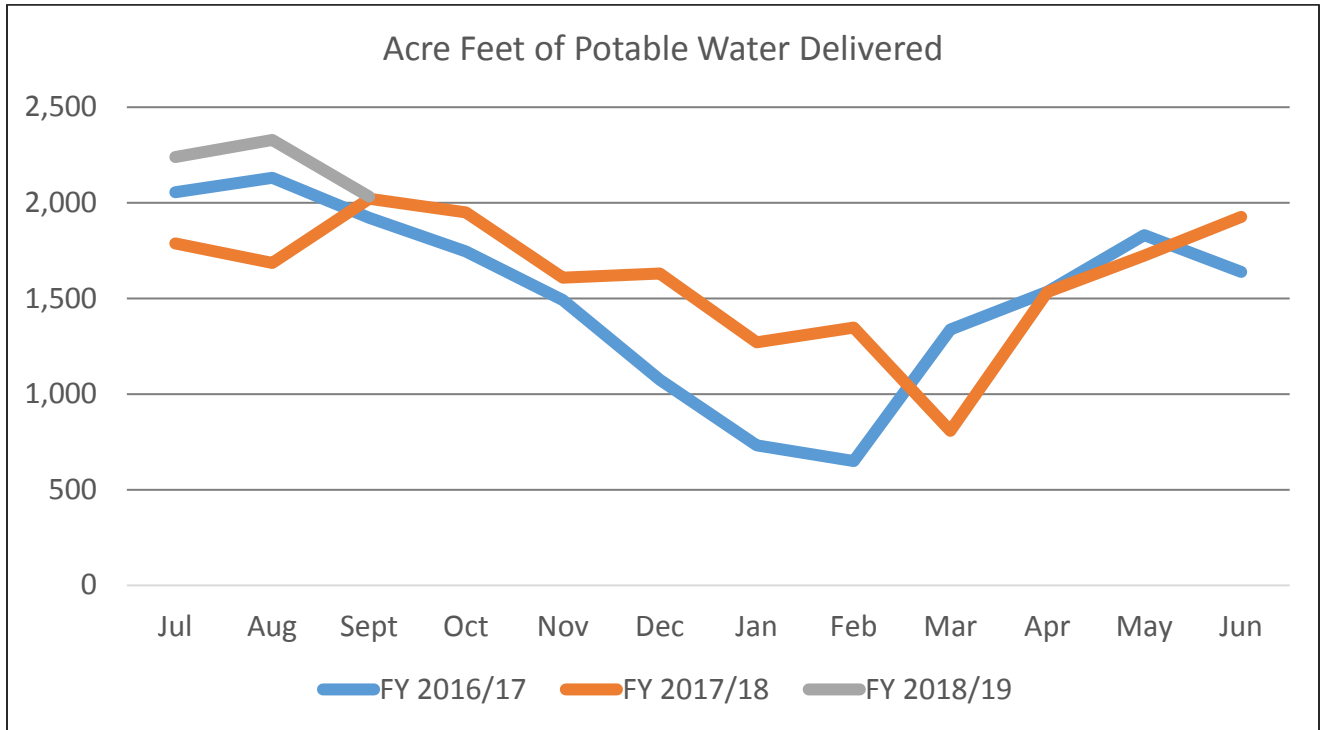


ATTACHMENT B

During the first quarter of FY 2018-19, acre-feet of potable water delivered increased 20.12% over the first quarter of FY 2017-18 and was 8.07% higher than the first quarter of FY 2016-17.



