



# Financial Update

Board of Directors/  
Finance & Administration Committee

Dec. 22, 2022



# Revenues

at 41.7% of Fiscal Year  
(\$ in millions)

Description	FY 22/23 Budget	FY 22/23 As of 11/30/22	Actual to Budget (%)
Water Revenue	89.5	36.8	41.1%
Other Revenue	2.7	1.8	68.2%
<b>Total Operating Revenue</b>	<b>92.2</b>	<b>38.6</b>	<b>41.9%</b>
Fire Flow Fee	4.5	0.0	0.6%
Capital Revenue (incl. CMF \$18.1M)	18.9	7.3	38.4%
<b>Total Capital Revenue</b>	<b>23.4</b>	<b>7.3</b>	<b>31.1%</b>
<b>All Revenue</b>	<b>\$115.6 M</b>	<b>\$45.9 M</b>	<b>39.7%</b>

# FY 23 Water Sales Revenue by Month

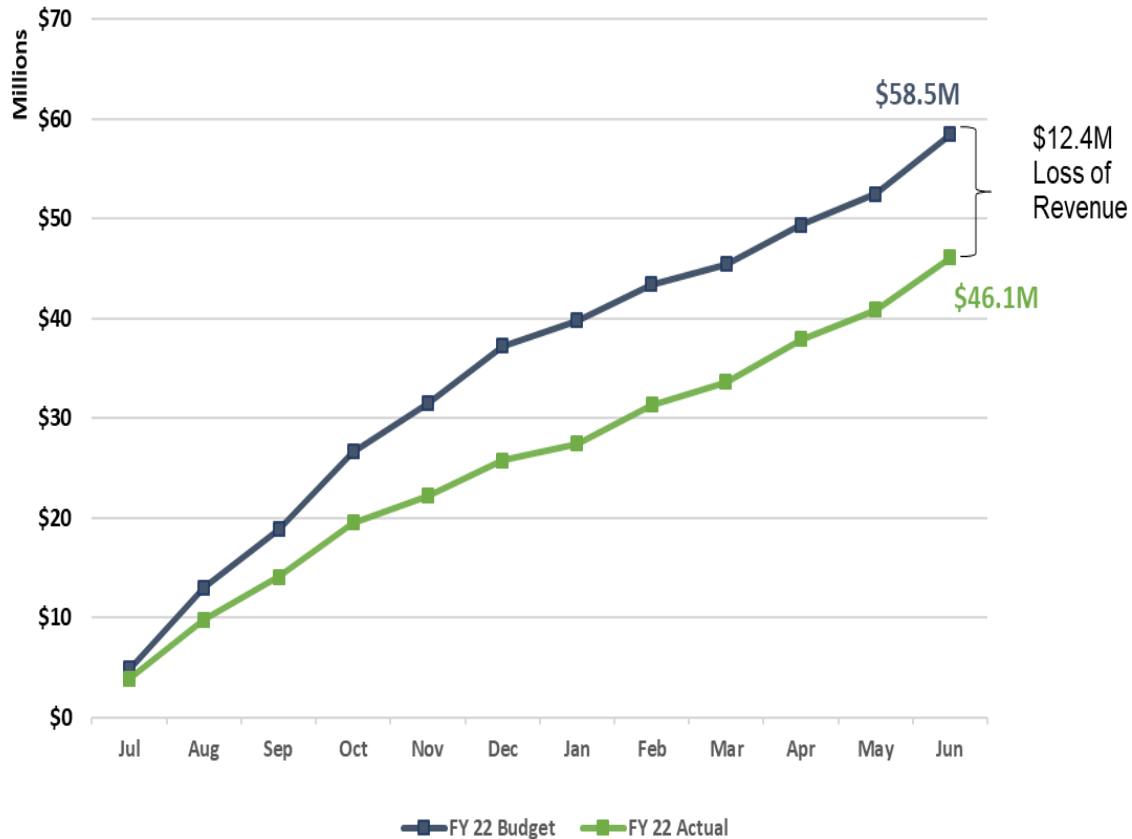
## (42% of FY)

