



# Indio Water Authority Quarterly Financial Report

**Fiscal Year 2013-14  
Second Quarter Report**

**February 4, 2014**



**Dan Martinez**  
Executive Director



**Brian Macy**  
General Manager

*February 4, 2014*

Honorable Board of Directors  
Indio Water Authority  
P.O. Drawer 1480  
83101 Avenue 45  
Indio, CA 92201

***SUBJECT: FY 2013-14 Second-Quarter Budget Report***

Board members:

Indio Water Authority (IWA) continues to focus on providing essential water related services to its customers; including uninterrupted water service, compliance with water quality regulations, environmental stewardship, and prudent financial management.

The attached quarterly budget report summarizes IWA's financial condition as of the second quarter FY 2013-14. It presents a comparison of revenue and expenditures for this second quarter with the second quarter of the previous fiscal year. After six months of activity, water sale revenues are consistent with previous fiscal years at 52% of the yearly budget earned.

Current operating revenues and non-operating revenues were \$9.2 million or 52% of the budget with operating fund expenditures at \$7.9 million or 44% of the budget. All divisions continue to be focused on expenditure controls. Financial analysis for this report is provided for the Operating Water Fund, Equipment Replacement Fund, Capital Improvement Program, and Reserves. The report also provides information for key economic indicators affecting the water industry and financial summaries for all of IWA's major funds. The focus of this report is on IWA's financial performance and includes a budget adjustment to recognize in reserves prior fiscal year revenue over expenditures in the amount of \$188,000.

A new budget tiered rate water structure was approved on October 1, 2013. Upgrades and training of the enhanced financial system to accommodate the approved budget tiered rate water structure were completed during the second quarter. Shadow billing for the new budget tiered rate structure began in December 2013 and will run thru January 2014 before the new bill design and rates are implemented in February 2014.

Honorable Board  
February 4, 2014  
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On August 23, 2013 the California Department of Public Health (CDPH) proposed a maximum contaminate level (MCL) for hexavalent chromium, Cr(VI), at 10 parts per billion. If the final MCL for Cr(VI) is set at 10 parts per billion, this will undoubtedly have dire economic consequences on IWA, City of Indio residents, and the entire Coachella Valley region. To date, no state or federal funding has been allocated for Cr(VI) treatment and compliance with the draft MCL and could result in a 165% increase in cost. IWA is currently working with 1) WQTS (IWA/Water Research Foundation consultant) for treatment needs and cost estimates 2) ToxSorb Technology for possible pilot testing at Plant 1 3) City of Coachella to determine mutual treatment benefit 4) Union Bank to determine funding options. Staff also continues to collaborate with ACWA, AWWA, and local water agencies to lobby and aggressively pursue a more reasonable MCL with CDPH.

On December 17, 2013, Alameda County Superior Court issued a writ of mandate that the California Department of Public Health must submit a final Cr(VI) MCL by: April 15, 2014 if CDPH does not make any changes to the proposed standard that would require a new 15-day public comment period; or June 15, 2014 if CDPH does make changes to the proposed standard. Either way IWA will be prepared with a compliance plan once the final MCL is issued by CDPH.

IWA is looking forward to another busy six months to end the fiscal year. IWA will complete the implementation of budget tiered rates, continue key infrastructure projects, and monitor the Cr(VI) regulatory requirements on the horizon.

Included attachments:  
ATTACHMENT A – Revenue and Expenditure Summary  
ATTACHMENT B – Second Quarter Budget Recap

**IT IS RECOMMENDED** that the Board receive and file this report along with Attachments A and B and approve the budget adjustment reallocating FY 2012-13 savings to operating reserves.

Respectfully submitted,

  
Dan Martinez  
Executive Director



Indio Water Authority  
Quarterly Financial Report

**Fiscal Year 2013-14**  
**Second Quarter Report**

February 4, 2014  
Prepared by Indio Water Authority

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## **A. CURRENT FINANCIAL CONDITIONS**

On January 17, 2014 Governor Jerry Brown declared an official drought state of emergency for California and launched a statewide water conservation campaign urging the conservation of water by at least 20%. Although the Coachella Valley's current groundwater levels are not affected by this drought; ongoing conservation to prevent the aquifer from reaching an overdraft state and avoid ground subsidence is always an effort of all water purveyors in the Coachella Valley. Recycled and imported water have alleviated the strain on the water basin and the implementation of budget tiered rates by IWA with a strong conservation message will further reduce ground water impacts.

