

# Enterprise Funds Fiscal Condition Update

January 18, 2018



# Why are we here?

- Enterprise Fund Policy
  - Section #8 “Rate Making Policy and Procedure”

“Each year in January the Public Works Director and staff will report to the Board of County Commissioners detailing the prior fiscal year’s actual revenues and expenses in each of the enterprise funds. This report shall address the fiscal condition of the fund and make recommendations to the Board for changes in rates to achieve the stated financial policies. Any rate changes shall be heard at public hearing in February of that year with implementation effective July 1, of the new fiscal year.”

# Fiscal Year Ended June 30, 2017

- Projected Revenue, Expenditures and Ending Reserves vs. Actual Revenue, Expenditures and Ending Reserves for Fiscal Year 16/17
  - Zephyr Water Utility (Fund 327 – 316)
  - Cave Rock/Uppaway (Fund 327 – 319)
  - Skyland (Fund 327 – 320)

# Zephyr Water (327 – 316)

FY 16/17

	Projected	Actual	Variance: Pos/(Neg)
<b>Revenue</b>			
Water Revenue	628,004	652,985	24,981
Other Revenue	-	12,613	12,613
<b>Total Revenue</b>	<b>628,004</b>	<b>665,598</b>	<b>37,594</b>
<b>Annual Expenditures:</b>			
Operating	494,811	458,902	35,909
Capital Outlay	-	12,913	(12,913)
<b>Total Annual Expenditures</b>	<b>494,811</b>	<b>471,815</b>	<b>22,996</b>
<b>Net Revenue</b>	<b>133,193</b>	<b>193,783</b>	<b>60,590</b>
<b>Ending Reserves</b>	<b>641,383</b>	<b>1,051,826</b>	<b>410,443</b>
<i>* PY Reserve Balance greater than projected</i>			<u>334,147</u>
Operating services & supplies savings			35,909
Water revenue growth/(decline)			24,981
Interest income, late charges, disconnect fee			12,613
Capital outlay PER 15W03			(12,913)
			<u>60,590</u>
<b>Reserve Components:</b>			
Operating			120,211
Capital			503,938
Emergency			50,000
System Reinvestment			377,677
<b>Reserve Total</b>			<u>1,051,826</u>

# Cave Rock/Uppaway (327 – 319)

	FY 16/17		Variance:
	Projected	Actual	Pos/(Neg)
<b>Revenue</b>			
Water Revenue	755,180	756,062	882
Other Revenue	32,680	132,063	99,383
<b>Total Revenue</b>	<b>787,860</b>	<b>888,125</b>	<b>100,265</b>
			-
<b>Annual Expenditures:</b>			-
Operating	758,194	698,785	59,409
Capital Outlay		36,663	(36,663)
<b>Total Annual Expenditures</b>	<b>758,194</b>	<b>735,448</b>	<b>22,746</b>
<b>Net Revenue</b>	<b>29,666</b>	<b>152,677</b>	<b>123,011</b>
<b>Ending Reserves</b>	<b>890,959</b>	<b>1,604,755</b>	<b>713,796</b>
<i>* PY Reserve Balance greater than projected</i>			<b>324,340</b>
Water revenue growth/(decline)			882
Other revenue (connection fees, late charges)			99,383
Water Rights			13,565
Operating costs, repairs & Maint., misc supplies			45,844
Other capital outlay			(36,663)
			<b>123,011</b>
<b>Reserve Components:</b>			
Operating			131,659
Capital			1,133,149
Emergency			50,000
System Reinvestment			289,947
<b>Reserve Totals</b>			<b>1,604,755</b>

# Skyland (327 – 320)

FY 16/17

	Projected	Actual	Variance: Pos/(Neg)
<b>Revenue</b>			
Water Revenue	298,381	310,671	12,290
Other Revenue	500	16,777	16,277
<b>Total Revenue</b>	<b>298,881</b>	<b>327,448</b>	<b>28,567</b>
<b>Annual Expenditures:</b>			
Operating	281,445	249,759	31,686
Capital Outlay		24,355	(24,355)
<b>Total Annual Expenditures</b>	<b>281,445</b>	<b>274,114</b>	<b>7,331</b>
<b>Net Revenue</b>	<b>17,436</b>	<b>53,334</b>	<b>35,898</b>
<b>Ending Reserves</b>	<b>532,823</b>	<b>802,875</b>	<b>270,052</b>
<i>* PY Reserve Balance greater than projected</i>			<b>237,883</b>
Water revenue growth/(decline)			12,290
Operating services & supplies			31,686
Other revenue (connection fees, late charges, water)			16,277
Other capital outlay (SCADA, PER)			(24,355)
			<b>35,898</b>
<b>Reserve Components:</b>			
Operating			81,690
Capital			588,935
Emergency			50,000
System Replacement			82,250
<b>Reserve Totals</b>			<b>802,875</b>

# Conclusions & Moving Forward

- Actual revenues versus projected “modeled” revenues were positive on all Lake funds.
- Continue to use existing rate structures for Lake Tahoe Water Utility (Fund 327)
  - Rates were designed for two (2) years. Continue using existing rates until the PER process is completed and a long-term rate strategy is implemented