Albuquerque Bernalillo County
Water Utility Authority

Agenda Item No. 9b

Meeting Date: August 23, 2023
Staff Contact: Marta Ortiz, Chief Financial Officer

TITLE: **R-23-19 – Authorizing Fiscal Year 2023 Unaudited Fourth Quarter Financial Report; Year Ending June 30, 2023**

ACTION: **Recommended Approval**

SUMMARY:
Submitted to the Board for review and information is the Fiscal Year (FY) 2023 unaudited financial report for the fiscal year ending June 30, 2023, excluding closing entries. To comply with Section 6-6-2(B) NMSA 1978 (Local Government Division-Powers and Duties), the Albuquerque Bernalillo County Water Utility Authority (Water Authority) is required to submit an FY23 fourth quarter report and signed resolution to the State of NM by the first Monday in September 2023. The State will then certify the Water Authority's FY24 Approved Budget. The FY23 ending fund balances in this report are final and become the FY24 beginning fund balances. The report provides a year-to-date comparison between the approved FY23 budget and the unaudited actual revenues and expenses through June 30th, excluding closing entries.

Fund 21 General Operating Fund

Revenues:
Fourth quarter FY23 rate revenues are projected to be $6.6 million above the actuals from FY22 due to the rate revenue increase. Water production for FY23 is 1.66 billion gallons less than FY22 which can be attributed to conservation and increased rainfall in FY23. FY23 projected rate revenues are $4.9 million below the FY23 budgeted amount. The gallons per capita per day (GPCD) was 126.95 for calendar year 2022.

Expenses:
Fourth Quarter FY23 total expenses are projected to be $13.5 million above the actuals from FY22. This increase is attributed to the increased costs of chemicals, power, fuels and other related maintenance & repairs. The projected expenses at June 30, 2023, are $0.1 million under the FY23 budgeted amounts.

Ending FY23 unreserved working capital or fund balance is $21.3 million, of which $9.0 million is designated for the Rate Reserve, $0.5 million for the Risk Reserve, and $2.1 million for the Soil Amendment Facility Reserve. Compared to a beginning balance in FY23 of $32.8.0 million, fund balance decreased $11.4 million during FY23.

FISCAL IMPACT:
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 Water Authority has capped the Rate Reserve balance at $9.0 million. This reserve was established by ordinance to serve as a buffer in the event of an unexpected revenue shortfall due to significant swings in consumption.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-23-19

RESOLUTION

AUTHORIZING FISCAL YEAR 2023 UNAUDITED FOURTH QUARTER FINANCIAL REPORT; YEAR ENDING JUNE 30, 2023

WHEREAS, The Albuquerque Bernalillo County Water Utility Authority (Water Authority) Board has developed a budget for FY2024; and

WHEREAS, the unaudited fourth quarter report has been reviewed and approved to ensure the accuracy of the beginning balances used for the FY2024 budget; and

WHEREAS, it is hereby certified that the contents in this unaudited report are true and correct to the best of our knowledge and that this report depicts all funds for FY2023.

BE IT RESOLVED BY THE WATER AUTHORITY:

The Water Authority Board approves the unaudited fourth quarter report for FY2023 and respectfully requests approval from the Local Government Division of the Department of Finance and Administration.

