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Meeting Date: May 18, 2016  
Staff Contact: Stan Allred, Chief Financial Officer

**TITLE: C-16-11 - Third Quarter Operating Financial Reports**

**ACTION: Receipt be Noted**

**SUMMARY:**

Submitted to the Board for review and information are the financial reports for the quarter ending March 31, 2016. The reports provide a year to date comparison between the approved FY/16 budget and actual expenditures through March 31<sup>st</sup>. The reports also include revenue and expenditure projections to June 30, 2016. The projections are based on actual, trend, and historical information. As with any estimates, this information is subject to change.

Fund 21 General Operating Fund

Revenues:

Third quarter rate revenues are \$15.4 million above the actuals for the same period in FY/15. This revenue increase includes increased revenue from water sales of \$12.7 million, and Sewer revenue \$2.7 million. The FY/16 rate revenues are up from the FY/15 revenues for the same time period due to the rate increase approved by the Board for FY16. Revenues are projected be \$4 million above the FY16 projected budgeted amount and may be adjusted with the 4<sup>th</sup> quarter report. This projection is based upon approximately 8 months of actual consumption and is subject to change.

Third Quarter other revenue which includes miscellaneous revenue is \$0.14 million below the actuals for the same period in FY/15. Approved budget revenues amounts were derived with the expectation of very limited growth in the service area for the next several years coupled with a GCPD level of 135.

Expenditures:

Third Quarter total expenditures are \$7 million above the actuals for the same period in FY/15. This increase is mainly due to the increase in franchise fees paid based upon the increase in revenue of \$0.65 million, increase in power and chemicals of \$0.75 million, \$0.83 million for customer's services due added services provided by division and increase in the transfer for debt service payments and transfer to capital of \$4 million. The projected expenditure at June 30, 2016, is estimated to be \$0.92 million under the FY/16 budgeted amounts.

Working capital or fund balance is projected to be \$8.4 million, compared to a beginning balance in 2016 of (\$8.7) million. The fund balance trend has reversed as planned and will eventually meet the target of 1/12 of operating expenditures.

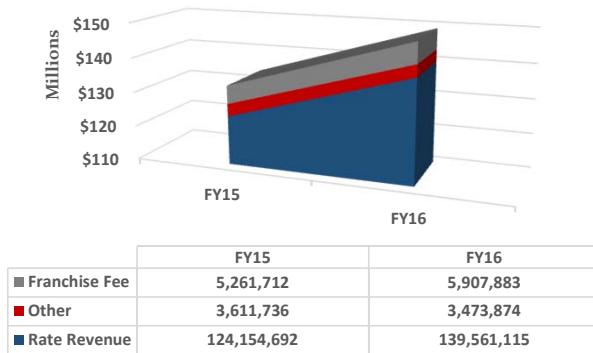
**FISCAL IMPACT:**

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 expenditures to offset any reductions in Revenue. The Water Authority also continues to add an additional \$2 million a year to the Rate Reserve. The balance for this reserve is now at \$6 million. This extra reserve was established by ordinance to serve as a buffer in the event of an unexpected revenue shortfall due to significant swings in consumption.

## FY16 - 3rd Quarter Water Authority Financial Dashboard

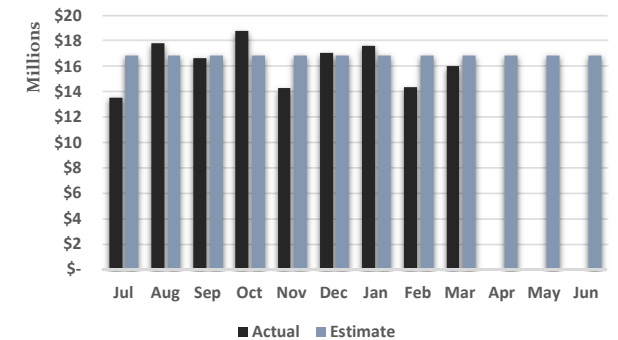
### YTD General Fund Revenue by Type



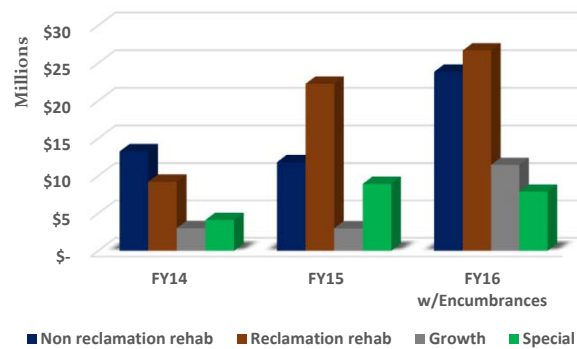
### YTD General Fund Expenditures by Type



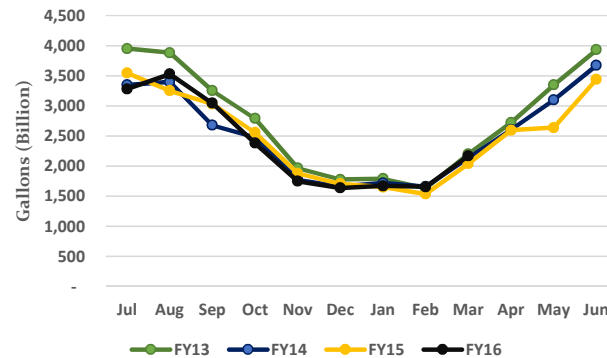
### FY16 General Fund Expenditures Compared to Estimate



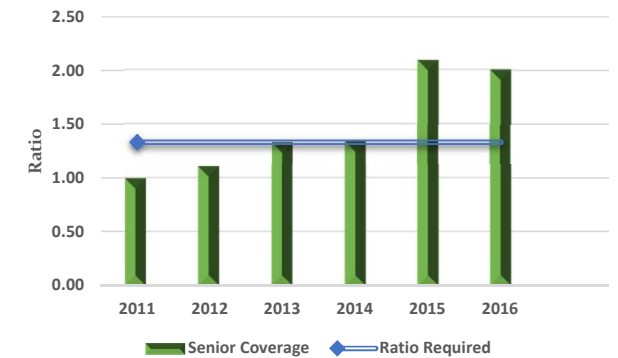
### YTD Decade Plan Expenditures by Category



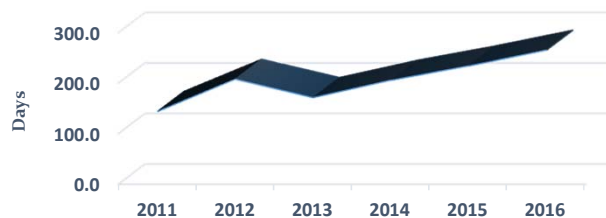
### Consumption & Water Use Production



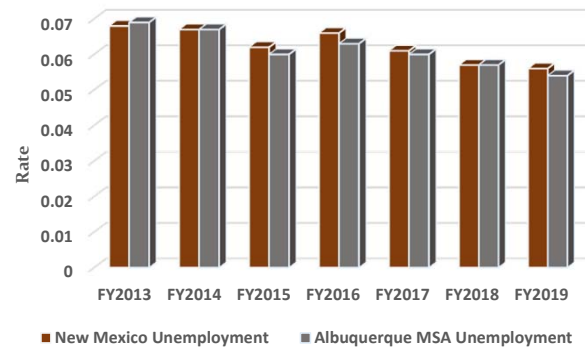
### Debt Coverage Ratio



### Days Cash on Hand



### Unemployment Forecast



### Production / Precipitation 2014-2016

