

Indio Water Authority

Your Water. Our Responsibility.



FISCAL YEAR 2018-2019 MID-YEAR BUDGET REPORT



Indio Water Authority
Quarterly Financial Report

Fiscal Year 2018-19
Second Quarter Report

March 6, 2019
Prepared by Indio Water Authority

TABLE OF CONTENTS

A. QUARTERLY FINANCIAL IMPACTS	1
B. CUSTOMER GROWTH	1
Chart 1: Customer Growth Each Quarter by Fiscal Year	2
Chart 2: Customer Growth by Fiscal Year	2
C. FUND REVENUE	3
Chart 3: Year Water Sales Revenue - Operating/Non-Operating ..	3
Chart 4: 5 Year Water Sales Revenue - History by Month.....	4
Chart 5: 5 Year Water Sales Revenue - History by First Quarter...	5
Chart 6: 5 Year Water Sales Revenue – By Category	6
Chart 7: Drought Rate Penalties Summary	7
D. OPERATING FUND EXPENDITURES	8
Table 1: Operating Fund Expenditures - by Category.....	8
SALARY AND BENEFITS	8
SERVICES AND SUPPLIES	8
Table 2: Operating Fund Expenditures Services and Supplies - By Division	9
CAPITAL OUTLAY	14
Table 3: Capital Outlay by Division.....	14
INTERNAL SERVICE (IS)	14
E. EQUIPMENT REPLACEMENT FUND	15
F. CAPITAL IMPROVEMENT PROGRAM (CIP)	15
Table 4: Capital Project Expenditures.....	15
G. RESERVE FUNDS	16
Table 5: Reserve Funds.....	17
H. BUDGET ADJUSTMENTS	17
I. Attachment A: Revenue and Expenditure Summary	A-1
J. Attachment B: First Quarter Budget Recap	B-1
K. Attachment C: Drought Rate Penalty Summary	C-1

A. QUARTERLY FINANCIAL IMPACTS

As shown in the highlights below, total water revenue from all sources at the end of the second quarter came in at \$12,718,401, which is \$1,032,413 or 8.8% higher than the same period last year. The increase in revenue is mostly due to increases in water sales.

This report focuses on the financial performance of IWA for the second quarter of FY 2018-19, which runs from October 1, 2018 through December 31, 2018.

Total operating expenditures came in at \$8,187,398, or 31.2 percent of the total budget. This amount is 6.2 percent higher than the amount recorded in the previous fiscal year.

Total revenue for the second quarter exceeded expenditures by \$4,531,003. With two quarters of the year complete, we typically expect actuals in both revenue and expenditures to be between 30 to 50 percent of the budget. The revenues came in at 46.5 percent of the budget and expenditures came in at 31.2 percent of the budget.

Mid-Year Financial Highlights

	FY18/19 Adopted Budget	FY18/19 2nd Quarter Actual	Percent Earned/ Spent	FY17/18 2nd Quarter Actual	Increase / (Decrease)	% Change
Total Revenues	\$27,326,470	\$12,718,401	46.5%	\$11,685,988	\$1,032,413	8.8%
Total Expenditures	26,249,465	8,187,398	31.2%	7,711,635	475,763	6.2%
Projected Revenue over Expenditures (+/-)	\$1,077,005	\$4,531,003		\$3,974,353	\$556,650	