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

Fiscal Year (FY) 2023

Unaudited 4th Quarter Financial Report

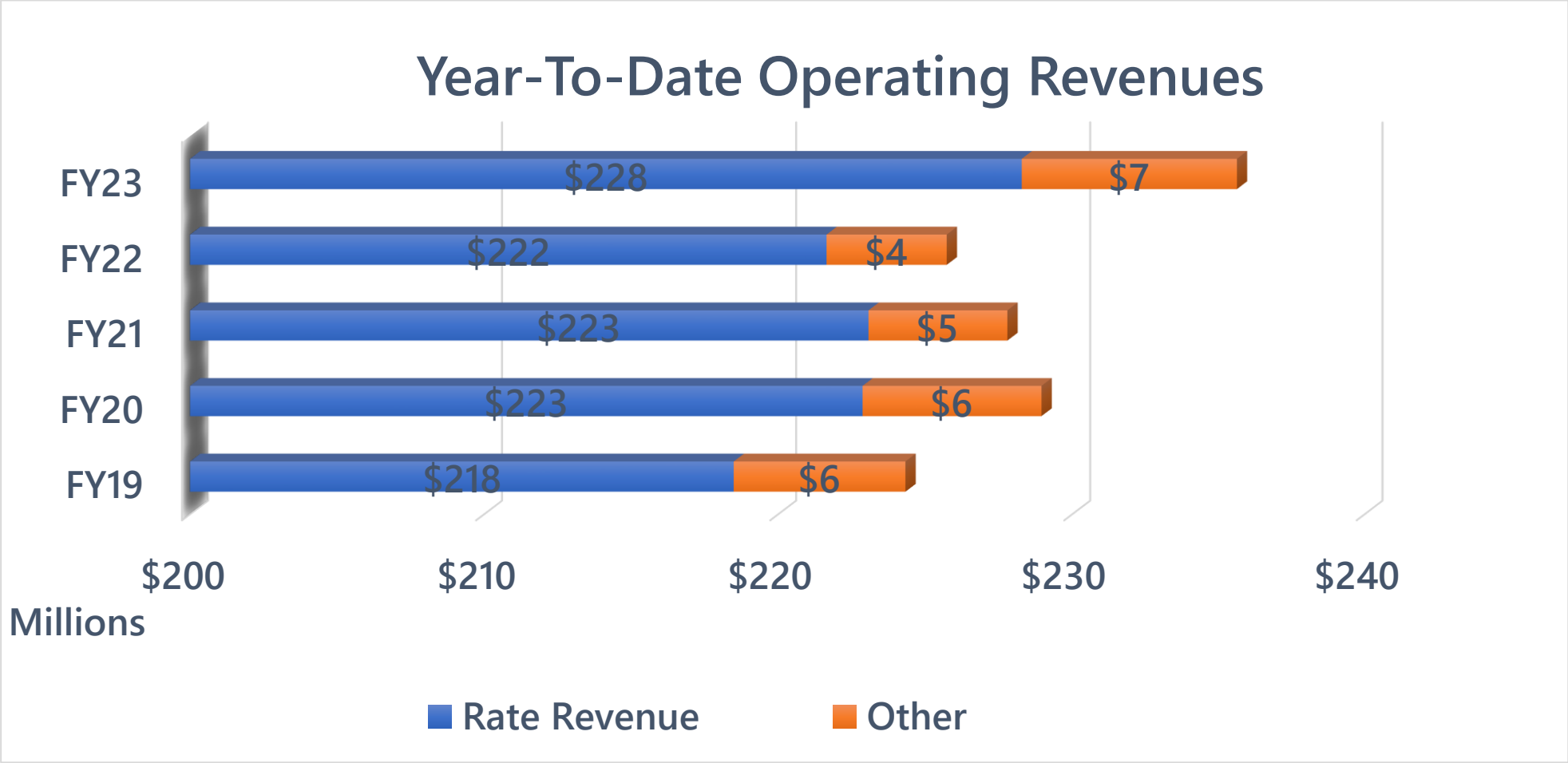
Ending June 30, 2023

1st Close Dashboard

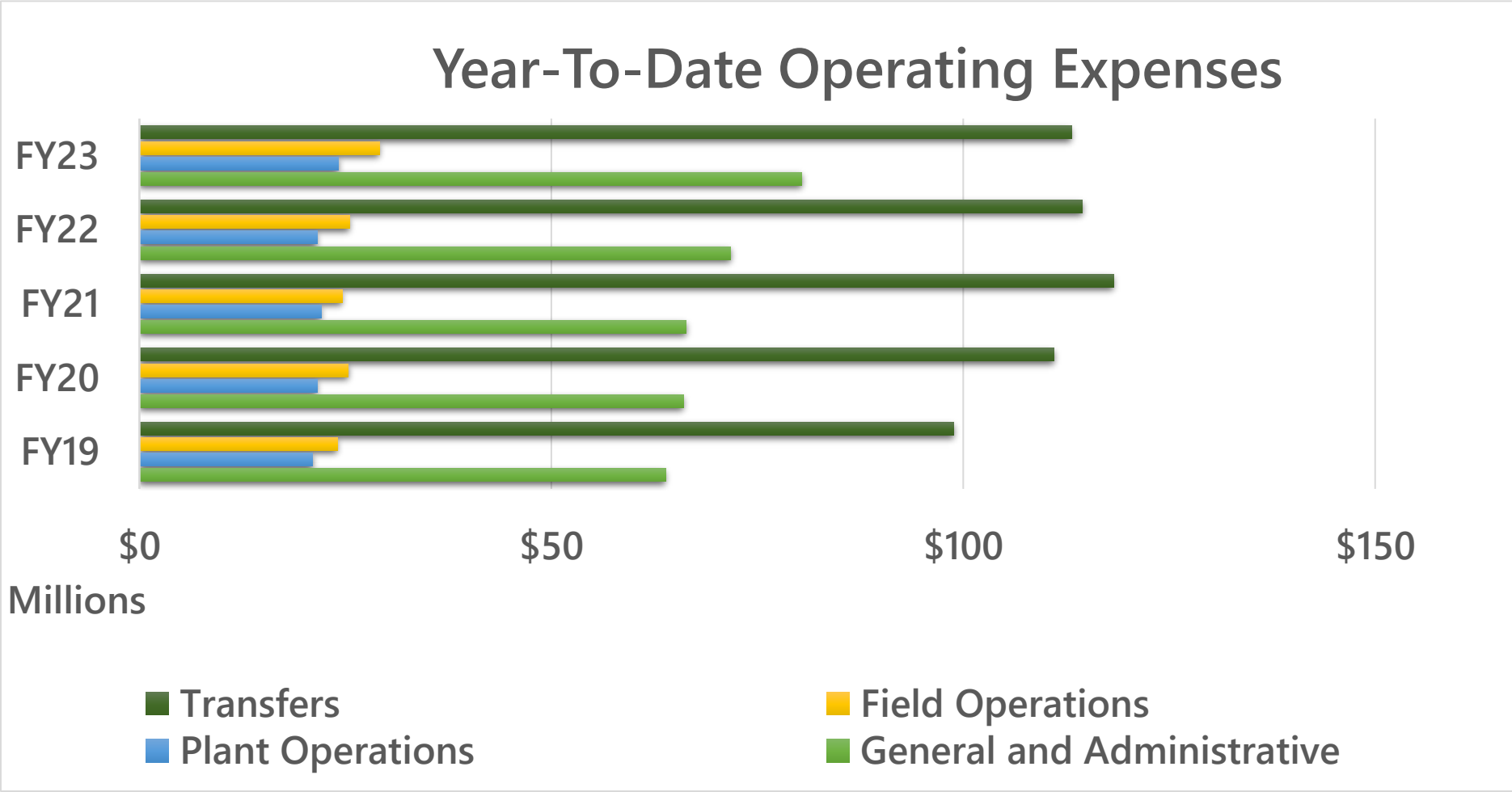
State of NM Statute Requirements

(Section 6-6-2(B) NMSA 1978)