Potable Water Enterprise

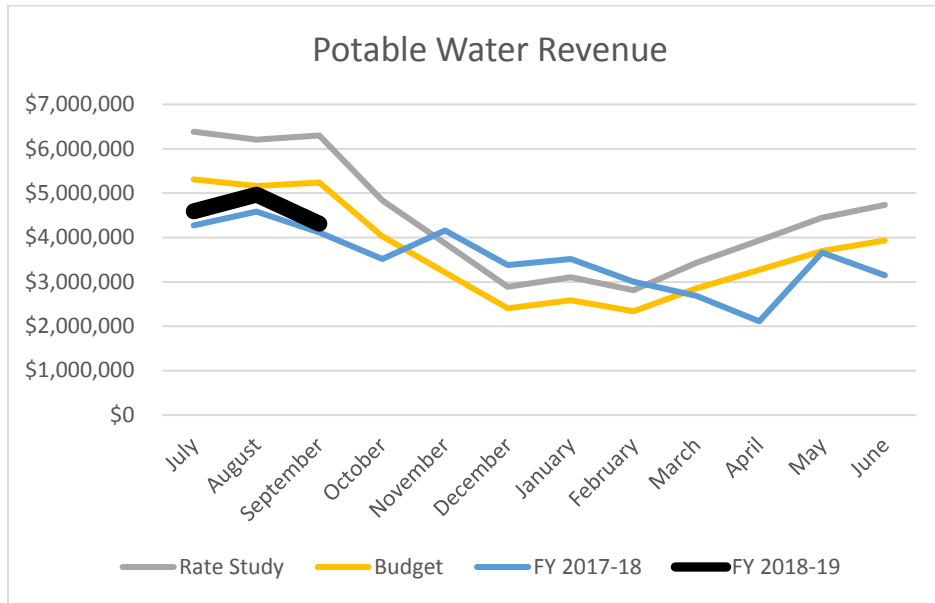
Revenues for potable water were 11.73% below budget and 21.54% above the prior fiscal year. The increase in revenue is attributed to the increase in usage shown on the chart above. Expenses for potable water operations are 1.06% higher than budget and 13.94% higher than FY 2017-18.

	FY 2017/18 YTD Actual	FY 2018/19 YTD Budget	FY 2018/19 YTD Actual
Total Operating Revenues	\$11,412,690	\$15,715,127	\$13,871,513
Expenses:			
Source of Supply	\$6,869,106	\$7,541,943	\$8,169,894
O&M Expenses	\$1,051,642	\$1,122,004	\$1,075,085
Administrative	\$1,505,305	\$1,790,646	\$1,609,988
Other	\$219,634	\$421,242	\$135,786
Total Operating Expenses	\$9,645,687	\$10,875,835	\$10,990,753
Income available for Replacement & Debt Service	<u>\$1,767,003</u>	<u>\$4,839,292</u>	<u>\$2,880,760</u>

Equally important to comparing the current fiscal year's revenue and expenses to prior year and budget is to compare it to the estimates projected during the rate study that was completed in 2015.

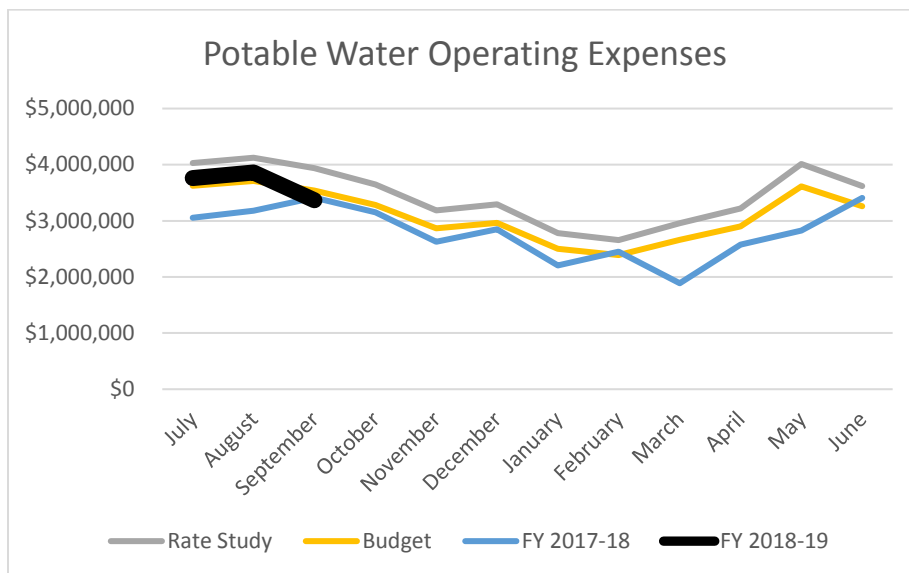
Potable Water Revenue

FY 2018-19 Revenue:	\$13,871,513
Rate Study Projected Revenue:	\$12,590,287
Budget:	\$15,715,127

