

ITEM NO. 2

Dan Martinez
Executive Director



Brian Macy
General Manager

November 3, 2015

Honorable Board of Directors
Indio Water Authority
83101 Avenue 45
Indio, CA 92201

SUBJECT: FY 2015-16 First-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.

Auditing and financial statements are currently being compiled by independent auditors for FY 2014-15.

The attached quarterly budget report summarizes IWA's financial condition as of the first quarter, FY 2015-16. It presents a revenue and expenditure comparison to the first quarter of FY 2014-15. After three months of activity, water sale revenues are less than previous fiscal years at 25% of budget.

Current operating revenues and non-operating revenues were \$4.9 million or 22% of the budget with operating fund expenditures at \$4.0 million or 19% of the budget. All divisions continue to focus 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 IWA's major funds. The focus of this report is IWA's financial performance.

The State of California remains in severe drought. Through aggressive water conservation efforts, IWA and its customers have reduced water consumption by 6% since 2013 and 23% since 2010. IWA continues to enhance the water conservation program and was awarded a \$1,290,000 grant through the Proposition 84, Integrated Regional Water Management Group. In the fourth quarter, IWA will be proposing a large-scale turf removal program to help meet Executive Order B-29-15 (the "Executive Order") issued by Governor Brown on April 1, 2015.

The Executive Order directed the State Water Resources Control Board (the "SWRCB") to impose restrictions to achieve 25% statewide reduction in potable water use by February 28, 2016. The SWRCB developed regulations on May 5, 2015 to implement the Executive Order. Under the SWRCB's emergency regulations, IWA and its customers are required to reduce water consumption by 32% from the established 2013 base year. As such, IWA recently amended the City of Indio Stage 2 Water Alert restricting outdoor water use to four days (Tuesday, Thursday, Saturday, and Sunday) per week.

IWA is experiencing reduced water sale revenues of \$521,766 (10.9%) compared to the first quarter of FY 2014-15, due to the conservation efforts of IWA's customers. IWA will continue to monitor expenditures in efforts to not exceed revenue. IWA has a budgeted surplus of \$1,357,008 and a contingency of \$200,000 which will offset revenue losses in water sales due to conservation efforts, if necessary. Any additional necessary budget adjustments regarding under-performing water sales due to water conservation will be brought to the Board for consideration during the Mid-Year Budget Report.

IWA will implement the third year budget tiered rate structure adjustment on January 1, 2016, begin the design of infrastructure projects to serve the Boe Del Heights Mutual Water Company's service area, and continue to implement and enhance the Water Conservation Program.

Included attachments:

ATTACHMENT A – Revenue and Expenditure Summary

ATTACHMENT B – First Quarter Budget Recap

IT IS RECOMMENDED that the Board receive and file this report along with Attachments A and B and approve the budget adjustments for conservation efforts as well as chromium-6 treatment improvements using remaining 2015 Water Bond funds.

Respectfully submitted,


Dan Martinez
Executive Director



Indio Water Authority Quarterly Financial Report

**Fiscal Year 2015-16
First Quarter Report**

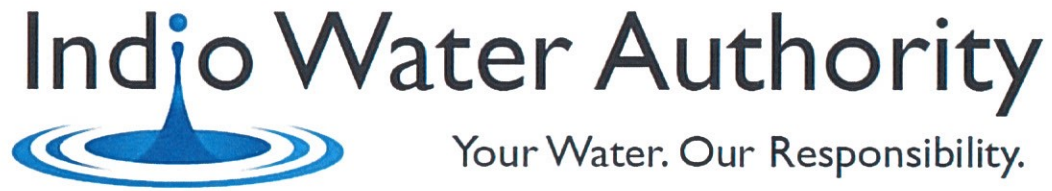
November 3, 2015

Indio Water Authority
Your Water. Our Responsibility.



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Indio Water Authority
Quarterly Financial Report

**Fiscal Year 2015-16
First Quarter Report**

November 3, 2015
Prepared by Indio Water Authority

A. CURRENT FINANCIAL CONDITIONS

Drought and water conservation messages continue to immerse California. Coachella Valley's current groundwater levels are not affected by the drought. We continue conservation to prevent the aquifer from reaching an overdraft state and avoid ground subsidence. Recycled and imported water have alleviated the strain on the water basin. The implementation of budget tiered rates and a strong conservation message will continue to alleviate ground water reduction in the future.

The East Valley Water Reclamation Authority (EVRA), a joint effort between the City of Indio/Indio Water Authority and Valley Sanitary District, also assists in managing water conservation efforts. The EVRA will focus on recycled water treatment, ground water recharge, and the tertiary water treatment. IWA continues to nurture its relationships with surrounding 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 will continue to be long-term water management and responsible stewardship of our water supply.