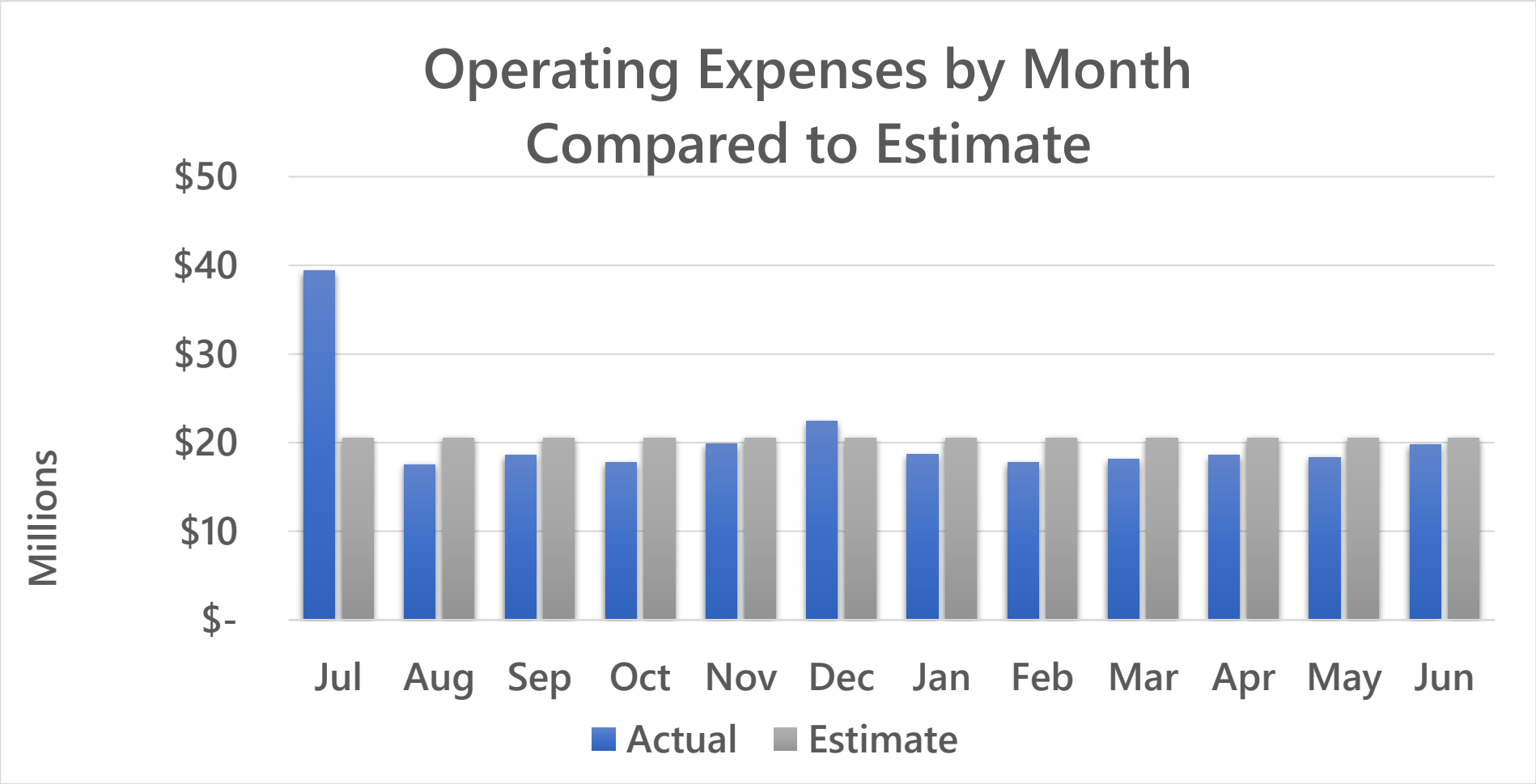
- State of NM Department of Finance and Administration (DFA) Local Government Division
  - Water Authority 4th Quarter Financial Report
  - Approved Resolution
  - Recognition of fund balances as of June 30, 2023, excluding closing entries