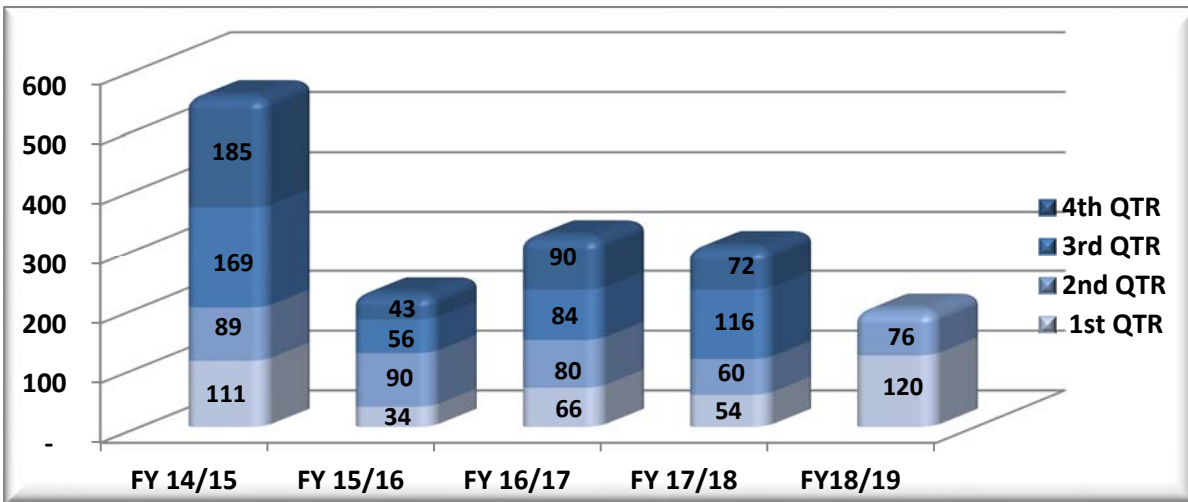
B. CUSTOMER GROWTH

At the beginning of FY 2018-19, IWA had 23,137 customers and added 196 new customers. The average number of customers added in the second quarter over the last 5 years is 79. Approximately 92 percent of the IWA’s customer base is made up of residential customers and approximately 8 percent of the base is made up of commercial customers.

Residential development has been showing some movement recently due to an improving economy and low interest rates. Commercial development is also showing improvement. A few examples of this growth is the new Burlington and Marshall’s stores that are currently under construction in North Indio. IWA infrastructure is in place to meet ongoing water demands and will continue to be evaluated as demand for water resources increases.

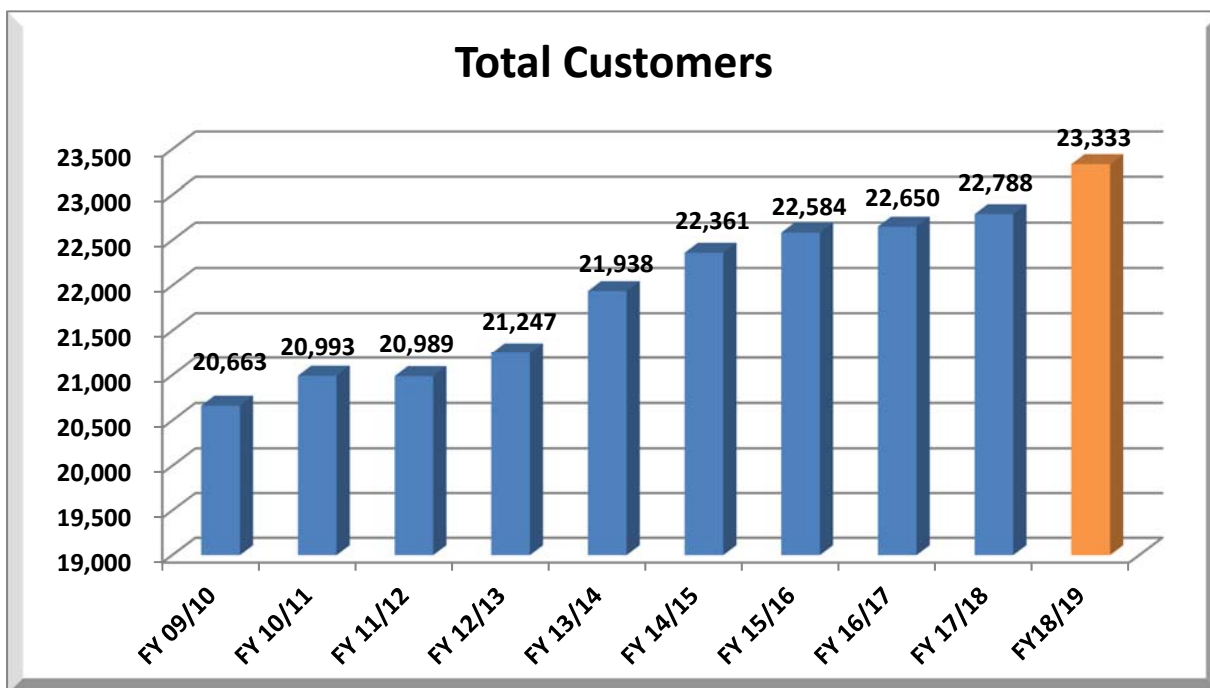
Chart 1 reflects IWA’s quarterly customer growth over the past five (5) fiscal years.