The creation of the East Valley Water Reclamation Authority (EVRA) in December 2013 will further Indio's water sustainability efforts. The EVRA is a joint effort between the City of Indio – Indio Water Authority and Valley Sanitary District. The EVRA will focus on recycled water treatment, ground water recharge by way of Posse Park and the tertiary treatment of water. IWA continues to nurture it's relationships with connecting water agencies to reach common goals and have a united message of conservation, water quality and service. Indio is located in a desert region and IWA's focus always has been and will continue to be on long-term water management and responsible stewardship of our water supply.

On August 23, 2013 the California Department of Public Health (CDPH) proposed a maximum contaminate level (MCL) for hexavalent chromium, Cr(6), at 10 parts per billion. If the final MCL for Cr(6) is set at 10 parts per billion, this will undoubtedly have dire economic consequences on IWA, City of Indio residents, and the entire Coachella Valley region. To date, no state or federal funding has been allocated for Cr(6) treatment and compliance with the draft MCL and could result in a 165% increase in cost. IWA is currently working with 1) WQTS (IWA/Water Research Foundation consultant) for treatment needs and cost estimates 2) ToxSorb Technology for possible pilot testing at Plant 1 3) City of Coachella to determine mutual treatment benefit 4) Union Bank to determine funding options. Staff also continues to collaborate with ACWA, AWWA, and local water agencies to lobby and aggressively pursue a more reasonable MCL with CDPH.

On December 17, 2013, Alameda County Superior Court issued a writ of mandate that the California Department of Public Health must submit a final Cr(6) MCL by: April 15, 2014 if CDPH does not make any changes to the proposed standard that would require a new 15-day public comment period; or June 15, 2014 if CDPH does make changes to the proposed standard. Either way IWA will be prepared with a

compliance plan once the final MCL is issued by CDPH and ensure our water supply continues to meet state and federal standards, as it does now.

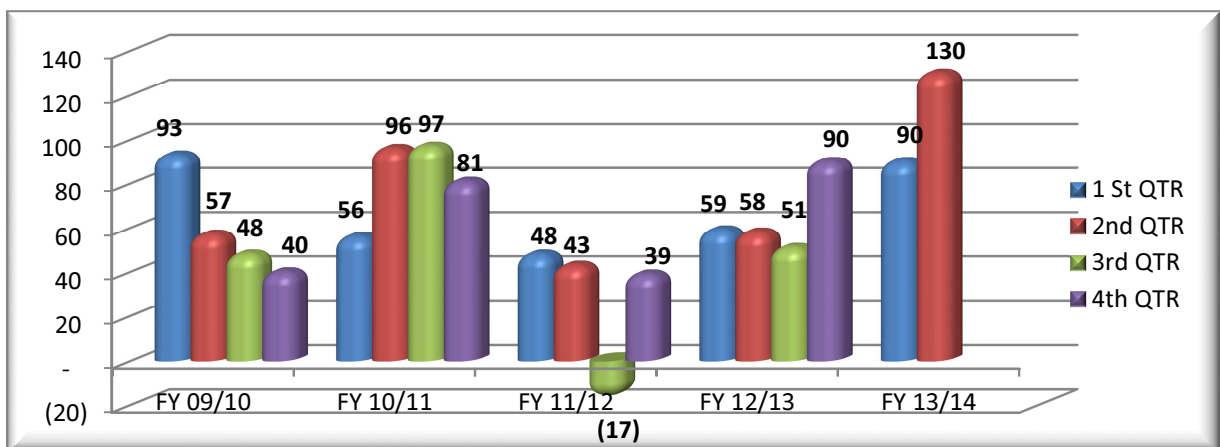
Water utilities continue to be under mounting pressure to control costs and become more competitive while complying with California’s increasingly stringent regulatory requirements as well as maintaining the structural integrity of aging infrastructure while being fiscally responsible. Water agencies are stretched between meeting long-term goals and addressing short term issues. IWA staff continues to excel, addressing many of these challenges while managing the available budgetary resources prudently.

FY 2013-14 year-to-date numbers indicate the Authority is generally in-line with its budget and on track to end the year within budget. Total operating revenues are at 52.1%, while total operating expenditures are at 44.7% of budgeted amounts. Moving forward with a new rate structure IWA will closely monitor all revenues and expenses while focusing on providing high quality services customers have come to expect. In addition to maintaining current programs, it is critical that we continue to educate residents and business leaders about the importance of water conservation.

**B. CUSTOMER GROWTH**

At the beginning of FY 2013-14, the IWA had 21,247 customers with growth projected to be 200 new accounts for the fiscal year. In the second quarter of the fiscal year, IWA added 126 residential customers and 9 commercial accounts for a total of 135 new accounts. During the second quarter the Authority also identified 5 meters that were removed from service for a net increase of 130 meters to the water system.

