



Albuquerque Bernalillo County Water Authority

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FY2017 Third Quarter Operating Financial Reports

Submitted to the Board for review and informational purposes are the financial reports for the quarter ended March 31, 2017. The reports provide a year to date comparison between the approved FY17 budget and actual expenditures through March 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.

Fund 21 General Operating Fund

Revenues:

Third Quarter rate revenues are \$3.2 million above the actuals for the same period in FY16. This revenue increase includes increased revenue from water consumption of \$2.42 million, and sewer revenue \$773 thousand. The FY17 rate revenues are up from the FY16 revenues for the same 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 eight months of actual consumption and is subject to change.

Third Quarter other revenue which includes miscellaneous revenue is \$403 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 projected GPCD level of 130.

Expenditures:

Third Quarter total expenditures are \$15 million above the actuals for the same period in FY16. This increase is mainly due to the increase in power and chemicals of \$1.1 million, increase in the transfer

for both Debt Service and Capital payments of \$6.8 million, and increases in salaries and operating expenditures in all divisions of \$7.1 million due to increases approved in the FY17 budget. A budget amendment was approved at the April Board Meeting to appropriate an additional \$1.5 million for chemical use both for odor control and the ramp up of production at the Water Treatment Plant. This budget amendment is not reflected in the 3rd quarter results. The projected expenditure at June 30, 2017, is estimated to be \$0.69 million under the FY17 budgeted amounts but this amount will change with the approved budget amendment and will be reflected in the 4th quarter results.

Working capital or fund balance is projected to be \$13.9 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.

A budget amendment was approved at the April Board Meeting to increase the chemical appropriation by \$1.5 million. It is projected that chemicals used for Odor Control and Treatment of Water at the Surface Water Treatment Plant would need an additional \$1.5 million above the original appropriated amounts.

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 significant revenue fluctuations due to decreased consumption in any given year.