	Water Sales		Service Charge		Watershed Fee	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
<b>July '22</b>	4,948,239	4,004,541	1,531,262	1,492,005	353,462	347,307
<b>Aug '22</b>	7,946,782	6,239,055	2,217,160	2,022,749	483,723	442,453
<b>Sept '22</b>	5,798,487	5,303,336	1,583,962	1,722,482	364,097	396,616
<b>Oct '22</b>	7,767,333	6,648,867	2,344,119	2,271,248	507,845	495,520
<b>Nov '22</b>	4,666,597	3,469,705	1,589,274	1,554,214	368,075	361,804
<b>Dec '22</b>	5,657,127		2,171,553		469,157	
<b>Jan '23</b>	2,573,704		1,214,085		271,681	
<b>Feb '23</b>	4,131,394		2,823,900		630,851	
<b>Mar '23</b>	2,508,805		1,645,893		377,699	
<b>Apr '23</b>	4,791,568		2,309,881		503,373	
<b>May '23</b>	3,476,035		1,613,287		370,662	
<b>June '23</b>	6,615,188		2,337,601		506,852	
<b>Total</b>	<b><u>60,881,258</u></b>	<b><u>25,665,504</u></b>	<b><u>23,381,979</u></b>	<b><u>9,062,698</u></b>	<b><u>5,207,474</u></b>	<b><u>2,043,700</u></b>
	<i>% of annual budget:</i>	<i>42%</i>	<i>% of annual budget:</i>	<i>39%</i>	<i>% of annual budget:</i>	<i>39%</i>
	<i>% of expected actuals:</i>	<i>82%</i>	<i>% of expected actuals:</i>	<i>98%</i>	<i>% of expected actuals:</i>	<i>98%</i>

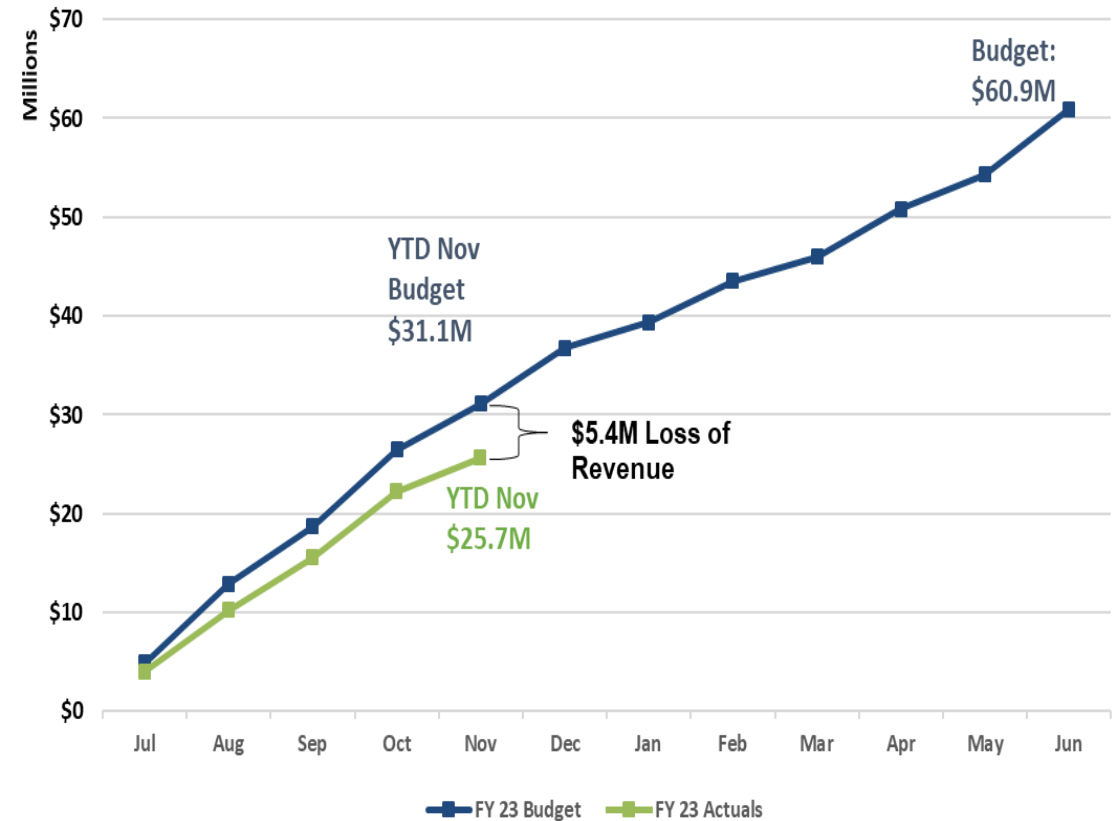
Note: Water Billing is on a 2-month lag.