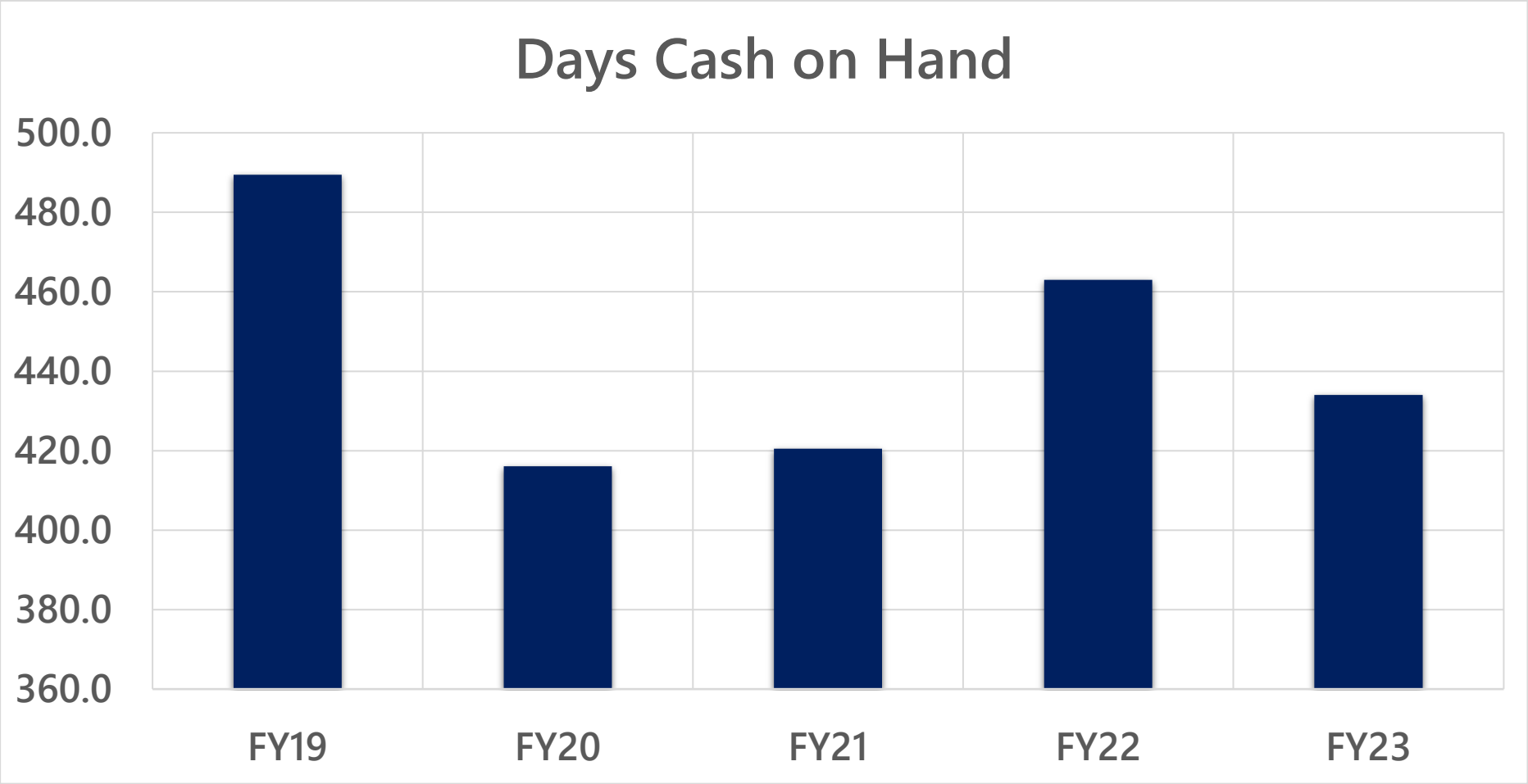


FY23 Rate Revenues = $228 million, an increase of $6.6 million from FY22

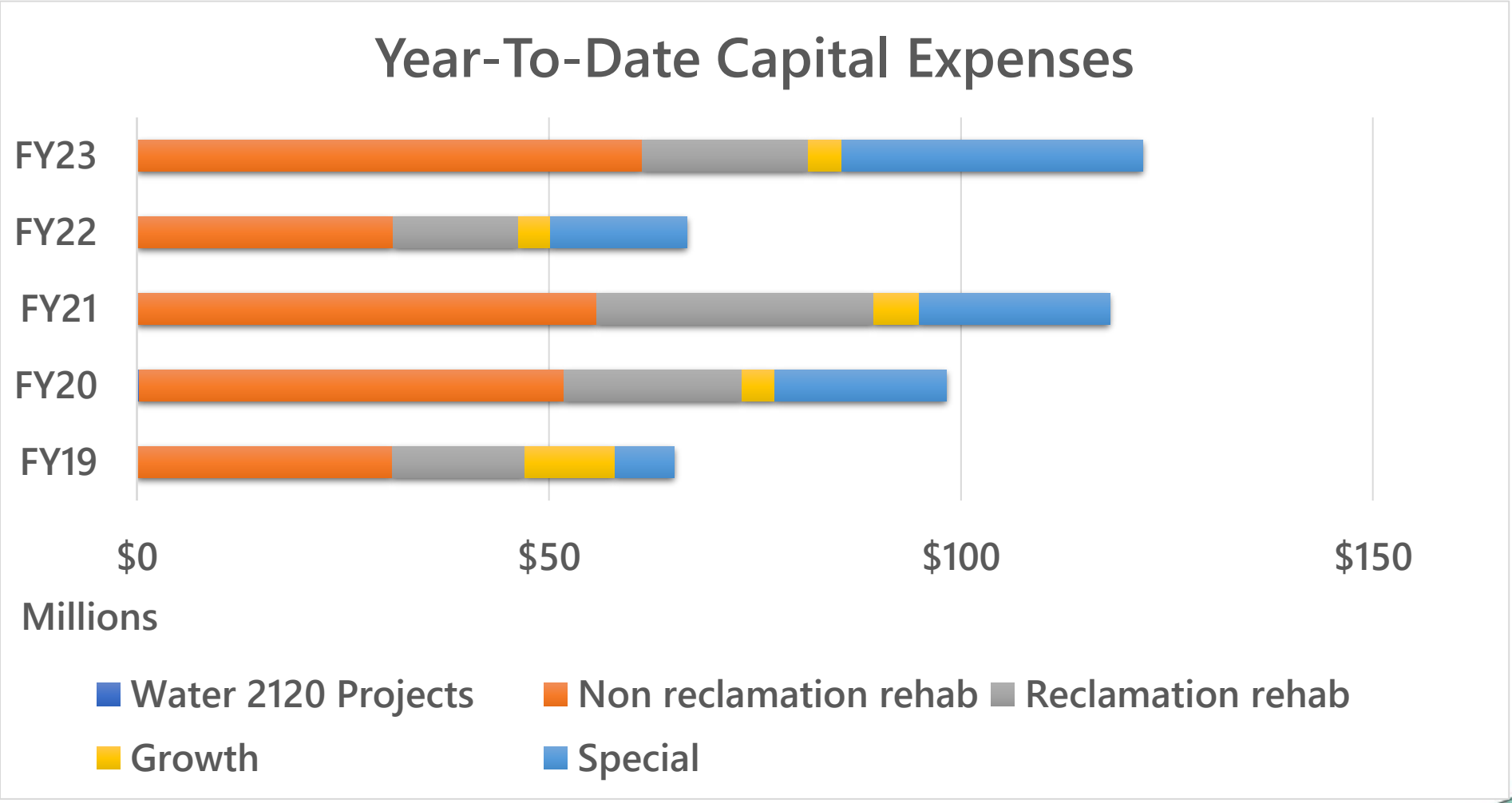


FY23 Expense total $247 million, $13.5 million above FY22