Chart 1: Customer Growth Each Quarter by Fiscal Year



Over the last ten years, IWA customer base increased by 2,931 accounts. Chart 2 further illustrates the steady growth and this trend is expected to continue.

Chart 2: Customer Growth by Fiscal Year



C. FUND REVENUE

Revenue is categorized by operating and non-operating. Operating revenue is defined as revenue that is generated from day-to-day operating activities during the normal course

of business. Non-operating revenue is defined as revenue not directly generated from normal everyday business activities. The revenue received in the second quarter totaled \$12,718,401 or 46.5 percent of the total revenue budget.

Operating Revenue – Water Sales

Second quarter operating revenue from water sales, which consists of revenue based on water usage, is \$11,137,591, an increase of \$912,163, or 8.9 percent when compared to the second quarter of FY 2017-18 (Exhibit B).

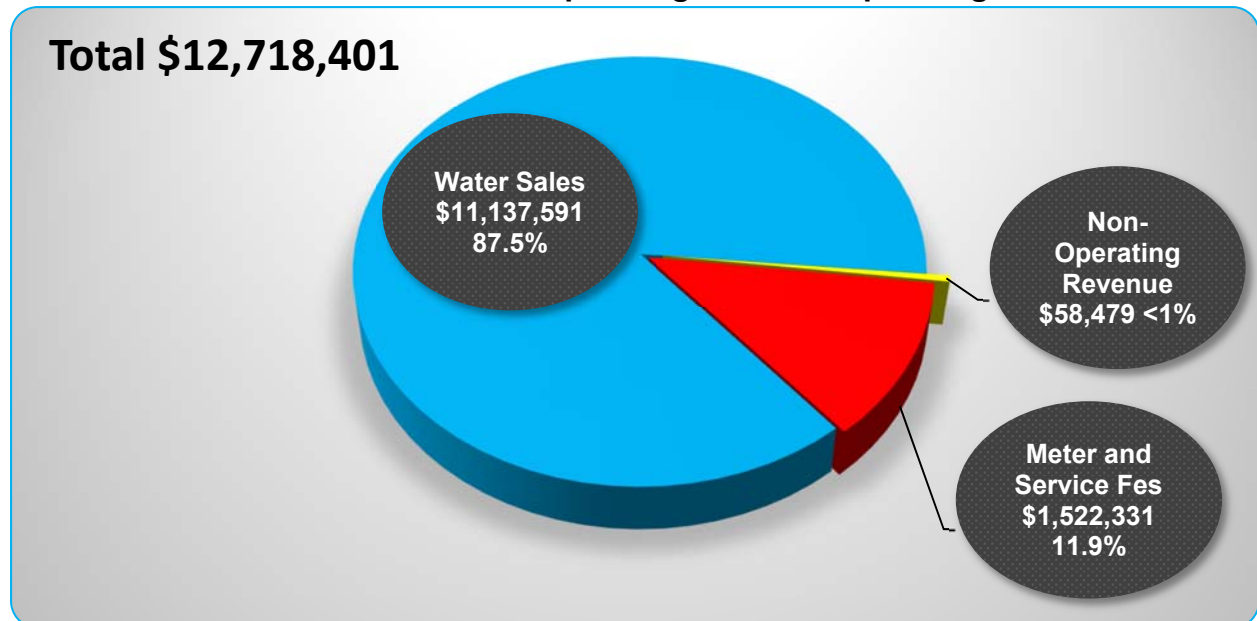
Operating Revenue – Meters and Service Fee Revenue

Service fees and charges, are also part of operating revenue, includes fees associated with account establishment, delinquent accounts, inspection, plan checks, and more. Meters and service fee revenue came in at \$1,580,810 an increase of \$80,046, or 5.6 percent when compared to the second quarter of FY 2017-18 (Exhibit B).