In addition to increased regulatory requirements, water utilities must be fiscally responsible while implementing upgrades, becoming technologically competitive, and maintaining aging infrastructure. IWA like other water agencies is operating to meet long-term goals and address short term issues.

On April 1, 2015, Governor Brown issued Executive Order B-29-15 (the "Executive Order") to address ongoing California drought conditions. The Executive Order, among other things, directed the State Water Resources Control Board (the "SWRCB") to impose restrictions to achieve a statewide 25% reduction in potable urban water usage by February 28, 2016. The Executive Order further directs the SWRCB to impose restrictions that require commercial, industrial, and institutional properties to immediately implement water conservation measures to reduce potable water use. The SWRCB has also directed urban water suppliers to develop rate structures and pricing mechanisms, including surcharges, fees, and penalties, to meet statewide water reduction requirements. The Executive Order includes several provisions to increase enforcement activity and streamline State and local response to drought-related initiatives.

Under the SWRCB's emergency regulations, IWA must reduce consumption by 32% utilizing calendar year 2013 as the baseline. This year IWA customers conserved 24% in July, 22% in August, and 12% in September compared to 2013. IWA customers achieved an average conservation rate of 19.3% during the first quarter of FY 2015-16.

Conservation achievements have resulted in a loss of water sales revenue greater than predicted. First quarter water sales are \$521,766 or 10.9% below last year's corresponding quarter.

FY 2015-16 year-to-date numbers indicate IWA is under budget in revenue and expenditures, achieving budget without placing surplus in reserves. Total operating revenues are 22.2% and total operating expenditures are at 19.1% versus FY 2015-16 budget.

Staff is monitoring expenses driven by the loss of revenue and will reduce expenditures to ensure they do not exceed reduced revenue. The adopted budget projected a surplus of \$1,357,008 and a \$200,000 contingency.

Revenue for FY 2015-16 will be increased by \$190,212 with \$100,000 associated with grant administration and \$90,212 for turf reduction. Additional funds are from the Coachella Valley Regional Water Management Group Proposition 84 Round 3 grant funding.

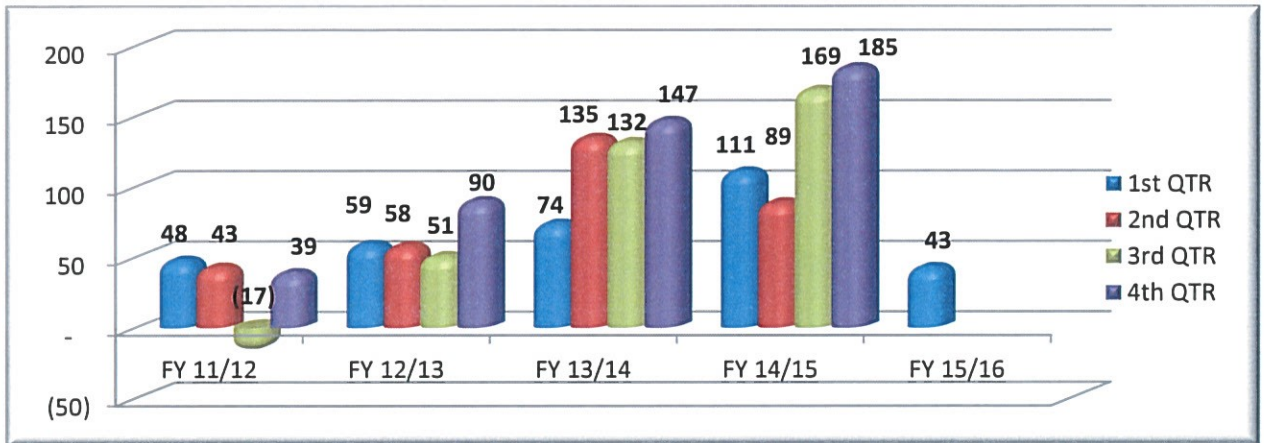
In addition to monitoring current expenditures for programs, it is critical that we continue to educate residents and business leaders about the importance of water conservation and the new regulatory requirements.

B. CUSTOMER GROWTH

At the beginning of FY 2015-16, IWA had 22,492 customers and projected 150 new accounts. In the first quarter, IWA added 55 residential customers and lost 12 commercial accounts yielding 43 new accounts. IWA also added two fire detector meters to existing water services.