**Chart 1: Customer Growth Each Quarter by Fiscal Year**



In addition to Sun City/Shadow Hills, there are several residential developments restarting to build. Trilogy/Polo Estates is actively building model homes and installing new water mains. Whittier Ranch has also started construction of their next phase and will be making some additions to the previously installed water system to improve the circulation of water within this development. Fred Young Labor Camp is installing meters, fire hydrants, and fire protection systems. Work has also begun on Terra Lago Phase II, where the water lines have been pressure tested, chlorinated, and re-tested for bacteria before being put into service.

Commercial development has also increased this year. Water services have been installed for AM/PM on Jefferson and Avenue 42, Dollar General on Monroe and Oleander, K & R Carwash on Highway 111, Yunez Laundromat on Avenue 44 and the Holiday Inn Express on Indio Springs. Several more projects are currently underway and will begin improvements shortly.

The reflection of an unsettled economy is indicated on Chart 1 where customer growth has significantly fluctuated over the last five years. Current growth during the second quarter of FY 2013-14 is distinguishably higher than the last three fiscal years. IWA engineering division has seen an increase in inspections and plan reviews over the last six months. This trend is expected to continue in Indio for the coming years. IWA infrastructure is in place to meet ongoing demands and will continue to be evaluated as additional resources pull water from our distribution system.

### **C. OPERATING FUND REVENUE**

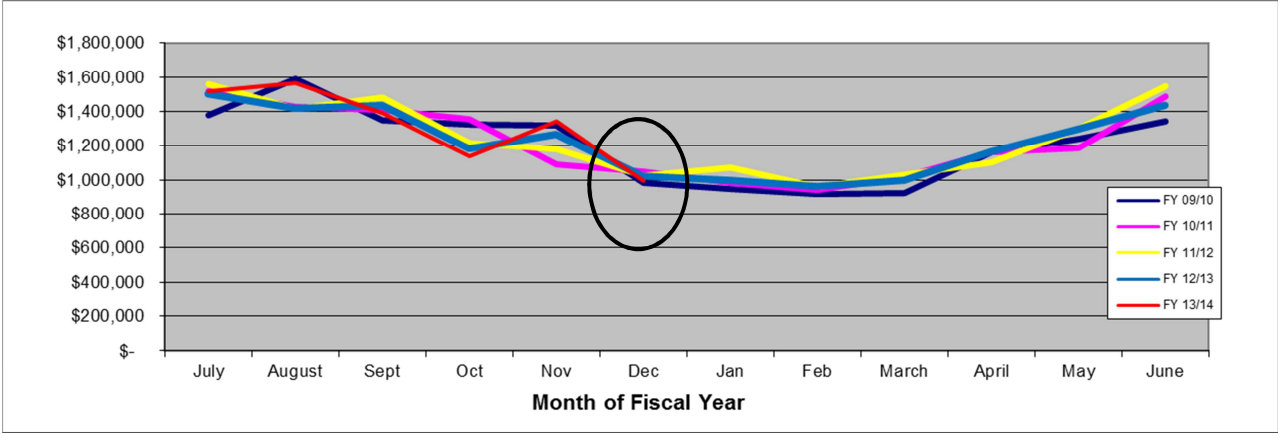
Revenues are delineated by operating revenues and non-operating revenues. The total unaudited operating revenues recorded for this fiscal year after six months of operation are \$9,274,092 or 52.1% of budget. This is an increase of \$605,327 over the prior fiscal year (Attachment A). Water sales make up \$7,942,553 of the revenue earned through December 31, 2013. Water sales are up \$114,209 when compared to last year during the same time frame.

Other operating revenues for FY 2013-14 totaled \$1,283,938 through the second quarter or 68% of the budget. This is an increase of \$480,452 when compared to the second quarter of FY 2012-13. Other operating revenue includes account establishment fees, delinquent account fees, inspection fees, plan checks, backflow fees, replenishment fees passed thru to Coachella Valley Water District, sphere of influence fees and reimbursements.