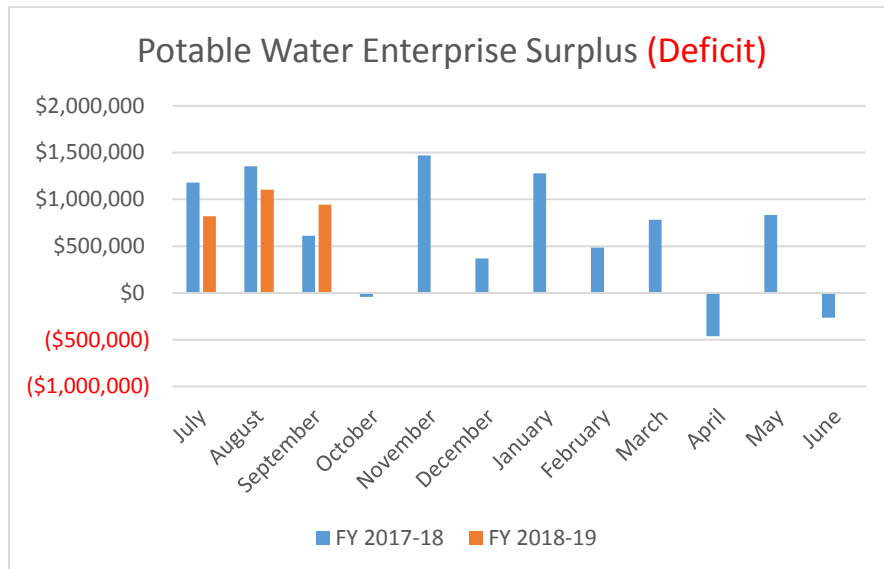
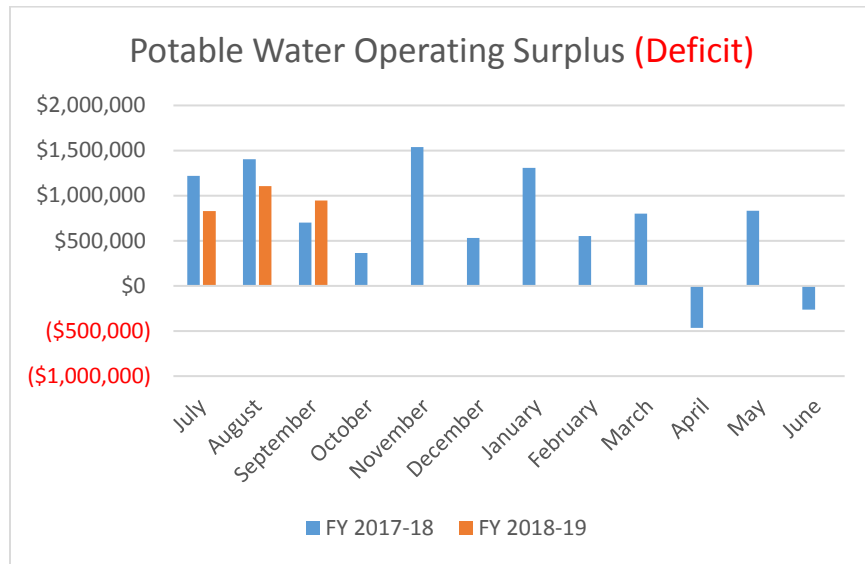