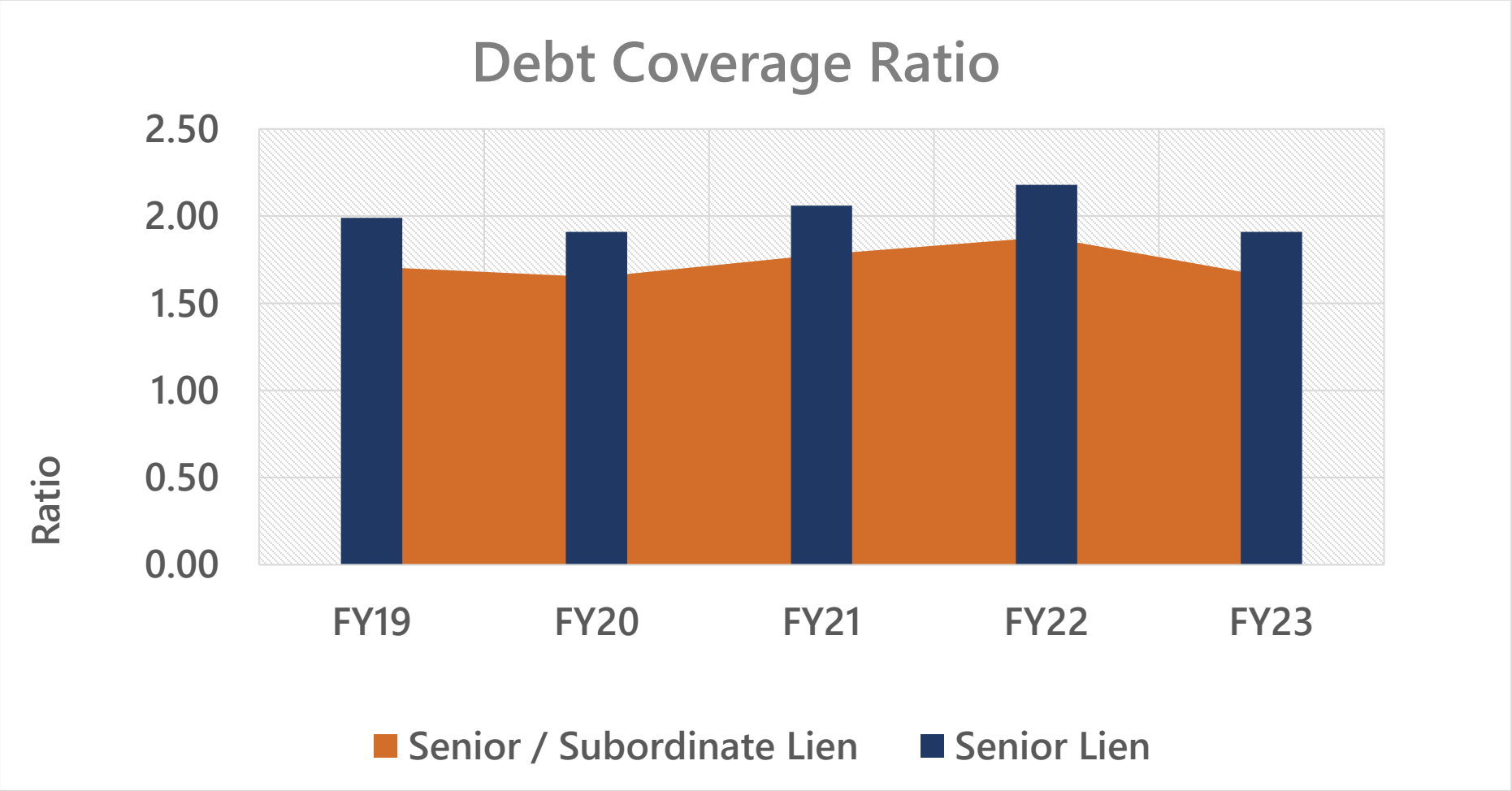

Operating Expenses by Month
Compared to Estimate
Millions
$50
$40
$30
$20
$10
$-
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Actual
Estimate