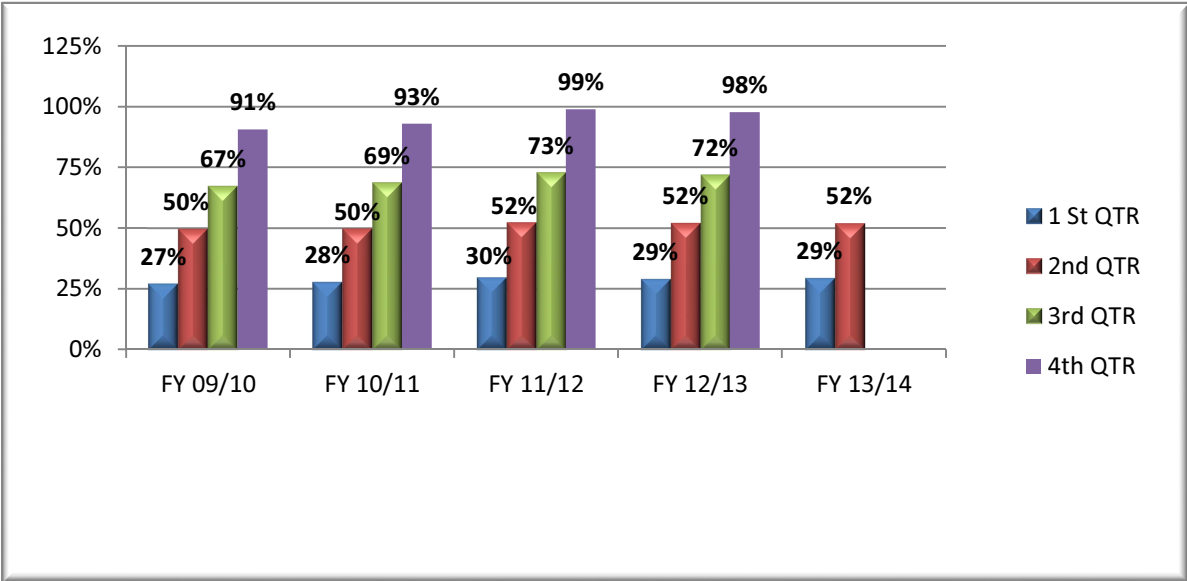


Charts 2 and 3 reflect revenues are on target with historical trends over the last five years.

**Chart 2: 5 Year Water Sales Revenue - History by Month**



**Chart 3: 5 Year Water Sales Revenue - History by Quarter**



*Non-Operating Revenue*

Investment income ended the second quarter at \$17,601 or 19.5% of the budget. Through the second quarter, investment income decreased by \$19,334 when compared to the prior year during the same period due to lower interest earnings during the second quarter. To ensure liquidity of funds and a conservative return on investments, IWA finance staff will continue to monitor pooled cash investments with the City of Indio.

**OPERATING FUND EXPENDITURES**

The FY 2013-14 operating expenditure budget includes \$4,552,851 in salaries and benefits, \$7,933,616 for services and supplies, \$1,095,426 for capital maintenance and \$4,144,038 for debt service. Table 1 indicates through the end of the second quarter, operating fund expenditures were at 44.7% of the budget or \$7,922,323. Total operating expenditures increased by \$455,483 from FY 2012-13 (see Attachment A). This increase is largely attributed to an increase of \$270,520 in salary and benefits, an increase of \$175,395 in services and supplies, and an increase in capital outlay of \$25,615. Offset by a decrease in debt service payments of -\$16,047.

**Table 1: Operating Fund Expenditures - By Category**

	Budget		Actual	% of
	FY 2013-14		December 31, 2013	Budget
Salaries and Benefits	\$ 4,552,851		\$ 2,319,909	51.0%
Services and Supplies	7,933,616		3,461,146	43.6%
Capital Outlay	1,095,426		73,192	6.7%
Debt Service	4,144,038		2,068,076	49.9%
<b>Total Expenditures</b>	<b>\$ 17,725,931</b>		<b>\$ 7,922,323</b>	<b>44.7%</b>

**Salary and Benefits**

Salary and benefit expenditures through the end of the second quarter were \$2,319,909 or 51% of the budget as shown in Table 1. The increase of \$270,520 in salaries and benefits over last fiscal year are significantly associated with an increase in the employer’s contribution rate for California Public Employees’ Retirement System (CalPERS) and unexpected accrued time cash outs by employees.

An increase in part-time staff in the Customer Service/Finance division of IWA has been funded by the vacancy of two full-time positions in the Engineering division. Part-time staff is assisting with the implementation of budget tiered rates and ongoing operational needs as staff undergoes training and testing of the new rate structure. IWA will continue to monitor ongoing staffing levels as the FY 2014-15 budget is evaluated.