An unsettled economy is reflected below in Chart 1 where customer growth has fluctuated significantly over the last five years. FY 2015-16 first quarter growth is lower compared to the first quarter of FY 2014-15 but projected to achieve 150 new accounts by the end of the fiscal year. IWA engineering division has seen an increase in inspections due to water conservation requirements. IWA infrastructure is able to meet ongoing demands and will continue to be evaluated as additional resources utilize water from our distribution system.

Chart 1: Customer Growth Each Quarter by Fiscal Year



Active residential developments include: Stonewater, Citrus Ranch, Terra Lago Phase II, Trilogy at the Polo Club Phases 3 & 4, and Gallery Links (Indian Palms).

Commercial developments include: Shakey's Pizza, Carl's Jr, East County Detention Center, Las Plumas, Trilogy Club House at the Polo Club, Verizon Cell Site, Coachella Valley Rescue Mission – Annexation Project, and Santa Rosa Estates.

C. OPERATING FUND REVENUE

Revenue is categorized by operating revenue and non-operating revenue. The total unaudited revenue recorded for the first quarter is \$4,891,766 or 22.2% of budget. Revenue decreased by \$641,731 compared to the previous fiscal year (Attachment A). First quarter water sales revenue is \$4,251,382 a decrease of \$521,766, or 10.9% when compared to the first quarter of FY 2014-15.

Other FY 2015-16 operating revenues total \$638,267 or 12.5% of the budget (Attachment B). Other operating revenue includes account establishment fees, delinquent account fees, inspection fees, plan checks, backflow fees, replenishment fees, and reimbursements. Revenue decreased \$86,885 compared to the first quarter of FY 2014-15 (\$725,122) due to the decelerated meter downsize program, decreased replenishment fees, and decreased service and reimbursement charges.

Water sales revenue has decreased due to water conservation regulations mandated by the Governor. Decreased water sales revenue within the last five years is represented monthly in Chart 2 and quarterly in Chart 3.

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

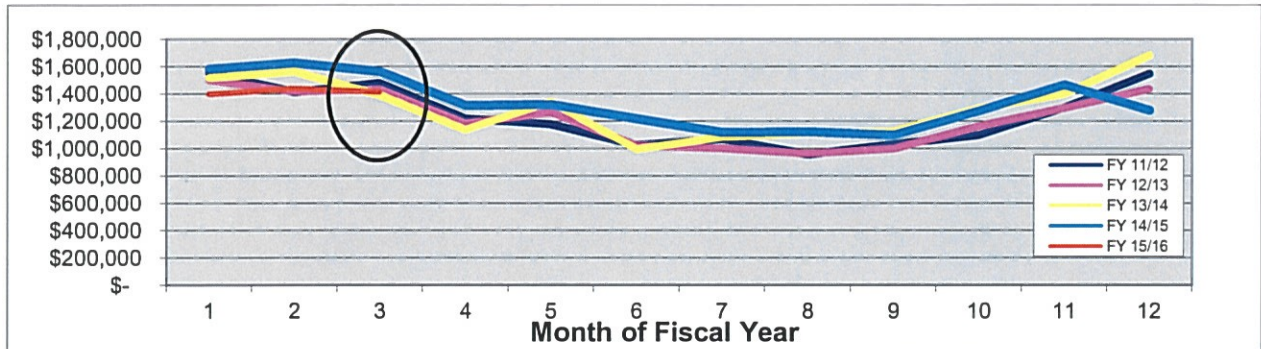
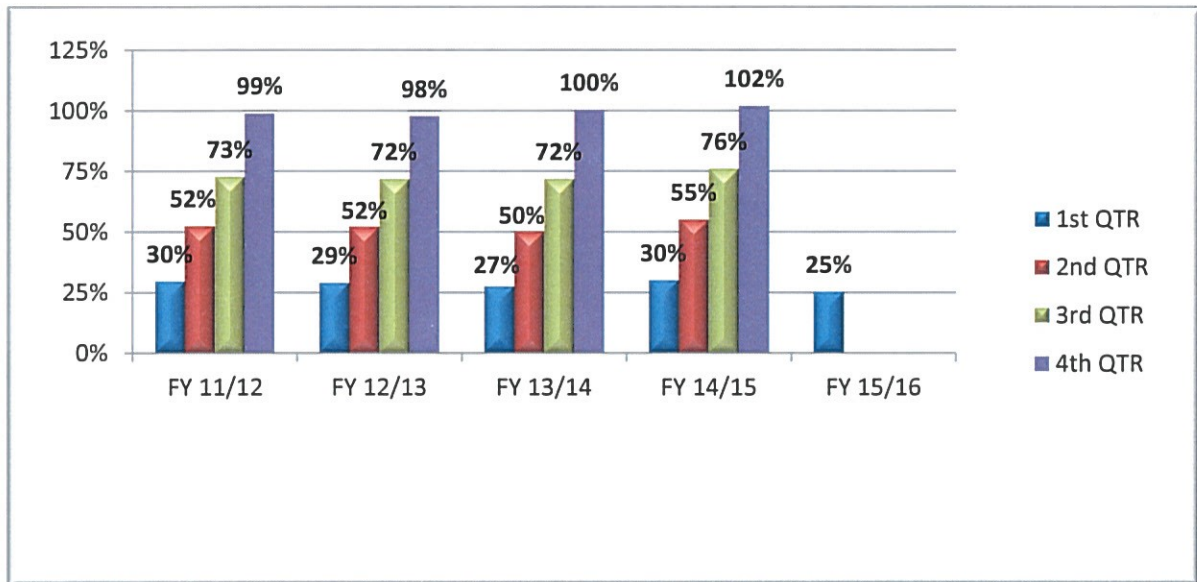