Potable Water Operating Expenses

FY 2018-19 Operating Expenses:	\$10,990,753
Rate Study Projected Expenses:	\$12,088,968
Budget:	\$10,875,835



It is also important to measure whether the enterprise as a whole has sufficient revenue to cover both operating cost and the portion of capital expenditures that are dependent on rate revenue. The charts below show the potable water operating and the enterprise's surplus or (deficit) for each month of FY 2018-19 and FY 2017-18. The current fiscal year's surplus is primarily caused by the decreased expenditure of funds for capital projects. The potable water enterprise had a fiscal year-to-date operating surplus of \$2.88 million and an enterprise surplus of \$2.89 million during the first quarter of the fiscal year. The District depends on operating surplus to fund capital projects and to rebuild the shortfall in policy-required reserves.



Recycled Water Enterprise

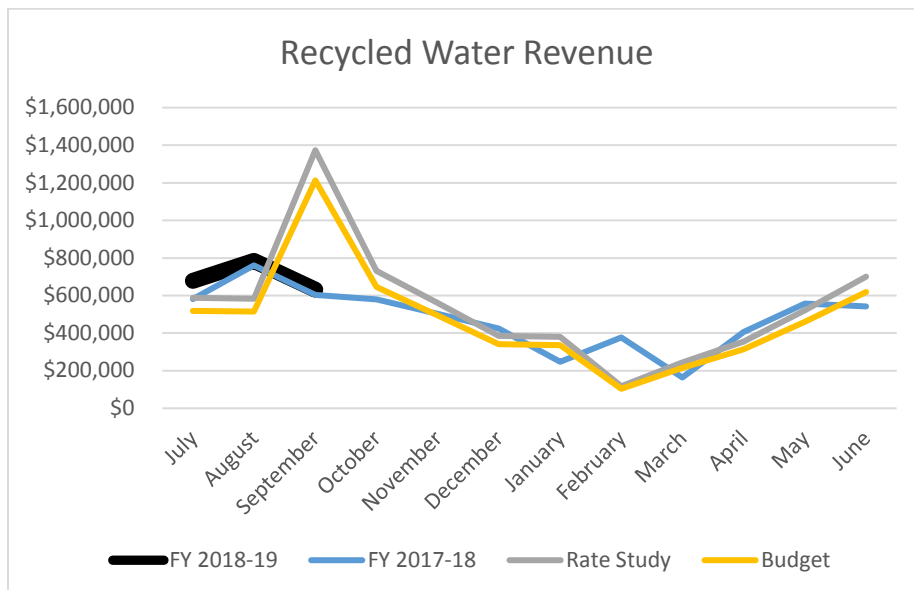
Revenues for recycled water were 6.71% below budget and 7.65% above the prior fiscal year. The decrease in revenue is attributed to continued decrease in recycled water usage due to conservation efforts. Expenses for recycled water were 4.73% above budget and 0.59% below prior year expenditures primarily due to increased potable water supplement.

The charts below compare the current fiscal year’s revenue and expenses to the current year budget and estimates projected during the rate study that was completed in 2015.

	FY 2017/18 YTD Actual	FY 2018/19 YTD Budget	FY 2018/19 YTD Actual
Total Operating Revenues	\$1,946,058	\$2,245,613	\$2,094,878
Expenses:			
Source of Supply	\$1,800,804	\$1,667,676	\$1,781,497
O&M Expenses	\$39,125	\$36,117	\$35,239
Administrative	\$142,708	\$168,174	\$154,278
Other	\$0	\$10,047	\$0
Total Operating Expenses	\$1,982,637	\$1,882,014	\$1,971,014
Income available for Replacement & Debt Service	<u>(\$36,579)</u>	<u>\$363,599</u>	<u>\$123,864</u>