**Services and Supplies**

Services and supplies expenditures are \$3,461,146 or 43.6% of the budget through the second quarter. Each division is responsible for monitoring and adhering to their adopted budget. As shown in Table 2, after six months, all divisions except Information Technology, are within a normal expenditure range. Information Technology's expenditure rate is primarily due to the upgrade of the SunGard billing system as well as annual payment of operational service contracts which are due at the beginning of each fiscal year. IWA will continue to monitor expenses to ensure adherence to the budget. Overall expenditures are at 43.6% of the budget and expected to end the year within or under budgeted projections.

**Table 2: Operating Fund Expenditures – Services and Supplies by Division**

	Budget		Actual	% of
	FY 2013-14		December 31, 2013	Budget
Commission	\$ 10,459		\$ 2,476	23.7%
Administration/ Engineering	3,350,213		1,583,614	47.3%
Production	2,966,579		1,127,622	38.0%
Transmission Distribution	643,042		246,714	38.4%
Finance/Customer Service	729,394		348,740	47.8%
Information Technology	233,929		151,980	65.0%
<b>Total Expenditures</b>	<b>\$ 7,933,616</b>		<b>\$ 3,461,146</b>	<b>43.6%</b>

***Administration/Engineering***

During the second quarter IWA announced the recruitment of an Engineering and Environmental Services Manager which will be filled during the third quarter. Staff has been preparing for the upcoming Highway 111 Project which will consist of installation of approximately 6,400 linear feet of 12-inch water main to support new businesses along Highway 111, between Madison Street and Rubidoux Street. The water main and water services will be installed prior to Public Works road widening project. Construction is anticipated to begin in the spring of 2014. The estimated water infrastructure construction cost is \$1,600,000 and is part of the capital improvement program.

### *Production*

The Authority has completed the program upgrade of the SCADA (Supervisory Control and Data Acquisition) system making it more user friendly; the upgrades remotely enable IWA to provide better operational and security control. In addition to SCADA, Well 1E pump repairs have been completed and Well 3B is undergoing repairs to upgrade the water column which pumps water from the well into the reservoir.

### *Transmission Distribution*

Operation and maintenance of the water system is comprised of; replacement of polyethylene water services, meters and valves, dead-end flushing of the water system along with valve exercising to maintain water quality, as well as meter reading which continues to be an evolving achievement of the Distribution division. IWA continues to work with customers, other internal departments, and suppliers to reduce the number of backflow prevention devices and fire hydrants stolen throughout the water system.

### *Finance/Customer Service*

This fiscal year the meter exchange program has a goal of completing 2,044 replacements by fiscal year-end. A total of 520 meters have been exchanged to date bringing the total of radio-read meters installed to date to 13,339 or 61% of the total 21,700 in-service meters.

Upgrades and training of the enhanced financial system to accommodate the approved budget tiered rate water structure were completed during the second quarter. Shadow billing for the new budget tiered rate structure also started in December and will run thru January before the new bill design and rates are implemented in February 2014.

IWA also implemented E-billing and new online payment options which empower the customer and allow for more access of their water utility account. In response to resident requests IWA implemented a meter downsize program, whereby customers can choose to downsize their meter size at their cost to capture savings in their monthly base charge. To date IWA has reviewed, approved and downsized approximately 350 meters.

### *Information Technology (IT)*

IWA's Information Technology Division has implemented several enhancements, upgrades, as well as new systems with the objective to improve efficiency, productivity, innovation, and security.

A list of those enhancements is as follows:

- **Climatec System Upgrades-**  
IT implemented a dedicated network separate from IWA's local area network which is used for building automation and controls such as the heating, ventilation and air conditioning system.
- **Network Monitoring -**  
IT implemented simple network management protocol (SNMP) on all network switches and routers. SNMP is a protocol governing network management and the monitoring of network devices and their functions. IWA network administrators use SNMP to monitor and map network availability, performance, and error rates.
- **Security Enhancements - DVR and security camera upgrades**  
IT updated security cameras at some of IWA's remote well sites to improve security and deter theft.
- **Software Upgrades and Installations –**  
IT installed Cognos Business Intelligence software which allows staff to compile complex reports using IWA's database. Training for this product will take place in early February 2014.  
IT also updated IWA's data center with new memory to improve application performance for all end users.

Upcoming efforts of the Information Technology division at IWA include upgrading backup software to prevent data loss in the event of an emergency, windows server update services to enable administrators to fully manage the distribution of upgrades released by Microsoft, deploy the use of upgraded handheld meter reading devices, upgrades to existing virtual desktop infrastructure, and deploying a new web filter to expose web-borne malware and viruses.

### **Capital Outlay**

Capital Outlay includes the purchase of new capital equipment, new vehicles, and capital infrastructure maintenance projects that are not part of the Capital Improvement Program. The \$1,095,426 capital outlay budget for FY 2013-14 covers a budget tiered rate structure implementation, small and large meter change out program, system software upgrades, machinery as needed to support ongoing operational requirements, and system distribution maintenance.