Chart 3: 5 Year Water Sales Revenue - History by Quarter



Non-Operating Revenue

First quarter investment income yielded \$2,117 or 14.1% of budget. Investment income decreased \$3,110 in the first quarter compared FY 2014-15 due to decreased interest income resulting from decreased cash balance. 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.

D. OPERATING FUND EXPENDITURES

The FY 2015-16 operating expenditure budget includes \$5,246,824 in salaries and benefits, \$11,661,408 for services and supplies, \$385,427 for capital outlay and

\$3,405,491 for debt service. Table 1 indicates operating fund expenditures were 19.1% of the budget or \$3,955,466 through the end of the first quarter. Total operating expenditures decreased \$695,137 from FY 2014-15 (see Attachment A). The decrease in expenditures was driven by debt services (\$552,801) and services and supplies (\$174,300). Decrease expenditures were offset by \$26,841 salary and benefits and \$5,123 capital outlay.

Table 1: Operating Fund Expenditures - by Category

	Budget FY 2015-16	Actual September 30, 2015	% of Budget
Salaries and Benefits	\$ 5,246,824	\$ 1,114,065	21.2%
Services and Supplies	11,661,408	1,300,589	11.2%
Capital Outlay	385,427	10,604	2.8%
Debt Service	3,405,491	1,530,208	44.9%
Total Expenditures	\$ 20,699,150	\$ 3,955,466	19.1%

Salary and Benefits

Salary and benefit expenditures through the end of the first quarter were \$1,114,065 or 21.2% of the budget as shown in Table 1. The increase of \$26,841 in salaries and benefits over last fiscal year was approximately 2.5% from last year.

Services and Supplies

First quarter service and supply expenditures are \$1,300,589 or 11.2% of the budget. Each division is responsible for monitoring and adhering to their adopted budget. After the first quarter, all divisions are within a normal expenditure range as shown in Table 2. The Information Technology Department expenditure is 33.7% due to annual software licenses fees, due in the first quarter.

IWA will continue to monitor expenses to ensure adherence to the budget. Overall operating expenditures are 19.1% of the budget and expected to end the year within budgeted projections.

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

	Budget FY 2015-16	Actual September 30, 2015	% of Budget
Commission	\$ 29,112	\$ 1,300	4.5%
Administration	3,807,476	491,088	12.9%
Production	2,844,467	191,999	6.7%
Transmission Distribution	1,721,625	218,518	12.7%
Finance/Customer Service	745,211	133,627	17.9%
Information Technology	449,530	151,356	33.7%
Engineering/Water Quality	2,063,987	112,701	5.5%
Total Expenditures	\$ 11,661,408	\$ 1,300,589	11.2%

Administration

In addition to the overall management of IWA, the Administration Division has been involved in the following areas for IWA:

- Chromium 6 Implementation
- Proposition 84 Regional Water Management Drought Grant approval (\$5,270,635 region wide)
- Drought Penalties Study Sessions
- Budget Tiered Rate Effectiveness Study
- Joint efforts for recycling facilities development
- Regional water efforts through the Coachella Valley Regional Water

Conservation

The Administration Division works on the implementation of IWA Water Conservation Programs. The State Water Resources Control Board recently issued a mandate ordering Californians to stop outdoor water waste, or face steep fines. The state has called on agencies to impose fines for customers that wash down driveways and sidewalks, have water running from landscaped areas onto the street or sidewalk, use a hose without a shutoff nozzle to wash a vehicle, or use a fountain or water feature.

