



# Albuquerque Bernalillo County Water Authority

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### FY2015 2<sup>nd</sup> Quarter Operating Financial Reports

Submitted to the Board for review and informational purposes are the financial reports for the quarter ended December 31, 2014. The reports provide a year to date comparison between the approved FY/15 budget and actual expenditures through December 31<sup>st</sup>. The reports also include revenue and expenditure projections to June 30, 2015. 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:

First quarter rate revenues are \$6.2 million above the actuals for the same period in FY/14. This revenue increase includes increased revenue from water sales of \$3.6 million, San Juan Chama Strategy implementation \$.94 million, and Sewer revenue \$1.6 million. The FY/15 rate revenues are up from the FY/14 revenues for the same time period due to five months of the rate increase to the base rate approved by the Board for FY15 and slight increase in water usage as compared to FY14 due to a 4% or 600 million gallon increase in consumption as compared to the same 6-month period of FY/14. Revenues are projected to increase at a minimum of \$1 million a month due to the increase in the base rate, however at this time the projection for rate revenue is \$2.5 million less than budgeted basing the last quarter consumption levels at the FY14 levels. Though, this projection may change if the FY15 trend continues throughout the year.

Miscellaneous Revenues budget projection increased in FY15 from FY14 levels by \$4 million which is attributable to the pending sale of Water Authority property in FY15. Miscellaneous Revenues are up by \$480 million through the 2<sup>nd</sup> quarter as compared to the same period of FY14; this is due to the reduced sale of water to the Bureau of Reclamation. Projected revenues for Miscellaneous Revenue at this time will continue to be projected at FY15 budget levels. 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:

First quarter total expenditures are \$1.9 million above the actuals for the same period in FY/14. This increase is mainly due to the increase in interfund transfers of \$1.9 million. This is the increase in the amount transferred to CIP as compared to the same period in FY/14. The increase in Legal/Risk cost is due to the transfer of appropriations for Risk and Tort costs that were appropriated in General Government in FY14. Also, due to the refinancing completed in September, there is a \$2 million savings in debt service payments from appropriated levels. Also, based upon the pending refinancing in the Spring of FY/15 an additional \$2 million in savings may be realized and are not included in these projections. The projected expenditure at June 30, 2015, is estimated to be \$3.5 million under the projected budgeted amounts.

Working capital or fund balance is projected to be (\$2.5) million, compared to a beginning balance in 2014 of (\$10.6) million. Projected FY/15 fund balance may change based upon the refinancing planed in the Spring of FY/15. 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 reduction in debt service payments for FY15 of \$2 million can be used to offset any revenue reductions, along with additional reductions in debt service due to debt refinancing in the spring of FY/15 as well as \$4 million in the Rate Reserve.

The Water Authority also plans to go to the Bond Market again in the early spring of calendar year 2015. Three bond issues are being evaluated to be refinanced with a Net Present Value (NPV) savings of an estimated \$11.5 million. Also, the Water Authority will be borrowing for the next two year CIP cycle, odor control at Central and Yucca, as well as CIP projects that were deferred in FY14 and FY15.

### **PERFORMANCE INDICATORS:**

Included in the 2nd Quarter Financial Report are key performance indicators. These indicators provide a snapshot of how the utility performing in key operational areas. The categories established are meant to be intuitive to our stakeholders and do not represent a specific goal or division. The report identifies the fiscal year-to-date performance compared to the established target. A status of each indicator is provided by meeting target, work in progress, or target not met. For FY15, 16 of the 22 targets were met, 4 were close in meeting the target and work continues to improve performance, and 2 targets were not met.