Below is a summary of capital outlay budget by division for FY 2013-14.

**Table 3: Capital Outlay by Division**

	Budget	Actual	% of
	FY 2013-14	December 31, 2013	Budget
Administration/ Engineering	-	-	0.0%
Production	450,000	-	0.0%
Transmission Distribution	520,426	23,141	4.4%
Finance/Customer Service	25,000	4,830	19.3%
Information Technology	100,000	45,221	45.2%
<b>Total Expenditures</b>	<b>\$ 1,095,426</b>	<b>\$ 73,192</b>	<b>6.7%</b>

**Internal Services (IS)**

Internal Service Fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other Government entities, on a cost allocation basis. This budget component includes: risk management, buildings and grounds maintenance, information technology, centralized services, and fleet maintenance.

The IS current fiscal year’s budget is \$1,242,764. Through the second quarter, internal service expenses total \$621,384 or 50% of the budget. A decrease of \$70,434 in internal service fund costs is attributed to additional full-time information technology staff at IWA and a decrease in risk management fees.

**D. EQUIPMENT REPLACEMENT FUND**

IWA has an equipment replacement fund separate from the City of Indio. This fund is for the replacement of vehicles and equipment as needed. At the end of the second quarter for FY 2013-14, the balance of this fund is \$615,555. Total budgeted expenses are \$283,601 for FY 2013-14. Although there have been no expenses through the second quarter, staff is currently evaluating proposals for equipment replacement requirements.

Vehicles and equipment are inspected daily and on a monthly basis IWA’s Finance staff reviews a comprehensive list of equipment with depreciation schedules and replacement costs listed by year. Reliable vehicles and equipment ensure the safety and dependability of IWA’s daily operations for effective responses to emergencies.

**E. CAPITAL IMPROVEMENT PROGRAM (CIP)**

This section presents a summary of all CIP projects adopted with the passage of the FY 2013-14 Budget. Capital improvements are projects that contribute to providing essential water services to customers and meeting regulatory requirements.

At the end of the second quarter of FY 2013-14, the Authority’s budgeted projects had a remaining total project cost of \$3,197,922 from Water Development impact fees. These available funds have been designated for projects during the current fiscal year. IWA is looking forward to busy third and fourth quarters with multiple capital improvement projects underway. These projects include Plant 2 Emergency Power, Highway 111 Water Main Improvements from Jackson Street to Towne Street and from Madison to Rubidoux Street, Avenue 44 Water Main Improvement from Salpare Place to Dillon Road, and a water model update.

**F. RESERVE FUNDS**

Table 4 is a summarized allocation of reserve funding levels, which were approved by IWA’s Board of Directors on February 7, 2012.

**Table 4: Reserve Funds**

Priority Ranking	Reserve Fund Description	Target Level (Moderate)	Current Balance	(Deficit)/ Surplus
1	Operating Reserve	\$ 4,431,482	\$ 4,000,000	\$ (431,482)
2	Capital Repair and Replacement/System Improvement Reserve	374,080	74,346	(299,734)
3	Equipment Replacement Reserve	500,000	615,555	115,555
4	Rate Stabilization Reserve	330,000	330,316	316
5	Water Transfer Reserve	1,750,000	51,154	(1,698,846)
6	Emergency Reserve	4,904,060	545,920	(4,358,140)
	<b>Total</b>	<b>\$ 12,289,622</b>	<b>\$ 5,617,291</b>	<b>\$ (6,672,331)</b>

These six reserve funds recognize the importance of formally adopted policies relative to reserves and the funding of them. Reserves are prudent fiscal management tools, which are a cornerstone of successful long-term financial planning. The policies provide both flexibility to continually adapt to change, ensure continued operational solvency, and preserve adequate levels of services.

Upon closing of the financial records for FY 2012-13 identified savings of \$188,000 from revenue over expenditures. IWA recommends the saving to be allocated in priority order to replenish reserve levels, thereby decreasing the unfunded portion of reserve accounts.

**Recommended Motion:** That the City Council/IWA Board approve and direct the IWA Finance Department to adjust appropriations as follows:

Increase Fund Balance:		
010-0000-275-00-00	Reserve for Operating Contingency	\$188,000
Decrease Fund Balance:		
010-0000-273-00-00	Retained Earnings	\$188,000

**G. 2006 WATER BOND**

The 2006 Water Bond construction account was closed out during the first quarter of the fiscal year. Final proceeds in the amount of \$440,758 have been allocated as approved by the IWA Board on January 7, 2014. Current expenses total \$86,650; the remaining allocated expenses are \$354,108 which will be used for meter replacements, Plant 2 infrastructure upgrades, and the rehabilitation of various well sites.