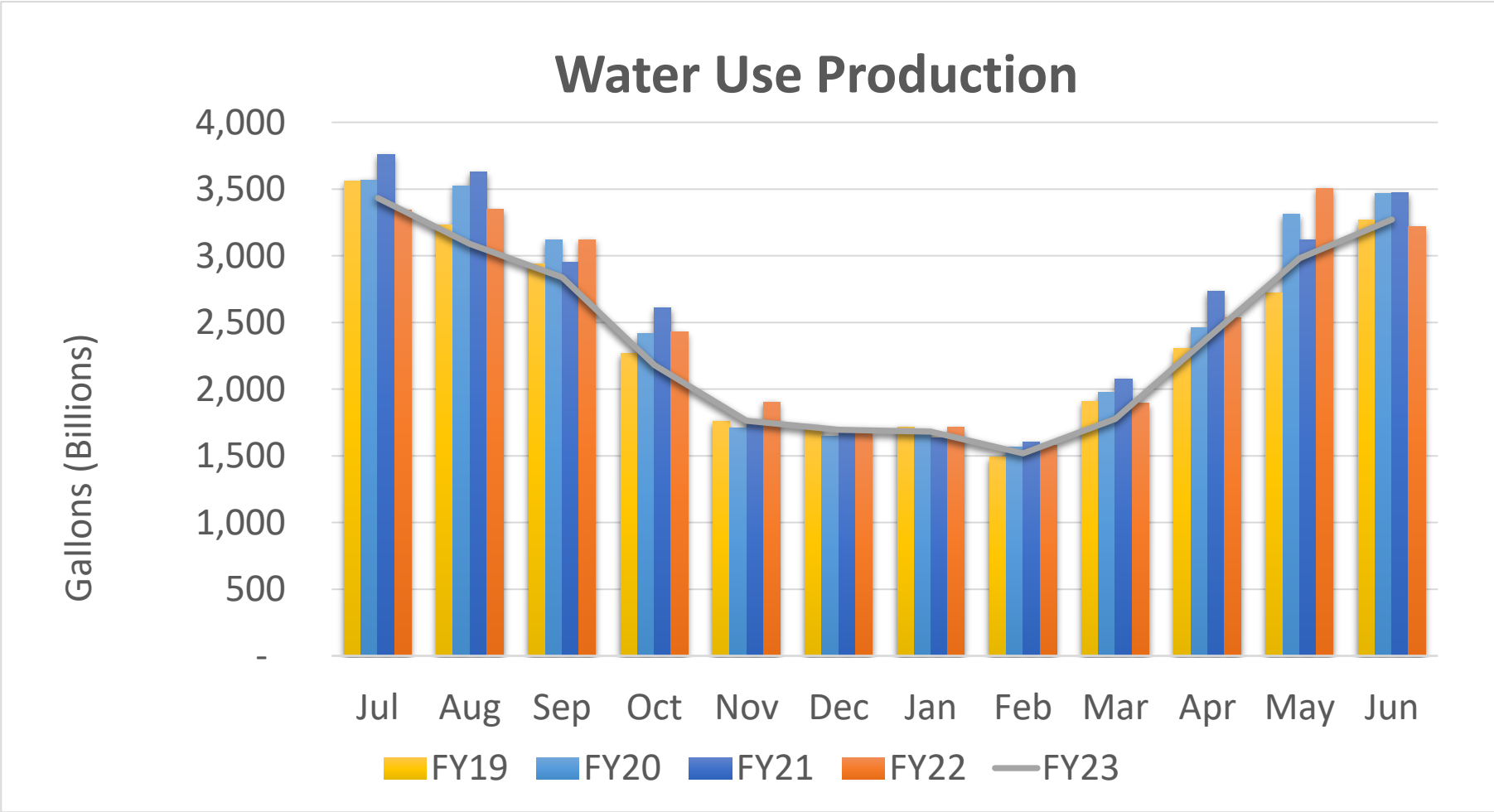
FY23 = 434, target 350



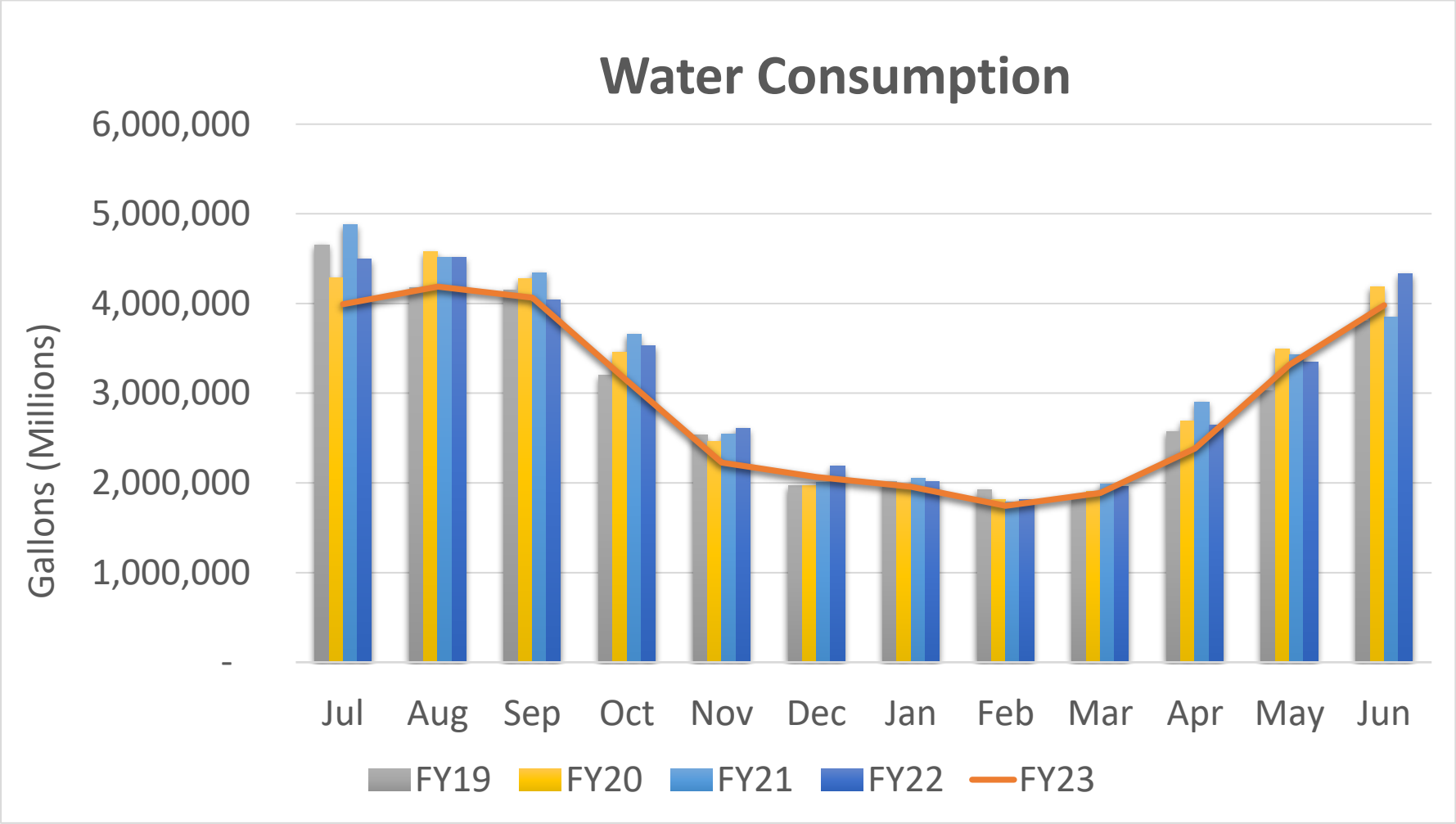
Total Capital Expense $122 million, an increase of $55.4 million from FY22