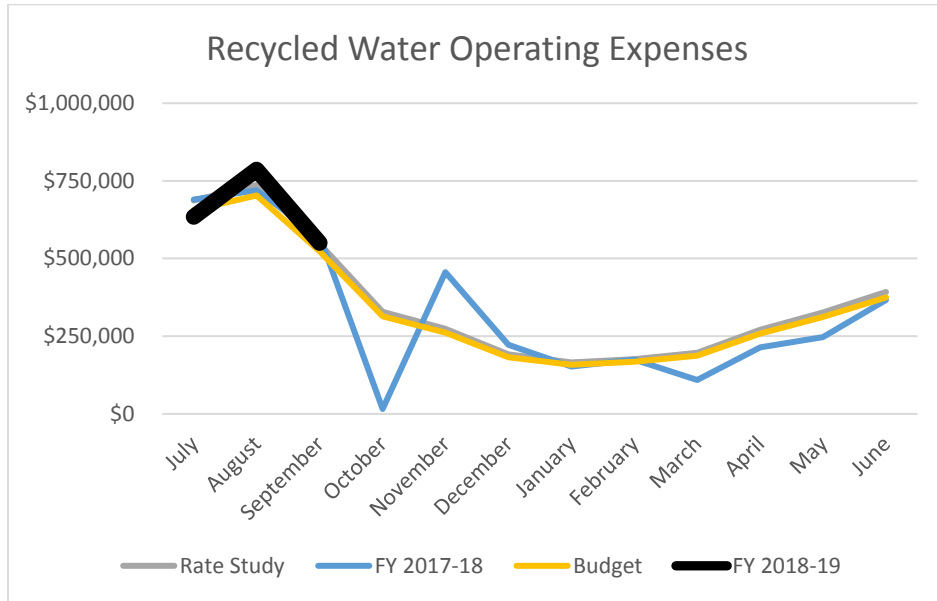
Recycled Water Revenue

FY 2018-9 Revenue:	\$2,094,878
Rate Study Projected Revenue:	\$2,453,187
Budget:	\$2,245,613