**ATTACHMENT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS**

Indio Water Authority  
 Revenue & Expenditure Summary-Operating Fund  
 Quarter Ending December 31, 2013

REVENUES	Revenue through		Variance			
	12/31/2012	12/31/2013	FY	Percentage	Budget	Percentage
			2013 vs. 2014	Change	FY 2013/14	FY 2013/14
<b>Operating Revenue</b>						
Water Utility Payments	7,828,344	7,942,553	114,209	1.5%	15,288,538	52.0%
Other Operating						
Water Meters	28,459	212,011	183,552	645.0%	76,125	278.5%
Backflow Charges	91,949	116,602	24,653	26.8%	194,972	59.8%
Fire Protection Charges	43,870	47,100	3,230	7.4%	60,000	78.5%
Replenish Assessment Charge	434,670	528,118	93,448	21.5%	895,000	59.0%
Charges for Services	160,684	273,763	113,079	70.4%	427,200	64.1%
Establishment Fee	40,790	32,933	(7,857)	-19.3%	85,000	38.7%
Reimbursements/Recovery of Labor	3,064	73,411	70,347	2295.9%	145,000	50.6%
<b>Total Operating Revenue</b>	<b>8,631,830</b>	<b>9,226,491</b>	<b>594,661</b>	<b>6.9%</b>	<b>17,171,835</b>	<b>53.7%</b>
<b>Non-Operating Revenue</b>						
Interest Earnings	36,935	17,601	(19,334)	-52.3%	90,000	19.56%
Transfers In	0	30,000	30,000	2999999900%	530,000	5.66%
<b>Total Non-Operating Revenue</b>	<b>36,935</b>	<b>47,601</b>	<b>10,666</b>	<b>28.9%</b>	<b>620,000</b>	<b>7.68%</b>
<b>Total Revenues</b>	<b>8,668,765</b>	<b>9,274,092</b>	<b>605,327</b>	<b>7.0%</b>	<b>17,791,835</b>	<b>52.1%</b>

EXPENDITURES	Expenditures through		Variance			
	12/31/2012	12/31/2013	FY	Percentage	Budget	Percentage
			2013 vs. 2014	Change	FY 2013/14	FY 2013/14
<b>Personnel</b>						
Salary and Benefits	2,049,389	2,319,909	270,520	13.2%	4,552,851	51.0%
<b>Total Personnel</b>	<b>2,049,389</b>	<b>2,319,909</b>	<b>270,520</b>	<b>13.2%</b>	<b>4,552,851</b>	<b>51.0%</b>
<b>Services and Supplies</b>						
Legal	27,744	126,915	99,171	357.5%	125,000	101.5%
Professional/Contract Services	138,013	167,322	29,309	21.2%	498,000	33.6%
Regulatory/Government Agency	385,553	450,988	65,435	17.0%	976,000	46.2%
Utilities	662,878	517,516	(145,362)	-21.9%	1,680,000	30.8%
Outside Repair & Maintenance	99,269	257,569	158,300	159.5%	387,750	66.4%
Travel & Training	7,154	8,581	1,427	19.9%	31,500	27.2%
Dues and Subscriptions	4,766	3,360	(1,406)	-29.5%	24,750	13.6%
Postage Freight	36,627	52,699	16,072	43.9%	138,200	38.1%
Conservation Programs	28,673	20,029	(8,644)	-30.1%	178,000	11.3%
Telephones	1,656	499	(1,157)	-69.9%	5,000	10.0%
Cell Phones/Pagers	7,274	7,876	602	8.3%	14,500	54.3%
Rents/Leases	678,480	678,898	418	0.1%	1,346,916	50.4%
Printing and Software	16,499	57,651	41,152	249.4%	83,250	69.3%
Water Meters & Small Tools/Equip.	377,792	372,081	(5,711)	-1.5%	757,086	49.1%
Supplies & Safety Equipment	7,330	4,419	(2,911)	-39.7%	11,900	37.1%
Chemical Lab	39,225	38,359	(866)	-2.2%	83,000	46.2%
Contingency	-	-	-	0.0%	100,000	0.0%
Internal Service Funds	691,818	621,384	(70,434)	-10.2%	1,242,764	50.0%
Transfer Out	75,000	75,000	-	0.0%	250,000	30.0%
<b>Total Services and Supplies</b>	<b>3,285,751</b>	<b>3,461,146</b>	<b>175,395</b>	<b>5.3%</b>	<b>7,933,616</b>	<b>43.6%</b>
<b>Total Operations</b>	<b>5,335,140</b>	<b>5,781,055</b>	<b>445,915</b>	<b>8.4%</b>	<b>12,486,467</b>	<b>46.3%</b>

