MEMORANDUM

Date: May 23, 2023

To: Water Utility Board

From: Krishna Kumar, General Manager

Subject: Monthly Financial Report – Operating and Capital Funds

BACKGROUND

Board governance policy requires that the Utility shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from board priorities established in Outcomes policies. Accordingly, the Utility shall not cause or allow conditions, procedures, or decisions that:

1. Fail to ensure long-term financial health.
2. Fail to present a balanced annual operating budget and quarterly updates on actual expenditures and income.
3. Exceed total appropriations for the fiscal year, unless directed to do so by the board.
4. Use any dedicated reserves for purposes other than those for which they are designated, unless directed to do so by the board.
5. Undertake a debt without payoff schedule and identification of revenue stream.
6. Fail to establish an unrestricted reserve equal to a typical three months' operating expenses.
7. Fail to inform the board of where the utility stands with any current rate case in progress.
8. Fail to be able to provide a concise summary of the financial condition of the utility at any time.
9. Fail to adjust spending related to revenue shortfalls in a budget deficit.

The Finance Section of the Utility strives hard to meet or exceed the expectations laid out above. The monthly financial update provided in the attached Budget to Actual comparison, as of March 31, 2023, reflecting these efforts is attached.

As of March 31, 2023:
- Water revenues are up $837,000 compared to budget. Pumpage was down 4.0% during this time period.
- Operating Fund balance is $6.3 million.
- Capital Fund expenditures, including encumbrances, amounted to $6.1 million.
- Capital Fund balance is $2.5 million.

ATTACHMENTS:

A. Budget to Actual comparison as March 31, 2023