IWA is currently requiring customers to irrigate between 6:00 p.m. and 6:00 a.m. on Tuesday, Thursday, Saturday and Sunday with irrigation repairs restricted to the hours between 6:00 a.m. and 10:00 a.m.; applying water to driveways, parking lots, and other paved surfaces is prohibited; private vehicles may only be washed with a bucket or with a hose equipped with a positive shutoff nozzle; commercial car washes shall recycle water; eating or drinking establishments, including but not limited to a restaurant, hotel, café, cafeteria, bar, club, or other public place where food or drinks are sold, served, or offered for sale, are prohibited from providing drinking water to any person unless expressly requested; water service through construction meters for grading or other construction purposes shall be used only between the hours of 5:00 p.m. and 10:00 a.m.; commercial nurseries may only use water for irrigation purposes between the hours of 6:00 p.m. and 6:00 a.m.; filling or replenishing decorative ponds, golf course water hazards which are not an integral part of the permanent irrigation or fire protection system, fountains, and other waterscape features is prohibited. Fountain pumps should remain off to minimize evaporation. IWA is complying with the State Water Resources Control Board mandates by aggressively enhancing its water conservation programs and may adopt an ordinance triggering mandatory watering restrictions during the fourth quarter.

IWA has expanded its water conservation programs to help residents do their part to reduce water use during California's fourth consecutive year of this severe drought.

Enhanced and new programs being offered include:

- Water Waster Hotline
- Stage II Watering Restrictions
- Variance Applications
- Offer Free Water Conservation Kits, Shower Timers, & Reusable Tote Bags
- Outdoor Irrigation Audits for Residential and Commercial Customers
- Rebates for Turf Removal, Irrigation Equipment, Smart Controllers, Toilets, and Washing Machines
- Water Conservation Workshops: HOA's, Businesses and Schools
- CVWaterCounts, ACWA, AWWA, CUWCC Participation
- Research and study state and federal legislation relating to the drought and water conservation issues
- Enforcement of new water conservation laws and regulations – verbal notification, door tags, violation letters, fines, etc.
- Development of Website/Social Media Tools regarding Water Conservation
- Conservation Workshop in September on Overseeding and other Turf related issues

Engineering

Engineering and Water Quality Division

During this quarter, IWA Engineering and Water Quality Division provided engineering services including plan checks, fire flow system analysis, development guidelines for new and infill projects within the City.

The Engineering and Water Quality Division also finished a waterline construction project, performed sample collection and water quality testing analysis, pursued federal and state grant funding opportunities for recycled water projects.

The Engineering and Water Quality Division also worked with the Operations Department on the implementation of the Chromium 6 Treatment Improvements starting in July.

Engineering Services – Planning & Design

IWA Engineering staff completed plan checks for the following water improvement and development projects. Additionally, the Engineering staff has met with the developers to provide development guidelines and water system requirements.

Engineering Services – Construction

Staff completed Highway 111 Water Main Construction project, from Rubidoux Street to Arabia Street.

Engineering Services – Water Quality

IWA water quality staff continues to provide sampling and testing analysis as required by the Division of Drinking Water Program from the California State Water Resources Control Board. During this quarter, IWA collected over 1,000 water quality samples from various constituents as required for regulatory compliance including nitrates, perchlorates, disinfection-by-products, general minerals, inorganics, routine coliform and E.coli bacterial analysis, metal digests and chromium-6. Additionally, as part of IWA's cross-connection program, staff tested approximately 600 backflow prevention devices in IWA's water system, inspected 90 new backflow installations and provided approximately 120 letters of annual backflow testing reminders to customers.

Operations and Maintenance

Production

IWA continues to improve its security system at all production facilities, from replacing non-functioning cameras to installing contact switches at building entry points; the security improvements remotely enable IWA to provide better security control and deter illegal intrusions.

In addition to security improvements, staff continues to work with other divisions and consultants to comply with the new water quality regulatory requirements set forth by the State Water Resources Control Board.

Transmission Distribution

Operation and maintenance of the water system is comprised of: replacement of polyethylene water services, old meters and damaged valves; and dead-end flushing of the water system.

In addition, Distribution Division performs valve exercising to maintain water quality; as well as meter reading which continues to be an evolving achievement of IWA. During the first quarter of FY 15-16 the Distribution Division has:

- Repaired and replaced water services
- Replaced water meters
- Performed dead-end flushes, and valve exercises
- Completed work orders
- Staff attended the 2015 Tri-State Conference which conducted technical presentations and workshops regarding:
 - Backflow prevention
 - Distribution groundwater/recharge
 - Laboratory (sampling)
 - Reclaim/Reuse water
 - Environmental compliance
 - Surface water/Water treatment

IWA continues to produce and deliver quality water to its customers.

