

Meeting Date: February 9, 2022
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: **C-22-7 – FY2022 First 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 September 30, 2021. The reports provide a year-to-date comparison between the approved FY22 budget and actual expenses through September 30, 2021. The reports also include revenue and expense projections to June 30, 2022. 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:

First Quarter rate revenues are \$2.3 million below the actuals for the same period in FY21; the revenues reflect the decrease of 525MG of water produced during the first quarter. Revenues are projected be at the FY22 budgeted amount. This projection is based upon 3 months of actual consumption and is subject to change.

First Quarter other revenue, which includes miscellaneous revenue, is \$0.3 million below the actuals for the same period in FY21.

Revenue budget amounts were derived with the expectation of very limited growth in the service area for the next several years coupled with moving towards the Water Authority GCPD goal of 110 by 2037.

Expenses:

First Quarter total expenses are \$1.2 million above the actuals for the same period in FY21, primarily due to the increase in the transfer to the Debt Service Fund. The projected total expense at June 30, 2022 is estimated to be \$0.4 million under the FY22 budgeted amount.

Unreserved working capital or fund balance is projected to be \$29.0 million, compared

to a beginning balance in FY22 of \$35.2 million. The fund balance will meet the target of 1/12 of operating expenses.

The Rate Reserve balance for FY22 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.

FY22 - 1st Quarter Water Authority Financial Dashboard



