



Meeting Date: March 22, 2017
Staff Contact: Stan Allred, Chief Financial Officer

TITLE: C-17-7 – FY2017 2nd 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 December 31, 2016. The reports provide a year to date comparison between the approved FY17 budget and actual expenditures through December 31st. The reports also include revenue and expenditure projections to June 30, 2017. The projections are based on actual, trend, and historical information. As with any estimates, this information is subject to change. The reports have been reviewed by the Internal Auditor and the Water Authority Audit Committee.

Fund 21 General Operating Fund

Revenues:

Second Quarter rate revenues are \$3.3 million above the actuals for the same period in FY16. This revenue increase includes increased revenue from water sales of \$2.66 million, and sewer revenue \$650 thousand. The FY17 rate revenues are up from the FY16 revenues for the same time period due to an increase in water consumption during this period. Revenues are projected to be \$1.5 million above the FY17 projected budgeted amount. This projection is based upon five months of actual consumption and is subject to change.

Second Quarter other revenue which includes miscellaneous revenue is \$649 thousand above the actuals for the same period in FY16. 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 130.

Expenditures:

Second Quarter total expenditures are \$4.59 million above the actuals for the same period in FY16. This increase is mainly due to the increase in power and chemicals of \$0.60 million, increase in the transfer for both Debt Service and Capital payments of \$1.89 million, and increases in salaries and operating expenditures in all divisions due to increases approved in the FY17 budget. It is expected based upon projections for chemical use both for odor control and the ramp up of production at the Water

Treatment Plant that a budget amendment is needed to appropriate an additional \$1.5 million for Chemicals for FY17. The projected expenditure at June 30, 2017, is estimated to be \$0.25 million under the FY17 budgeted amounts but this amount will change with the proposed budget amendment.

Working capital or fund balance is projected to be \$13.5 million, compared to a beginning balance in FY17 of \$6.4 million. The fund balance trend has reversed as planned and will eventually meet the target of 1/12 of operating expenditures.

FISCAL IMPACT:

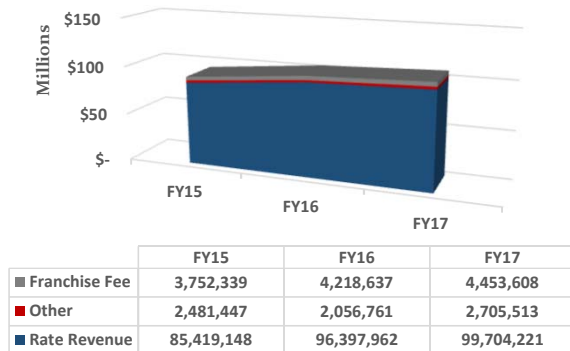
The reduction in consumption is a positive result for conservation goals, however, the costs of maintaining the utility are primarily fixed in nature and the revenue requirements for operating, debt service payments, reserves, and debt service coverage must be met. Consumption levels will continue to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

Due to increases in projections for chemicals used for Odor Control and Treatment of Water at the Surface Water Treatment Plant a budget amendment is needed to increase the appropriation for chemicals by \$1.5 million.

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 \$8 million and reserved by policy for revenue fluctuations due to decreased consumption in any given year.

FY17 - 2nd Quarter Water Authority Financial Dashboard

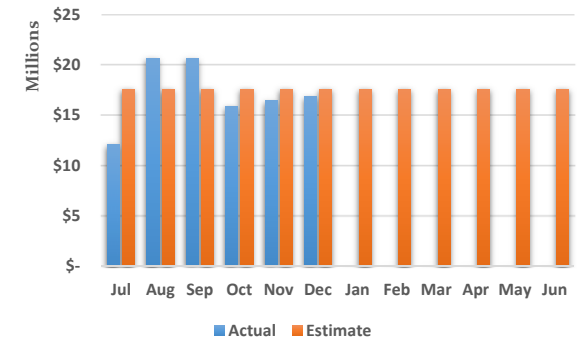
YTD General Fund Revenue by Type



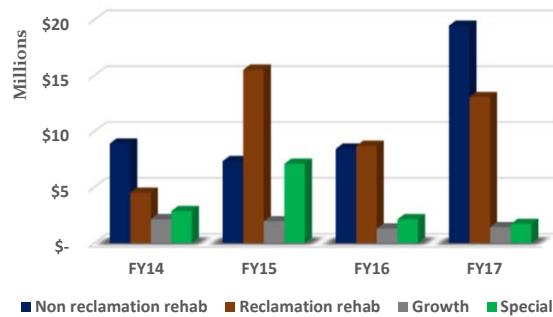
YTD General Fund Expenditures by Type



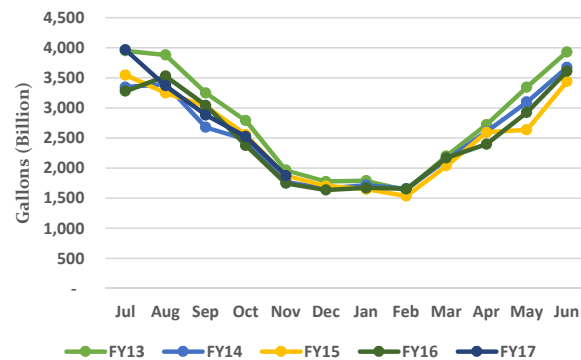
FY17 General Fund Expenditures Compared to Estimate



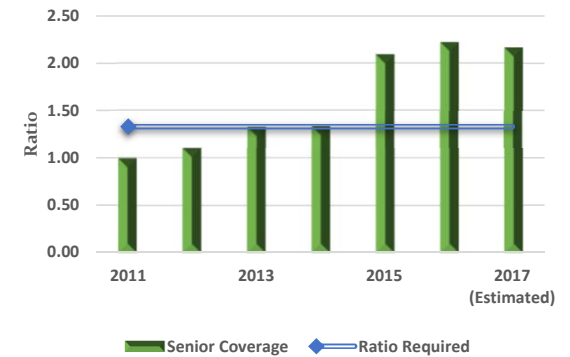
YTD Decade Plan Expenditures by Category for 2nd Qtr



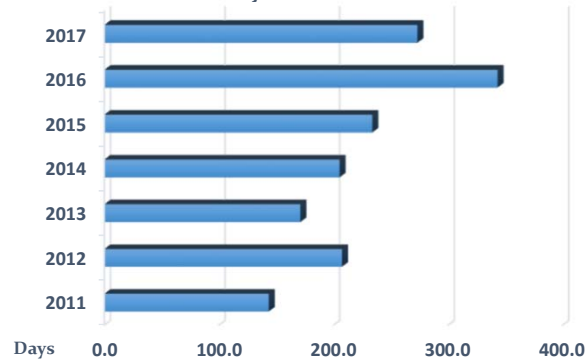
Consumption & Water Use Production



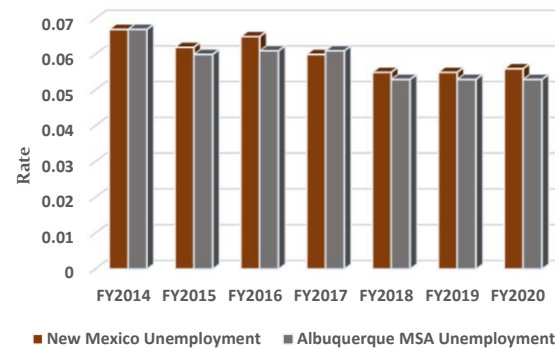
Debt Coverage Ratio



Days Cash on Hand



Unemployment Forecast



Production / Precipitation 2014-2016