Finance/Customer Service

Budget tiered rate structure billing successfully commenced in February 2014.

To enhance our communication with customers and continue to encourage water conservation IWA has an ongoing commitment to bill inserts, bill messaging, and updated website content. The messaging programs are tailored based on IWA Board and management guidance which met operational goals and objectives of IWA.

During the first quarter of FY 15-16 the Finance and Customer Service Division has worked on the following:

- Processing approximately 60,000 financial transactions.
- Customer service phone calls.
- Fiscal Year 2014-15 Audit
- Conducted in-house training for IWA staff for customer service training to enhance staff knowledge of conservation programs and procedures
- Met with staff members of CVWD in the Billing and Information Technology departments regarding drought penalty implantation
- Pilot program with Information Technology for the accounts payable workflow system

Information Technology (IT)

IWA's Information Technology Division continues to implement 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:

- Core switch upgrade to the Data center for the Corporate Yard
- Updated the Sungard Financial System
- Updated IWA's Asset Management System (Cityworks)
- Met with staff members of CVWD in the Billing and Information Technology departments regarding drought penalty implantation

Upcoming efforts of the Information Technology division at IWA includes replacing our core network switches, setup and configure server rack in the data center, and deploying a mobile application to report water wasters.

Capital Outlay

Capital Outlay includes the purchase of new capital equipment, and infrastructure maintenance projects not part of the Capital Improvement Program.

The \$385,427 capital outlay budget for FY 2015-16 includes; pump, electric panel, valve and hydrant meter replacement programs, software upgrades, system distribution maintenance, wireless infrastructure update, and machinery to support ongoing operational requirements.

Below is a summary of capital outlay budget by division for FY 2015-16.

Table 3: Capital Outlay by Division

	Budget FY 2015-16	Actual September 30, 2015	% of Budget
Administration	-	-	0.0%
Production	130,000	-	0.0%
Transmission Distribution	150,427	-	0.0%
Finance/Customer Service	-	-	0.0%
Information Technology	105,000	10,604	10.1%
Engineering/Water Quality	-	-	
Total Expenditures	\$ 385,427	\$ 10,604	2.8%

Internal Services (IS)

Internal Service Fund is used to account for 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 \$1,440,893. First quarter internal service expenses total \$348,095 or 24% of the budget.

E. 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 first quarter for FY 2015-16, the balance of this fund is \$372,851. Total budgeted expenses are \$220,000 for FY 2015-16. There have been no expenses through the first quarter due to prolonged use and life of existing equipment and vehicles. There are four vehicles that are scheduled to be purchases during FY 2015-16.

Vehicles and equipment is inspected daily and IWA's Finance staff reviews a comprehensive list of equipment with depreciation schedules and replacement costs on a monthly basis. Reliable vehicles and equipment ensure the safety and dependability of IWA's daily operations for effective emergency response.

F. CAPITAL IMPROVEMENT PROGRAM (CIP)

This section presents a summary of all CIP projects adopted with the passage of the FY 2015-16 Budget. Capital improvements are projects that contribute to providing essential water services to customers and meeting regulatory requirements. In FY 2015-16, capital improvements are budgeted from three funds, the Supplemental Water Fee, Water Development Impact Fee, and remaining 2015 Water Bond funds. FY 2015-16 budgeted capital improvements totaling \$2,280,000 are highlighted in Table 4 below.

Table 4: Capital Projects Expenditures

	Budget FY 2015-16	Actual September 30, 2015	% of Budget
Water Bond	\$ 500,000	924,041	184.8%
Supplemental Water	650,000	-	0.0%
Water Development Fee	1,130,000	177,384	15.7%
Total Expenditures	\$ 2,280,000	\$ 1,101,425	48.3%

2015 Water Bond

In June, 2015, IWA refunded the 2006 Water Bond resulting in annual debt service payments and generated approximately \$4.8 million in new funding for the construction of Chromium 6 treatment facilities. The FY 2015-16 Capital Budget included \$500,000 Water Bond Funding for perceived expenditures not completed in FY 2014-15. As of June 30, 2015, remaining bond funds generated from the 2015 Bond Issue total \$1,907,532.

At the end of the first quarter FY 2015-16, IWA expended \$924,041 in authorized bond fund with \$596,045 remaining in current encumbrances for the Chromium 6 treatment facilities. Staff has included budget amendments to cover year to date expenditures and remaining encumbrances to complete the project.

Supplemental Water Fees

At the end of the first quarter FY 2015-16, IWA's Supplemental Water Fees Fund budgeted projects total \$650,000. These funds are designated for the design of a recycled water facility and a non-potable water project.

