

**Metropolitan Domestic Water Improvement District
Board of Directors Meeting**

February 12, 2024

Financial Report

The financial information presented below is as of January 31, 2024, unless otherwise stated:

Revenue/Expenditures Compared to Budget (Figures as of December 31, 2023)

- *Budgeted Operating Revenue for Fiscal Year 2024 is \$26,143,217. The total revenue earned this fiscal year through the end of December was \$16,134,224 which is favorable by \$3,062,616 when compared to a straight-line projection.*
- *Metered Water Sales were budgeted at \$20,145,666 for Fiscal Year 2024. Metered water sales at the end of December were \$11,149,913 or 55.53% of the adopted budget with 50% of the year completed. Historically 54% of the annual budgeted metered water revenue would be billed by the end of December.*
- *Budgeted Operating Expenses for Fiscal Year 2023 total \$14,559,402 including investments to support the District that will not be capitalized. The expenditures at the end of December totaled \$6,721,986, which is lower than a twelve-month straight-line projection by \$557,715.*
- *The Budgeted Operating Revenue in Excess of Operating Expenditures total for Fiscal Year 2024 is \$11,583,815. The December total of \$9,412,238 is favorable by \$3,620,331.*

Revenue/Expenditures Compared to Prior Year (Figures as of December 31, 2023)

- *The total billed Revenue as of December 31, 2023, was \$16,134,224, which is \$3,885,242 or 31.72% higher than the total revenue billed at the end of December during the prior fiscal year. With rate changes at the beginning of the fiscal year, metered water sales are \$1,245,693 or 12.58% higher and water resource utilization fees are higher by \$294,519. Interest income is \$469,528 higher than it was at the end of December in the prior fiscal year with \$713,288 of interest earned in the first half of the fiscal year.*
- *Operating Expenditures as of December 31, 2023, were \$329,468 higher than they were at the end of December 2022 with a total of \$6,721,986 in Fiscal Year 2024 compared to \$6,392,518 in Fiscal Year 2023.*
- *The December revenue in excess of expenditures is favorable by \$3,555,774 when compared to the same time in the prior fiscal year.*

Daily Deposit Report

- *The combined cash account balance as of January 31, 2024, was \$42,116,347.20, which is \$1,617,240.17 higher than the December 2023 balance. This balance is \$15,406,312.57 higher than the balance as of January 31, 2023.*

Investment Funds Report

- *Funds invested with the Arizona State Treasurer, Wells Fargo Securities, and Institutional Bond Network in January total \$12,094,418.93 compared to the December balance of \$12,704,288.57 with \$2,500,000 of investments maturing and \$1,250,000 reinvested. The total investment balance is \$6,265,260.77 lower than the January 31, 2023 balance.*

Pooled Collateral

- *The Arizona State Treasurers Office pooled collateral program ensures all District funds on deposit are either federally insured or backed with collateralization. The statement for December had funds on deposit totaling \$24,421,385.09 with \$500,000 of FDIC insurance and collateralization coverage of \$24,399,812.79.*

Check Registers

- *The operating fund had a total of \$1,742,200.50 issued on 93 regular checks.*
- *One-time and customer refund checks totaled \$3,770.56 on 33 operating fund issued checks.*

Commercial Master Card (Figures through January 20, 2024)

- *The Capital One Commercial MasterCard was used to purchase a total of \$23,972.65 during the January billing cycle, with up to 1.25% cash back. The inception-to-date cash back total is \$25,361.34.*

Meter Applications

- *Eight-meter applications were received in January for the Metro Main service area. Five-meter applications was received in January of the prior fiscal year. This Fiscal year 47-meter applications have been received compared to 56-meter applications at the end of January in the prior fiscal year. The adopted budget includes 76 planned new meter applications in the Metro Main and Hub service areas, and no new meter applications in the Metro Southwest service areas.*

Office Complex Electric Costs - Analyzing Solar Impact

- *The utility cost comparison report for electricity and solar costs at the administration buildings compares the current fiscal year electric costs to the prior fiscal year, and to Fiscal Year 2011, which was the year before the solar installation. The December 2023 monthly lease fee was \$2,195 with additional Tucson Electric charges totaling \$35.75 with \$10.95 paid after applying the remaining credit balance from the annual net metering adjustment in October. This fiscal year electricity costs are \$8,038 lower than the amount paid for electricity during Fiscal Year 2011 and \$10 lower than they were in Fiscal Year 2023.*

Mid-Year Comparison to the Adopted Budget

- *Operating revenue billed as of December 31, 2023, is at 61.71% of the adopted budget. With metered water sales at 55.35% of the budget. Interest earnings have exceeded the budget by 445.81% with \$713,288 of interest earned in the first half of the fiscal year. Development Revenue is on track to exceed the Adopted budget with 96.86% or \$197,232 billed. Additional revenue in the amount of \$350,000 from the CAP Conservation (500 Plus Plan) has been collected. As of December 31, 2023, \$16,134,224 of revenue has been billed.*
- *With one half of the Fiscal Year completed, the District has expended 46% of the Adopted Operating Budget. With 49% of the budgeted salaries and benefits spent, and 18% of the consultant and contracted services utilized. Higher electricity costs have consumed 69% of the purchased power budget. Fifty percent of the supplies budget has been spent and 42% of the planned water allocation purchased. The monthly non-cash depreciation and amortization expenses are on track with the mid-year. Debt payments are made twice per year on January 1st and July 1st. The District expenditures and expenses are on track to be within or slightly under the adopted budget by the end of the fiscal year.*
- *The Capital Improvement Program has spent \$1,472,049 or 5.17% of the total Adopted CIP Budget*

- *No changes to the operating budget are being requested. There are a couple of deviations to the adopted capital improvement budget. Two separate 100% principal forgiven WIFA loans were finalized and each of these projects will start to incur expenses in the current fiscal year with revenue reimbursements covering all expenses. One loan is for the Riverside Crossing Well GAC treatment in the amount of \$364,791 and the other loan is for the DeConcini Well GAC treatment in the amount of \$375,791. These projects will likely cross over into Fiscal Year 2025 with long lead times on some of the equipment.*

Respectfully submitted,

Diane Bracken, M.Adm.
Chief Financial Officer

I concur with the above-noted report.
Respectfully submitted

Joseph Olsen, P.E.
General Manager