transfer of \$2.8 million from the General Fund to the Growth Fund to fund various plant facility improvements. In prior fiscal years, the transfer to the Debt Service fund was made in 12 equal monthly installments. In FY21, the transfer has been revised to coincide with the principal and interest payments made during the fiscal year. This change maintains a positive cash balance in the Debt Service Fund throughout the fiscal year. The projected total expense

at June 30, 2021 is estimated to be \$0.6 million under the FY21 budgeted amount.

Unreserved working capital or fund balance is projected to be \$35.5 million, compared to a beginning balance in FY21 of \$43.9 million. The fund balance trend has reversed as planned and will meet the target of 1/12 of operating expenses.

The Rate Reserve balance for FY21 is \$9.0 million, the Risk Reserve balance is \$0.5 million, and the Soil Amendment Facility Reserve balance is \$1.5 million.

**FISCAL IMPACT:**

The reduction in consumption is a positive result for conservation goals; however, the costs of maintaining the utility are primarily fixed in nature and the revenue requirements for operating, debt service payments, reserves, and debt service coverage must be met. Consumption levels will continue to be monitored to ensure proper revenue levels are achieved.

The Water Authority will continue to control operating expenses to offset any reductions in revenue. The balance for the Rate Reserve is now at \$9.0 million and earmarked for fluctuations in revenue which are not anticipated and to protect ratepayers from emergency rate adjustments.

# FY21 - 3rd Quarter Water Authority Financial Dashboard