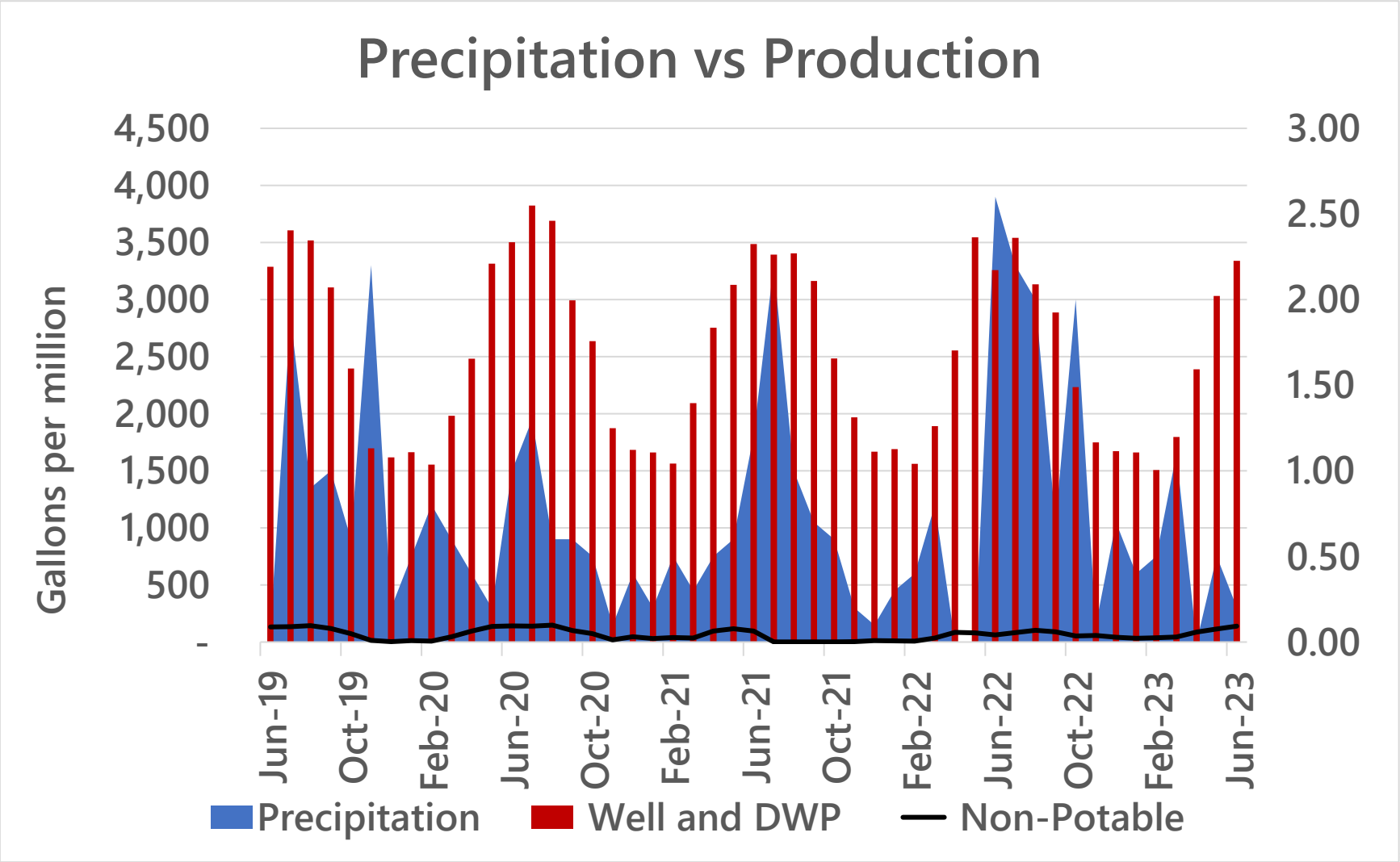
FY23 Debt Ratio
Senior = 1.91%
Senior & Subordinate = 1.65%