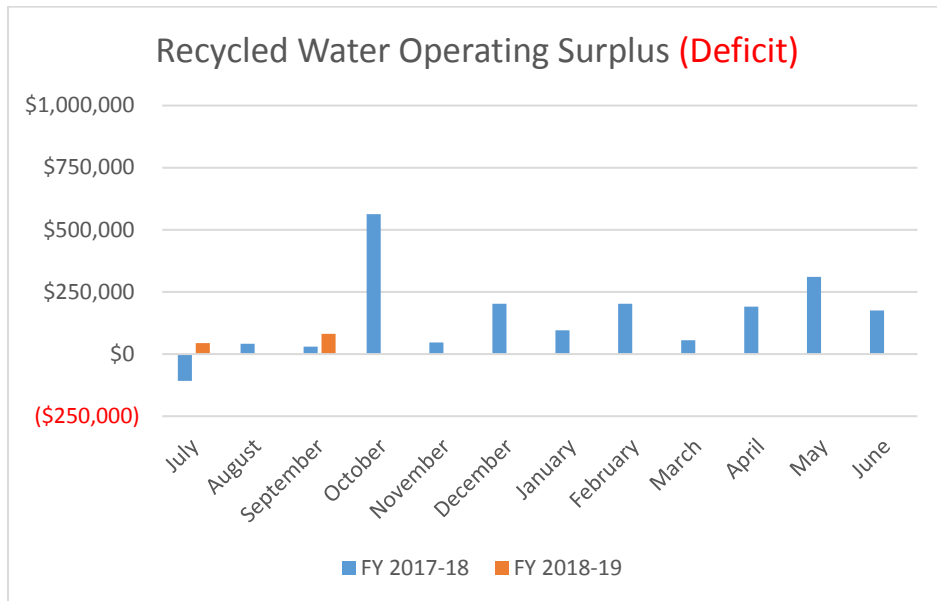


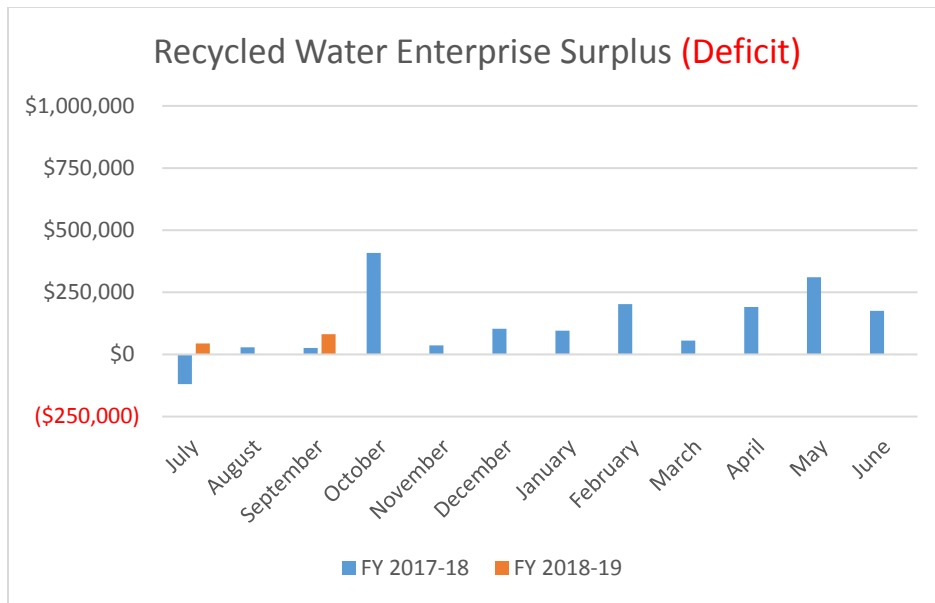
Recycled Water Operating Expenses

FY 2018-19 Operating Expenses:	\$1,971,014
Rate Study Projected Expenses:	\$1,971,547
Budget:	\$1,882,014



The charts below show the recycled water operating and the enterprise’s surplus or (deficit) for each month of FY 2018-19 and FY 2017-18. Recycled water has a fiscal year-to-date operating surplus of \$123 thousand and an enterprise surplus of \$123 thousand.





Sanitation Enterprise

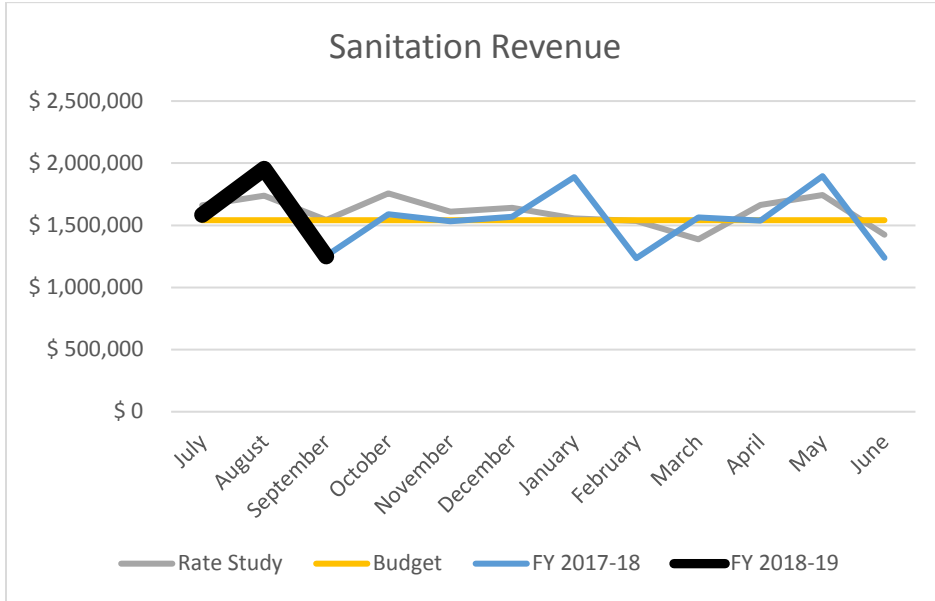
Revenues for sanitation were 3.59% above budget and 0.43% above the prior fiscal year. The increase in revenues is attributed to the rate adjustment that was implemented in January 2016. Expenses for sanitation were 9.15% below budget and 6.42% above prior year expenditures.