Water Development Impact Fees

At the end of the first quarter of FY 2015-16, IWA's budgeted projects had a remaining total project cost of \$952,616 from Water Development impact fees. Capital improvement projects under construction total \$127,725, remaining future projects total \$824,891. Remaining funds have been designated for projects within FY 2015-16. IWA anticipates a productive second quarter with multiple capital improvement projects commencing. Capital improvement projects include: Chromium 6 Treatment and the Avenue 44 water main from Salpare Place to Dillon Road.

G. RESERVE FUNDS

Table 5 below is a summarized allocation of reserve funding levels, approved by IWA's Board of Directors on February 7, 2012.

Table 5: Reserve Funds

Priority Ranking	Reserve Fund Description	Target Level (Moderate)	Current Balance	(Deficit)/ Surplus
1	Operating Reserve	\$ 5,175,848	\$ 9	\$ (5,175,839)
2	Capital Repair and Replacement/System Improvement Reserve	1,655,989	123,676	(1,532,313)
3	Equipment Replacement Reserve	500,000	372,851	(127,149)
4	Rate Stabilization Reserve	337,833	330,316	(7,517)
5	Water Transfer Reserve	1,750,000	51,154	(1,698,846)
6	Emergency Reserve	4,741,714	545,920	(4,195,794)
	Total	\$ 14,161,384	\$ 1,423,926	\$ (12,737,458)

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

Over the next several years with the implementation of a rate increase IWA expects to decrease the unfunded reserve levels.

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

Increase (expense):		
010-4711-471-28-81	Conservation Programs	\$90,212
Increase (revenue):		
010-0000-395-20-00	Grant Reimbursements	\$190,212
Increase (expense):		
010-4725-534-62-10	Chromium 6 Treatment	\$1,021,000
Decrease Fund Balance:		
010-000-273-000	Fund Balance*	\$1,021,000

*From 2015 IWA Water Bond funds available

ATTACHMENT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS

Indio Water Authority
 Revenue & Expenditure Summary-Operating Fund
 Quarter Ending September 30, 2015

REVENUES	Revenue through		25% of Year Elapsed			
	9/30/2014	9/30/2015	FY 2015 vs. 2016	Variance		
				Percentage Change	Budget FY 2015	Percentage FY 2015/16
Operating Revenue						
Water Utility Payments	4,773,148	4,251,382	(521,766)	-10.9%	16,891,658	25.2%
Other Operating						
Penalties, 10% delinquent fee	76,405	64,404	(12,001)	-15.7%	250,000	25.8%
Water Meters	41,088	59,021	17,933	43.6%	160,000	36.9%
Backflow Charges	68,133	75,622	7,489	11.0%	260,000	29.1%
Fire Protection Charges	29,060	35,440	6,380	22.0%	110,000	32.2%
Replenish Assessment Charge	325,297	288,283	(37,014)	-11.4%	1,300,000	22.2%
Charges for Services	114,070	90,605	(23,465)	-20.6%	374,500	24.2%
Establishment Fee	16,520	16,400	(120)	-0.7%	60,000	27.3%
Reimbursements/Recovery of Labor	54,549	8,492	(46,057)	-84.4%	2,605,000	0.3%
Total Operating Revenue	5,498,270	4,889,649	(608,621)	-11.1%	22,011,158	22.2%
Non-Operating Revenue						
Interest Earnings	5,227	2,117	(3,110)	-59.5%	15,000	14.1%
Transfers In	30,000	-	(30,000)	0%	30,000	0.0%
Total Non-Operating Revenue	35,227	2,117	(33,110)	-94.0%	45,000	4.7%
Total Revenues	5,533,497	4,891,766	(641,731)	-11.6%	22,056,158	22.2%
EXPENDITURES	Expenditures through		Variance			
	9/30/2014	9/30/2015	FY 2015 vs. 2016	Percentage		
				Change	Budget FY 2015	Percentage FY 2015/16
Personnel						
Salary and Benefits	1,087,224	1,114,065	26,841	2.5%	5,246,824	21.2%
Total Personnel	1,087,224	1,114,065	26,841	2.5%	5,246,824	21.2%
Services and Supplies						
Legal	-	-	-	0.0%	60,000	0.0%
Professional/Contract Services	70,673	156,585	85,912	121.6%	2,796,090	5.6%
Regulatory/Government Agency	259,400	243,861	(15,539)	-6.0%	1,331,000	18.3%
Utilities	169,312	117,653	(51,659)	-30.5%	1,666,250	7.1%
Outside Repair & Maintenance	12,273	72,769	60,496	492.9%	422,625	17.2%
Travel & Training	5,133	5,995	862	16.8%	83,400	7.2%
Dues and Subscriptions	3,595	3,740	145	4.0%	30,600	12.2%
Postage Freight	31,392	17,365	(14,027)	-44.7%	174,500	10.0%
Conservation Programs	28,165	203,727	175,562	623.3%	1,775,000	11.5%
Advertising	102	7,500	7,398	7252.9%	5,000	150.0%
Cell Phones/Pagers	3,440	3,315	(125)	-3.6%	21,500	15.4%
Taxes	-	-	-		0	0.0%
Rents/Leases	339,284	4,069	(335,215)	-98.8%	22,750	17.9%
Printing and Software	47,921	4,107	(43,814)	-91.4%	99,500	4.1%
Water Meters & Small Tools/Equip.	153,931	92,056	(61,875)	-40.2%	1,188,500	7.7%
Supplies & Safety Equipment	8,776	6,375	(2,401)	-27.4%	33,800	18.9%
Chemical Lab	18,296	13,377	(4,919)	-26.9%	160,000	8.4%
Contingency	-	-	-	0.0%	200,000	0.0%
Internal Service Funds	310,696	348,095	37,399	12.0%	1,440,893	24.2%
Transfer Out	12,500	-	(12,500)	-100.0%	150,000	0.0%
Total Services and Supplies	1,474,889	1,300,589	(174,300)	-11.8%	11,661,408	11.2%
Total Operations	2,562,113	2,414,654	(147,459)	-5.8%	16,908,232	14.3%

