

Consent Agenda Item 6:

Preliminary Financial Report for the Twelve-month Period Ended June 30, 2024

Purpose:

The Financial Report for the Twelve-month Period Ended June 30, 2024, is presented to inform the Board of Directors of OWASA's financial position and financial performance in relation to budget. The report is considered preliminary until the annual independent audit is complete.

Contents:

- Statement of Net Position
- Income Statement
- Graphs of Key Performance Indicators
- Financial Management Policy Report Card

Fiscal Performance:

- As shown on page 10 of the report, all of our financial performance measurement targets were met for the period.
- Average drinking water sales for the period was 6.08 million gallons per day (MGD), 5.93 was projected. Combined drinking and reclaimed water sales for the period averaged 6.76 MGD versus a projection of 6.63 MGD.
- Combined drinking water and wastewater services revenue was about \$314,000 greater than budget.
- Total income was over budget by 5.9% or about \$2.9 million.
- Total operating expenses for the period were 5.3% or about \$1.6 million less than budget.
 - General and administrative expenses were under budget by 2.5% or about \$253,000. A few of the administrative departments were under budget in several categories.
 - Water supply and treatment department expenses were about equal to budget: about 0.6% or \$44,000 less than budget.
 - Water distribution expenses were under budget by 16.8% or about \$692,000. Position vacancies, most of which have since been filled, accounted for a part of the variance. We have also completed more in-house construction projects than projected for the period. (CIP projects performed by OWASA personnel reduce

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operating expenses because labor and other project costs are charged to the CIP budget and accounted for as assets.)

- Wastewater treatment and biosolids recycling expenses were 8.3% or about \$561,000 under budget. Chemical costs and maintenance expenses were less than projected.
- Wastewater collection expenses were under budget by 3.0% or about \$54,000. Materials and supplies were less than projected.

Net Income less Debt Service for the period was approximately \$5.5 million greater than budget. OWASA is a nonprofit entity; Net Income less Debt Service is used to fund investments in capital improvement projects and reserves.

Capital Improvements Program (CIP) Summary

During FY 2024, approximately \$20.1 million (125% of the planned CIP budget) was invested in 71 capital projects to rehabilitate, replace or improve various components of OWASA's water and wastewater infrastructure, most notably:

- construction of a new chemical facility at University Lake
- upgrades to the solids handling facility at the water treatment plant and installation of a new belt filter press and ancillary equipment
- replacement of water mains throughout the service area
- rehabilitation of Secondary Clarifier No. 4 at the wastewater treatment plant
- rehabilitation of the existing clearwell at the water treatment plant
- gravity sewer repair and rehabilitation throughout the service area
- planning and piloting for PFAS removal at the water treatment plant

Action Requested:

Receive and review the financial report.