# FY 22 & FY 23 Water Sales Revenue

FY 22 Water Sales

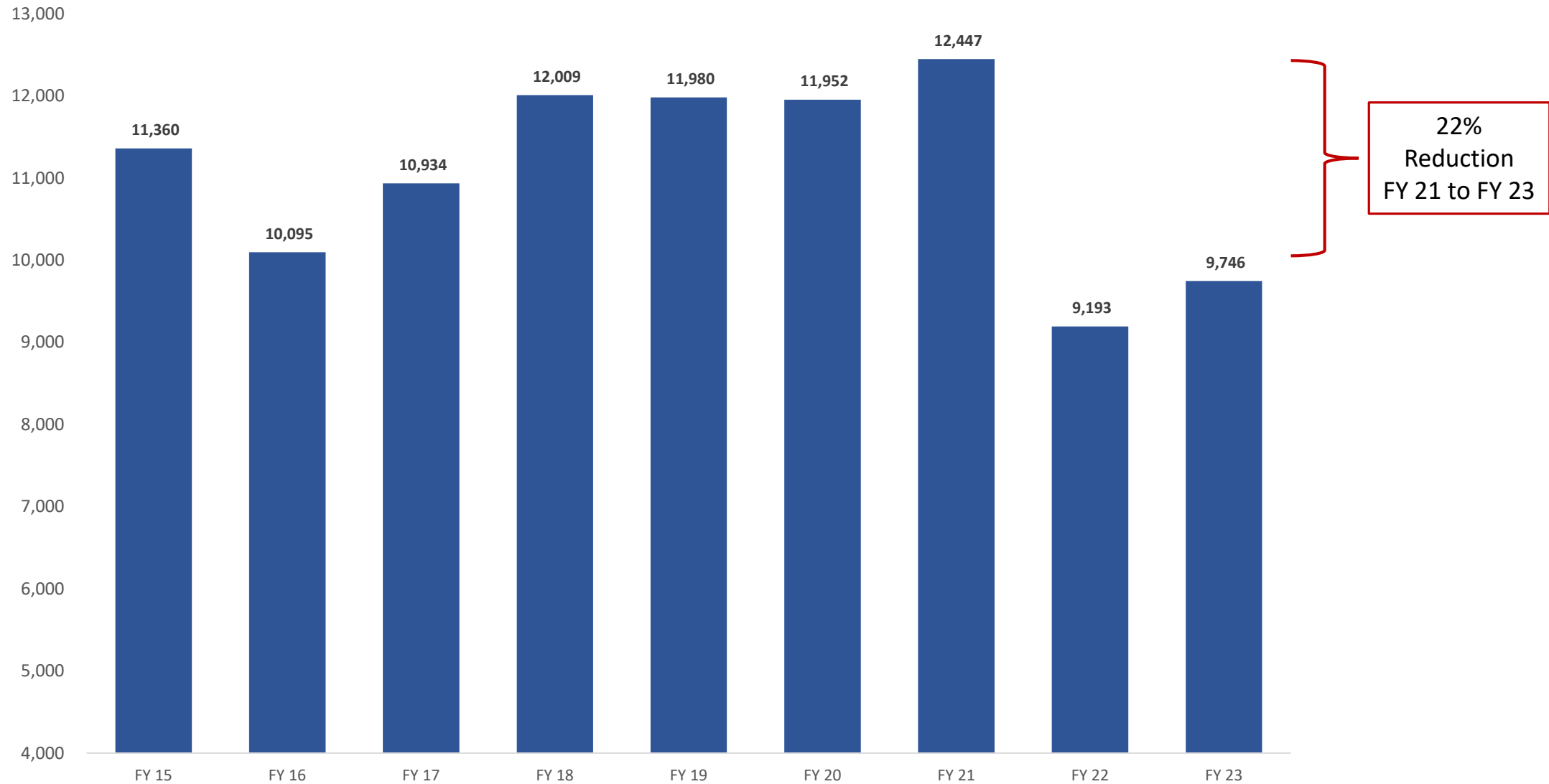


FY 23 Water Sales



Note: Water Billing is on a 2-month lag.

### Consumption as of November (AF)



# Expenditures

at 41.7% of Fiscal Year

(\$ in millions)

Description	FY 22/23 Budget	FY 22/23 As of 11/30/22	Actual to Budget (%)
Personnel Services	56.2	19.7	35.1%
Maintenance & Operating Expense	31.9	14.3	42.0%
Financing Costs	9.7	4.0	41.7%
Capital Allocation	(4.7)	(1.8)	40.0%
<b>Total Operating Expenses</b>	<b>93.1</b>	<b>36.2</b>	<b>38.8%</b>
Fire Flow Projects (inc. encumbrances)	4.6	2.9	63.8%
Capital Projects (inc. encumbrances)	20.6	12.4	60.3%
<b>Total Capital Expenses and Encumbrances</b>	<b>25.2</b>	<b>15.3</b>	<b>60.9%</b>
<b>Total Expenditures</b>	<b>\$118.3 M</b>	<b>\$51.5 M</b>	<b>43.6%</b>

# Projected FY 23 Scenarios

## Unrestricted Operating Fund Balance (\$M)

	Reduction in Water Sales		
	25%	20%	15%
<b>Unaudited Beg. Balance @ 6/30/22</b>	<b>\$ 27.4</b>	<b>\$ 27.4</b>	<b>\$ 27.4</b>
Projected Water Sales Revenue Loss	\$ (15.2)	\$ (12.2)	\$ (9.1)
<b>Est. Unbudgeted Expenditures:</b>			
Personnel Savings	(4.0)	(4.0)	(4.0)
Add'l 5,000 AF of Water Purchased	6.6	6.6	6.6