	FY 2017/18 YTD Actual	FY 2018/19 YTD Budget	FY 2018/19 YTD Actual
Total Operating Revenues	\$4,769,029	\$4,623,498	\$4,789,322
Expenses:			
Purchased Services	\$2,204,291	\$2,559,443	\$2,326,943
O&M Expenses	\$43,644	\$69,178	\$45,230
Administrative	\$286,431	\$338,514	\$324,963
Other	\$0	\$1,566	\$0
Total Operating Expenses	\$2,534,366	\$2,968,701	\$2,697,136
Income available for Replacement & Debt Service	<u>\$2,234,663</u>	<u>\$1,654,797</u>	<u>\$2,092,186</u>

The charts below compare the current fiscal year’s revenue and expenses to the current year budget and estimates projected during the rate study that was completed in 2015. The zig zag pattern in revenue is a reflection of the District’s 30 day billing cycle contrasted to actual months.

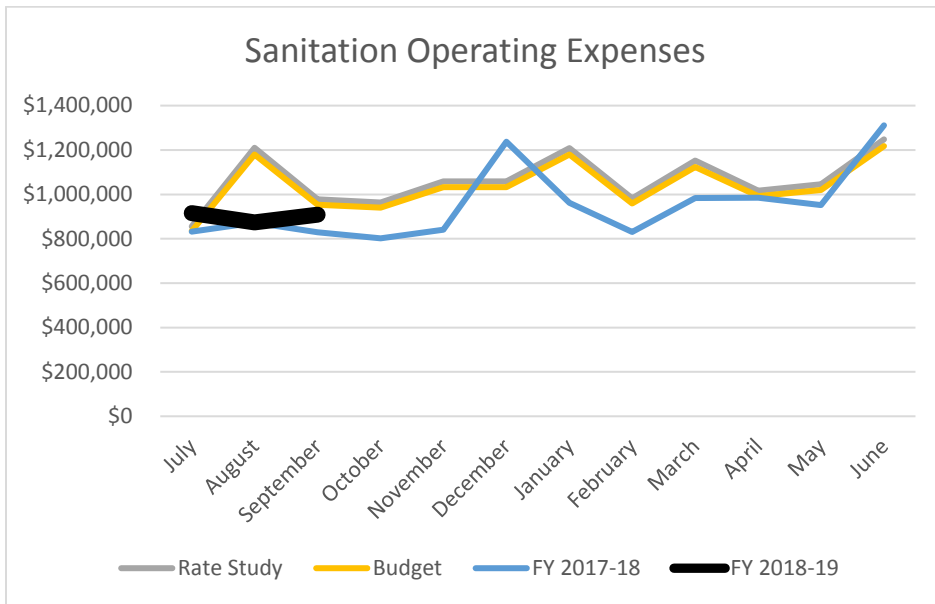
Sanitation Revenue

FY 2018-19 Revenue:	\$4,789,322
Rate Study Projected Revenue:	\$4,941,238
Budget:	\$4,623,498