**ATTACHMENT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS**

Continuation of Report:

50% of Year Elapsed

EXPENDITURES	Expenditures through		Variance			
	12/31/2012	12/31/2013	FY 2013 vs. 2014	Percentage Change	Budget FY 2013/14	Percentage FY 2013/14
<b>Capital Outlay</b>						
Equipment	-	-	-	0.0%	-	0%
Projects	47,577	73,192	25,615	53.8%	1,095,426	0%
<b>Total Capital Outlay</b>	<b>47,577</b>	<b>73,192</b>	<b>25,615</b>	<b>53.8%</b>	<b>1,095,426</b>	<b>6.7%</b>
<b>Total Operations and Capital Outlay</b>	<b>5,382,717</b>	<b>5,854,247</b>	<b>471,530</b>	<b>8.8%</b>	<b>13,581,893</b>	<b>43.1%</b>
<b>Debt Service</b>						
Interest - Revenue Bonds	1,421,369	1,366,019	(55,350)	-4%	2,744,038	50%
Principal - Revenue Bonds	662,754	702,057	39,303	6%	1,400,000	50%
<b>Total Debt Service</b>	<b>2,084,123</b>	<b>2,068,076</b>	<b>(16,047)</b>	<b>-1%</b>	<b>4,144,038</b>	<b>50%</b>
<b>Total Operations, Capital Outlay and Debt Service</b>	<b>7,466,840</b>	<b>7,922,323</b>	<b>455,483</b>	<b>8.0%</b>	<b>17,725,931</b>	<b>44.7%</b>

**ATTACHMENT B: FIRST QUARTER BUDGET RECAP**

IWA 2ND QUARTER BUDGET RECAP FY 2013-2014  
 THROUGH DECEMBER 31, 2013 (6 MONTHS, 50%)  
 SUMMARY REPORT

50% of Year Elapsed

<b>Revenue</b>	<b>Budget FY 13/14</b>	<b>Through 12/31/2013</b>	<b>% Earned</b>
Water Sales	15,288,538	7,942,553	52%
Meter and Service Fees	1,883,297	1,283,938	68%
Non-Operating Revenue	620,000	47,601	8%
<b>Total Revenue</b>	<b>17,791,835</b>	<b>9,274,092</b>	<b>52.1%</b>

<b>Expenditures</b>	<b>Budget FY 13-14</b>	<b>Through 12/31/2013</b>	<b>% Spent</b>
Salary and Benefits	4,552,851	2,319,909	51%
Legal	125,000	126,915	102%
Professional/Contract Services	498,000	167,322	34%
Regulatory/Government Agency	976,000	450,988	46%
Utilities	1,680,000	517,516	31%
Outside Repair & Maintenance	387,750	257,569	66%
Travel & Training	31,500	8,581	27%
Dues and Subscriptions	24,750	3,360	14%
Postage Freight	138,200	52,699	38%
Conservation Programs	178,000	20,029	11%
Telephones	5,000	499	10%
Cell Phones/Pagers	14,500	7,876	54%
Rents/Leases	1,346,916	678,898	50%
Printing and Software	83,250	57,651	69%
Water Meters & Small Tools/Equip.	757,086	372,081	49%
Supplies & Safety Equipment	11,900	4,419	37%
Chemical Lab	83,000	38,359	46%
Contingency	100,000	-	0%
<b>Internal Service Funds</b>	<b>1,242,764</b>	<b>621,384</b>	<b>50%</b>
<b>Transfer Out</b>	<b>250,000</b>	<b>75,000</b>	<b>30%</b>
<b>Capital Outlay</b>	<b>1,095,426</b>	<b>73,192</b>	<b>7%</b>
<b>Total Operations &amp; Capital Outlay</b>	<b>13,581,893</b>	<b>5,854,247</b>	<b>43.1%</b>
<b>Debt Service</b>	<b>4,144,038</b>	<b>2,068,076</b>	<b>49.9%</b>
<b>Total Operations, Capital Outlay and Debt Service</b>	<b>17,725,931</b>	<b>7,922,323</b>	<b>44.7%</b>
<b>Projected Revenue Over Expenditures (+/ - )</b>	<b>65,904</b>	<b>1,351,769</b>	