



Meeting Date: May 25, 2021

Agenda Type: Items from Staff

From: Kimberly Huffman
Accounting Manager

Reviewed by: Dawn Schriewer
Chief Financial Officer

Submitted by: Dawn Schriewer
Chief Financial Officer

Approved by: Ian Taylor
Chief Executive Officer

RECOMMENDED ACTION: Review Financial Update and Report – April 2021

BACKGROUND

During the month of April, NBU's service territory experienced higher rainfall and lower temperatures. The average temperature was 65.2 degrees, which was 3.6 degrees less than the historical average temperature of 68.8 degrees. Rainfall totaled 2.97 inches for the month of April, which was .07 inches higher than the historical average rainfall of 2.9 inches.

For the month of April 2021, NBU recorded a change in net position after contributions CNPAC of \$3,128,000, which represents an increase of \$3,258,000 compared to the budgeted monthly CNPAC of (\$130,000). Operating service revenues of \$12,482,000 were less than budget by \$267,000, or 2%, for the month of April. A \$281,000 decrease in electric revenue, \$29,000 decrease in water revenue, and a \$43,000 increase in wastewater revenue contributed to the overall service revenues. Other operating revenues of \$440,000 were greater than budget by \$38,000 for the month of April. Purchased power costs were \$515,000 less than budget. A decrease in other operating expenses of \$1,408,000 resulted in total operating expenses to be \$1,923,000, or 15%, less than the budgeted amount of \$12,711,000. The net revenue and operating expense variances contributed to a favorable net operating income variance of \$1,694,000 from budget. Net non-operating items had a \$233,000 favorable variance compared to budget. Impact fees were less than budget by \$235,000, services income was greater than budget by \$234,000, capital participation fees were less than budget by \$68,000, and developer contributions were greater than budget by \$1,400,000. April 2021 Year-to-Date (YTD) CNPAC was \$2,248,000 which was \$6,562,000 greater than the budgeted amount of (\$4,314,000).

FINANCIAL IMPACT

Electric

The Electric Line of Business reported total operating revenues of \$8,844,000, a \$241,000 decrease, or 3%, from the April budgeted amount of \$9,085,000. The net rate realized per kWh was \$0.0684, which was <1% less than the budgeted rate of \$0.0685. April kWh sales were 123.6 million kWh, a 4.0 million kWh decrease, or 3%, in comparison to the budgeted amount of 127.6 million kWh. Purchased power costs totaled \$4,967,000, which was \$515,000 less than the budgeted amount of \$5,482,000. Other

operating expenses were less than budget by \$615,000. These items resulted in the Electric Line of Business reporting net operating income of \$1,908,000 which was \$889,000 greater than the budgeted amount of \$1,019,000. Net non-operating items provided a favorable variance from budget of \$151,000. Services income was greater than budget by \$199,000. The Electric Line of Business reported April 2021 CNPAC of \$1,599,000 and YTD CNPAC of (\$11,186,000). These amounts were \$1,239,000 greater and \$14,503,000 less than their respective April 2021 Month-to-date (MTD) and April 2021 YTD budget amounts.

Water

The Water Line of Business reported total operating revenues of \$2,093,000, a \$35,000 decrease, or 2%, from the April budgeted amount of \$2,128,000. In April, water gallons sold of 348,491,000 was greater than the budgeted amount of 325,968,000 (a 22,523,000 gallon variance from budget, or 7%). NBU's net realized price per 1,000 gallons in April was \$5.90, which was less than the budgeted amount of \$6.40. Operating expenses for April were \$2,125,000, which was \$331,000 less than the budgeted amount of \$2,456,000. The net effect of lower revenues and lower operating expenses contributed to Water's net operating income of (\$32,000) being \$296,000 greater than the budgeted amount of (\$328,000). Net non-operating items provided a favorable variance of \$177,000 from budget. Impact fees of \$290,000 were less than budget by \$128,000, and services income was greater than budget by \$23,000. The Water Line of Business reported April 2021 CNPAC of \$81,000 and YTD CNPAC of \$8,687,000. These amounts were \$368,000 and \$12,801,000 greater than their respective April 2021 MTD and April 2021 YTD budget amounts.

Wastewater

The Wastewater Line of Business reported total operating revenues of \$1,985,000, a \$47,000 increase, or 2%, from the April budgeted amount of \$1,938,000. Total operating expenses of \$1,727,000 were \$462,000 less than the budgeted amount of \$2,189,000. As a result, the Wastewater Line of Business reported net operating income of \$258,000, which was \$509,000 greater than the budgeted amount of (\$251,000). Net non-operating items provided an unfavorable variance of \$95,000 from budget. Impact fees were less than budget by \$107,000, and since we did not receive any capital participation fees in the month, they were less than budget by \$68,000. Developer contributions were greater than budgeted by \$1,400,000. The Wastewater Line of Business reported April 2021 CNPAC of \$1,448,000 and YTD CNPAC of \$4,747,000. These amounts were \$1,651,000 and \$8,264,000 greater than their respective April 2021 MTD and April 2021 YTD budget amounts.

LINK TO STRATEGIC PLAN

Maintain a Competitive Bond Rating

EXHIBITS

1. YTD Overview Comparison to Budget and Prior Fiscal Year
2. Financial Statements
3. Capital Expenditure Summary
4. Statistics - Electric (Provided separately due to competitive matters)
5. Statistics -Water
6. Statistics-Wastewater