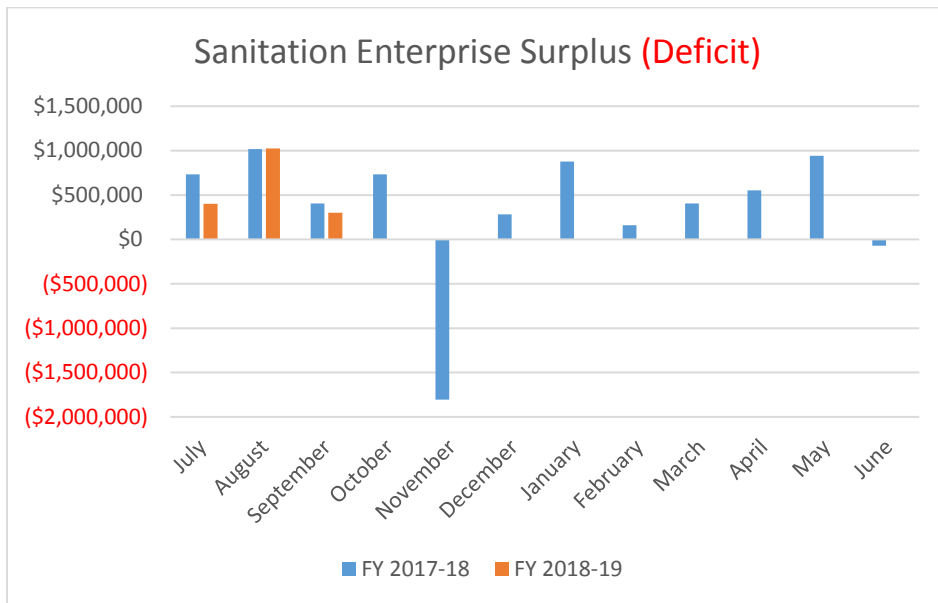
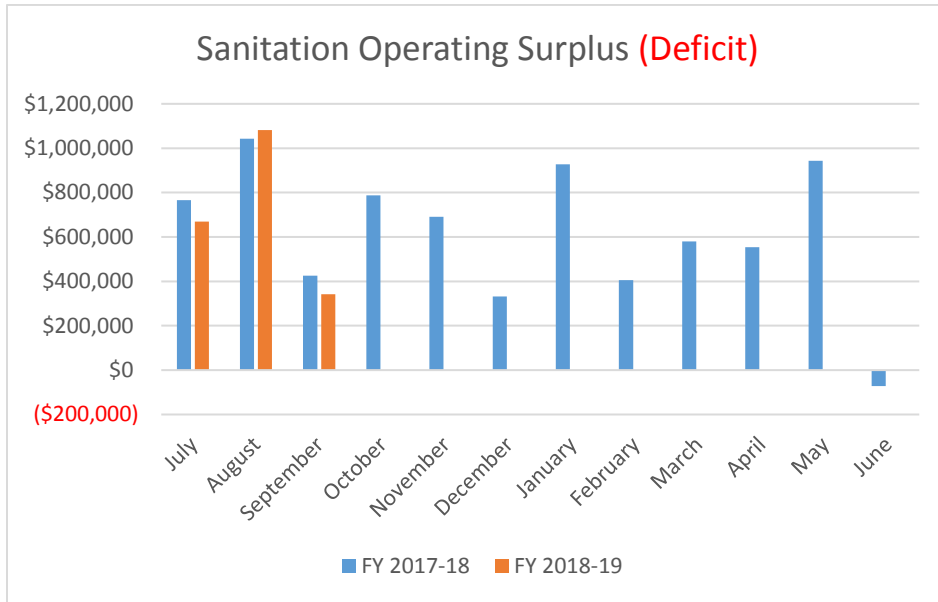


Sanitation Operating Expenses

FY 2018-19 Operating Expenses:	\$2,697,136
Rate Study Projected Expenses:	\$3,042,758
Budget:	\$2,968,701



The chart below shows the Sanitation Enterprise operating surplus or (deficit) for each month of FY 2018-19 and FY 2017-18. Sanitation has a fiscal year-to-date operating surplus of \$2.1 million and an enterprise surplus of \$1.7 million. The surplus amount is anticipated to Pay Go fund future capital projects.



Penalties

Effective January 1, 2016, the District implemented a penalty structure to fine customers for wasteful use of water. Wasteful use was defined as using more than 200% of the assigned water budget. In the current Fiscal Year, the District has accrued \$491,329 in penalties.