Pumping of Soulajule	1.5	1.5	1.5
Add'l Paving costs	0.3	0.3	0.3
Total Additional Expenditures	\$ 4.4	\$ 4.4	\$ 4.4
<b>Projected Operating Income (Loss)</b>	<b>\$ (19.6)</b>	<b>\$ (16.6)</b>	<b>\$ (13.5)</b>
<b>Projected Ending Balance (unadj.)</b>	<b>\$ 7.8</b>	<b>\$ 10.8</b>	<b>\$ 13.9</b>
Use of CMF for Debt Service	\$ (8.8)	\$ (8.8)	\$ (8.8)
<b>Projected Ending Balance @ 6/30/23</b>	<b>\$ 16.6</b>	<b>\$ 19.7</b>	<b>\$ 22.7</b>

# Approaches to address Financial Strain

## Short Term

- Delay Filling Open Positions
  - 10% Vacancy = \$4-\$5m
- Utilize CMF for existing debt service
  - ~\$9 million in FY 22 and FY 23
- Reduce spending on Capital Projects
  - \$5 million in FY 23

## Long Term

- Reduce Customer Service levels
- Review revenue enhancement options
  - Increased fees, sale of property
- Utilize bond financing for capital projects
- Conduct Cost of Service Analysis
  - Rates effective 7/1/23



# Summary

- Financial Challenges in FY 22 and continuing into FY 23
- Severity of the impact is dependent on rainfall, water conservation levels and unbudgeted expenses
- District is taking targeted actions to reduce expenditures in the short term and evaluating longer term balancing options