ATTACHMENT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS

Continuation of Report:

25% of Year Elapsed

EXPENDITURES	Expenditures through		Variance			
	9/30/2014	9/30/2015	FY 2015 vs. 2016	Percentage Change	Budget FY 2015	Percentage FY 2015/16
Capital Outlay						
Equipment	-	10,604	10,604	0.0%	-	0%
Projects	5,481	-	(5,481)	0.0%	385,427	0%
Total Capital Outlay	5,481	10,604	5,123	0.0%	385,427	2.8%
Total Operations and Capital Outlay	2,567,594	2,425,258	(142,336)	-5.5%	17,293,659	14.0%
Debt Service						
Interest - Revenue Bonds	1,338,009	785,208	(552,801)	-41%	1,915,491	41%
Principal - Revenue Bonds	745,000	745,000	-	0%	1,490,000	50%
Total Debt Service	2,083,009	1,530,208	(552,801)	-26.5%	3,405,491	45%
Total Operations, Capital Outlay and Debt Service	4,650,603	3,955,466	(695,137)	-14.9%	20,699,150	19.1%

ATTACHMENT B: FIRST QUARTER BUDGET RECAP

IWA 1ST QUARTER BUDGET RECAP FY 2015-2016
 THROUGH SEPTEMBER 30, 2015 (3 MONTHS, 25%)
 SUMMARY REPORT

25% of Year Elapsed

Revenue	Budget FY 15/16	Through 9/30/2015	% Earned
Water Sales	16,891,658	4,251,382	25%
Meter and Service Fees	5,119,500	638,267	12%
Non-Operating Revenue	45,000	2,117	5%
Total Revenue	22,056,158	4,891,766	22.2%

Expenditures	Budget FY 15/16	Through 9/30/2015	% Spent
Salary and Benefits	5,246,824	1,114,065	21%
Legal	60,000	-	0%
Professional/Contract Services/Software	2,796,090	156,585	6%
Regulatory/Government Agency	1,331,000	243,861	18%
Utilities	1,666,250	117,653	7%
Outside Repair & Maintenance	422,625	72,769	17%
Travel & Training	83,400	5,995	7%
Dues and Subscriptions	30,600	3,740	12%
Postage Freight	174,500	17,365	10%
Conservation Programs	1,775,000	203,727	11%
Advertising	5,000	7,500	150%
Cell Phones/Pagers	21,500	3,315	15%
Rents/Leases	22,750	4,069	18%
Printing	99,500	4,107	4%
Water Meters & Small Tools/Equip.	1,188,500	92,056	8%
Supplies & Safety Equipment	33,800	6,375	19%
Chemical Lab	160,000	13,377	8%
Contingency	200,000	-	0%
Internal Service Funds	1,440,893	348,095	24%
Transfer Out	150,000	-	0%
Capital Outlay	385,427	10,604	3%
Total Operations & Capital Outlay	17,293,659	2,425,258	14.0%
Debt Service	3,405,491	1,530,208	44.9%
Total Operations, Capital Outlay and Debt Service	20,699,150	3,955,466	19.1%
Projected Revenue Over Expenditures (+/-)	1,357,008	936,300	