STAFF REPORT

Meeting Type:	Finance & Administration Committee
Title:	Monthly Financial Update
From:	Bret Uppendahl, Finance Director
Through:	Shaun Horne, General Manager
Meeting Date:	November 19, 2026

TYPE OF ITEM: Approve X Review and Comment

RECOMMENDATION: Review and comment on the Monthly Financial Update

SUMMARY: The Monthly Financial Update provides an overview for fiscal year 2026/27 water sales revenue and fiscal year-to-date financials. This month's report also provides preliminary revenues and expenditures for FY 2025/26.

Fiscal year 2026/27 District operating and capital revenue is $52.3 million, which is 29% of budgeted revenue for the year. Total expenditures are $55.5 million, or 24% of annual budget. Water sales, excluding fixed charges, are 5% below the budget for the first three months of the fiscal year.

For fiscal year 2025/26, billed water sales including year-end accounting adjustments were $108.8 million, which is 94% of the annual water sales forecast. Total water sales and fees (service charges, watershed fees and capital maintenance fees) were $158.5 million, which is 96% of the total annual rate revenue forecast of $165.8 million. Preliminary total operating expenditures were $107.6 million, or 83% of budget. Preliminary total Capital Fund expenditures were $34 million, or 39% of budget. Approximately $46.6 million in unspent capital funds have been carried forward into FY 2026/27 to provide funding for projects in progress.

DISCUSSION: Attached is the budget to actual comparison for fiscal year 2026/27 as of September 30, 2026, which is prepared by fund and includes revenues and expenditures. For reference, if revenues and expenses occurred at a consistent rate, they would be expected to be at 25% of the annual budget by the end of September. Due to the seasonal impacts on water use, water sales revenues are expected to be at 33% of the annual revenue budget by the end of September.

For the Operating Fund, total revenues as of September 30, 2026, are $47.4 million, or 29% of the annual budget. Total operating expenditures, not including depreciation and amortization or encumbrances, are $28 million, or 23% of budget. For the Capital Fund, total revenues are $4.9 million, which is 22% of budget. These revenues are comprised primarily of Capital Maintenance Fee (CMF)

revenues, which are at 23% of the budget. Total Capital Improvement Program (CIP) expenditures are $4.6 million, or 4% of budget, as CIP projects typically do not follow linear trends in expenditures. As noted in Attachment 4, an additional $22.9 million is encumbered, bringing total expenditures with encumbrances to $27.5 million, or 24% of budget.

The fiscal year to date billed water sales through September 30, 2026, were $38.2 million, which is 31% of the annual water sales revenue forecast, and 95% of the expected revenue through the first three months of the fiscal year. Billed water consumption through September 30, 2026, was 6,332 AF, which is 2% above the same time last year.

Year-to-date total water sales and fees (service charges, watershed fees and capital maintenance fees) through September 30, 2026, were $50.7 million, which is 29% of the total annual rate revenue forecast of $175.3 million ($156.5 million operating and $18.8 million capital). Compared to the same period for the previous fiscal year, revenue from water sales and fees increased by $5.3 million, or 12%.

FY 2025/26 Preliminary Year End Results

Attached is the preliminary budget to actual comparison for fiscal year 2025/26 as of June 30, 2026, which is prepared by fund and includes revenues and expenditures. Except for water sales, these preliminary numbers exclude year-end accounting adjustments.

Fiscal year 2025/26 preliminary District operating and capital revenue before year-end accounting adjustments is $177.4 million, which is 98% of budgeted revenue for the year. Total expenditures are $141.6 million, or 66% of annual budget. Approximately $46.6 million in unspent capital funds have been carried forward to FY 2026/27 to support multi-year projects that are currently in progress.
For the Operating Fund, total revenues are $148.3 million, or 97% of budget. Water Sales, which are approximately 75% of the Operating Fund revenue, ended the year at 94% of budget, representing a $7 million shortfall.

Staff will review the prior year results and will present a preliminary, unaudited summary of the District's reserve funds. The District is currently working with an independent outside auditor to complete the Annual Comprehensive Financial Report. Final results are expected in December.

ENVIRONMENTAL REVIEW: Not applicable.

FISCAL IMPACT: None.

ATTACHMENT(S):

1. Total Water Sales and Fixed Charges & Fees FY 2025/26 – 2026/27
2. Billed Water Consumption in AF FY 2016/17 to FY 2026/27
3. Budget to Actual Comparison for FY 2026/27
4. CIP Budget to Actual Comparison for FY 2026/27
5. Budget to Actual Comparison for FY 2025/26