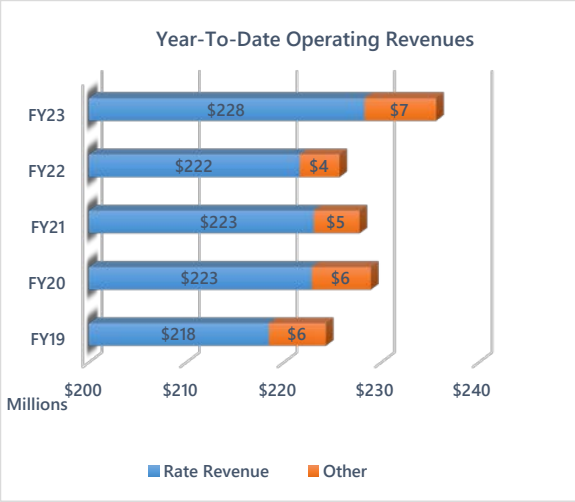
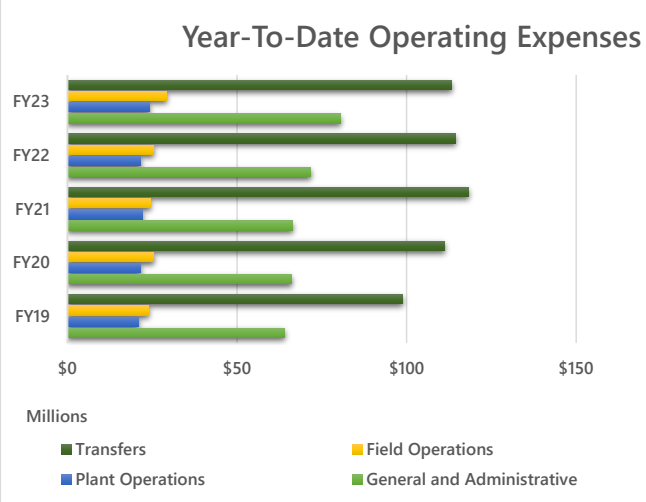
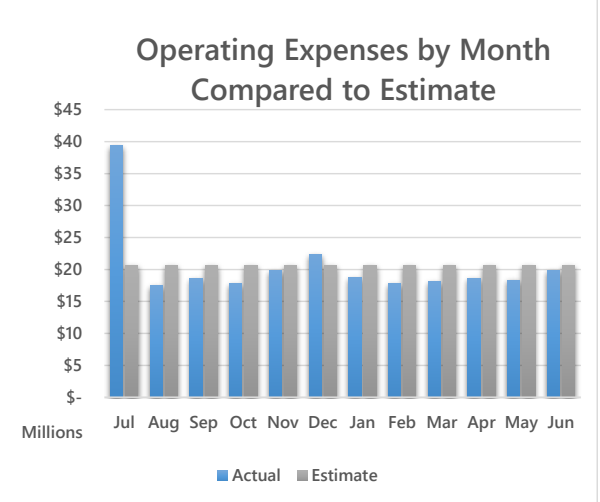
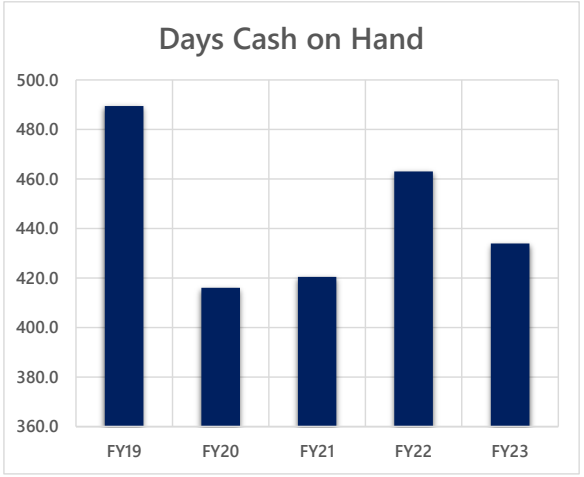
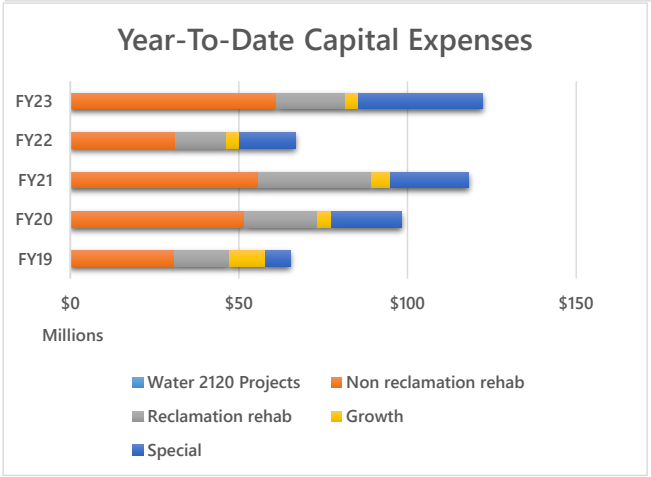
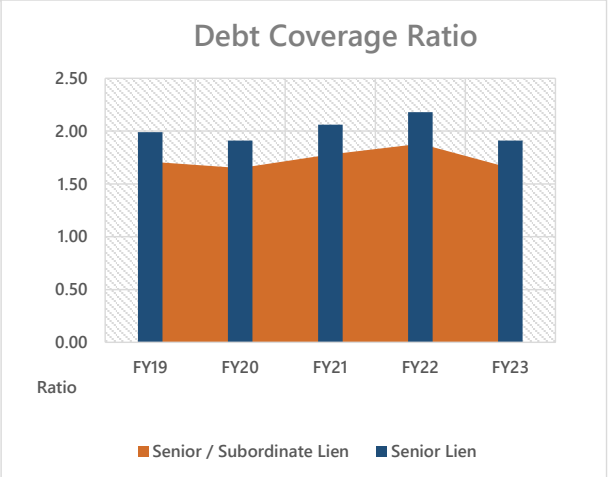
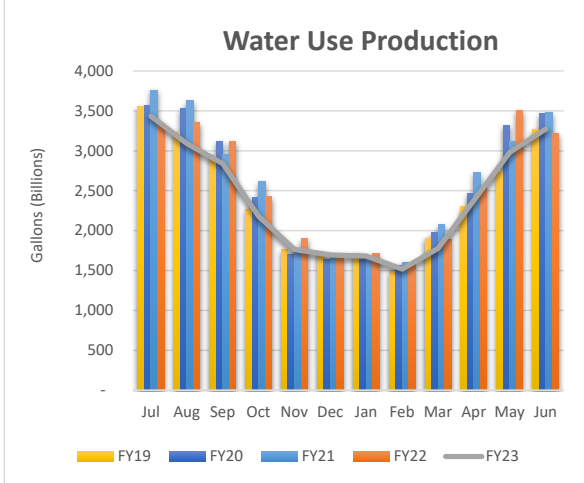
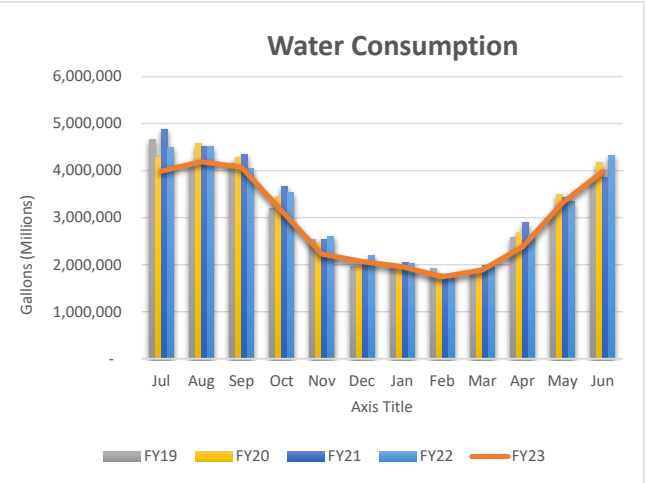
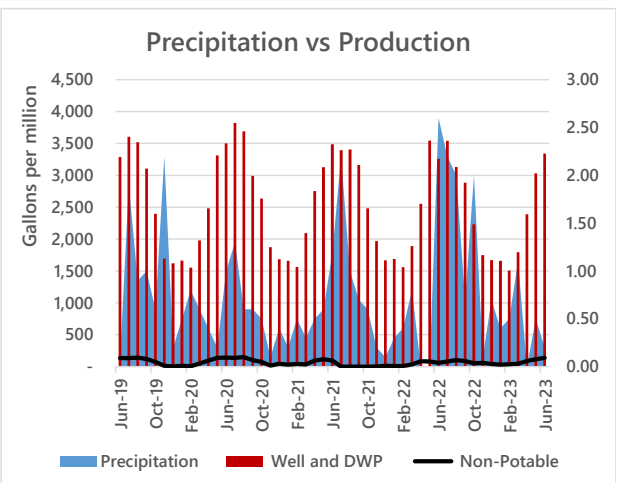
FY23 is 28.6, a decrease of 1.7 from FY22



FY23 = 34.9, which is 2.5 billion gallons less than FY22



Illustrates production amounts vs precipitation (rainfall)

FY23 - 4th Quarter Water Authority Financial Dashboard

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