Non-Operating Revenue

In the second quarter investment income yielded \$58,479, an increase of \$40,204 compared to FY 2017-18. The IWA maintains a diversified investment portfolio to limit interest risk. One of the ways that the IWA manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments (Exhibit B).

Chart 3: Water Sales Revenue – Operating and Non-Operating



There is a direct correlation between water usage and temperature. According to Accuweather.com, temperatures reached 90 degrees or above for 10 of the 92 days in the second quarter.

Chart 4 below lists second quarter water sales over the last five years by month. Water sales for the month of October averaged \$1,603,362 over five consecutive years. October 2018 water sales were \$2,158,905 compared to \$1,766,496 in October 2017. This is a \$392,409, or 22.2 percent increase from the prior year.

Water sales for the month of November averaged \$1,555,786 over five consecutive years. The water sales in November 2018 were \$2,017,707 compared to \$1,892,083 in November 2018. This is a \$125.624, or 6.6 percent increase from the prior year.

Water sales in the month of December averaged \$1,449,440 over five consecutive years. The water sales in December 2018 were \$1,726,875 compared to \$1,757,915 in December 2018. This is a \$31,040, or 1.8 percent decrease from the prior year.

Chart 4: 5 Year Water Sales Revenue - History by Month

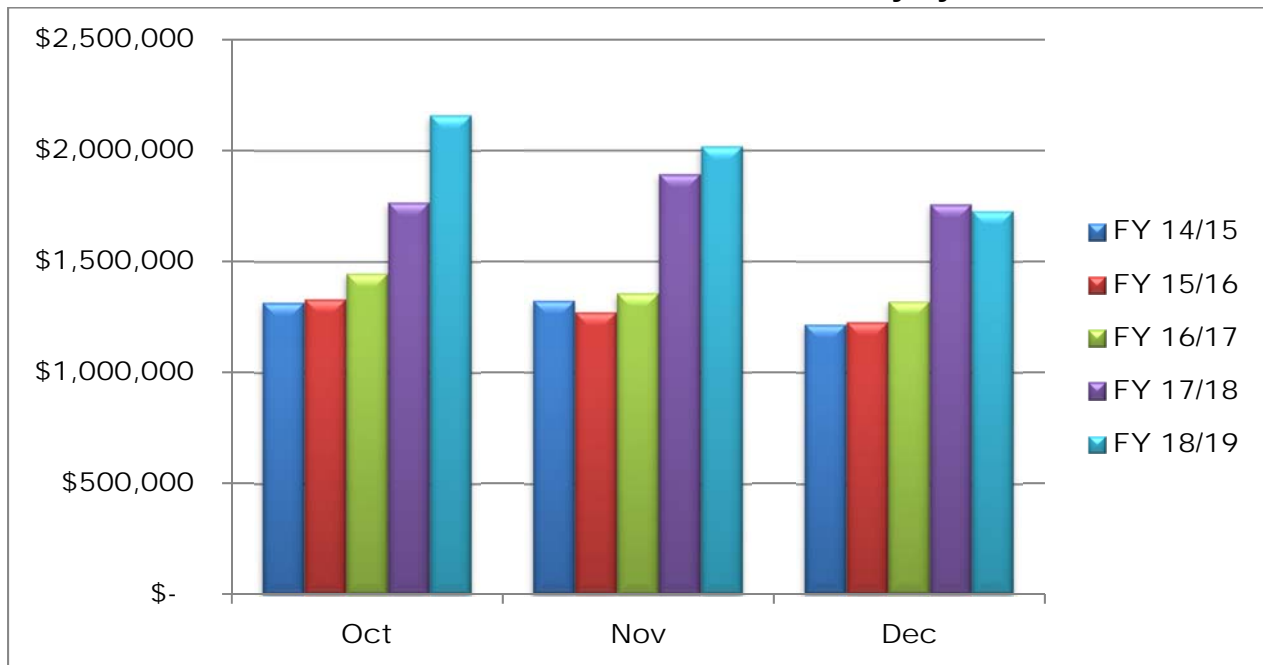
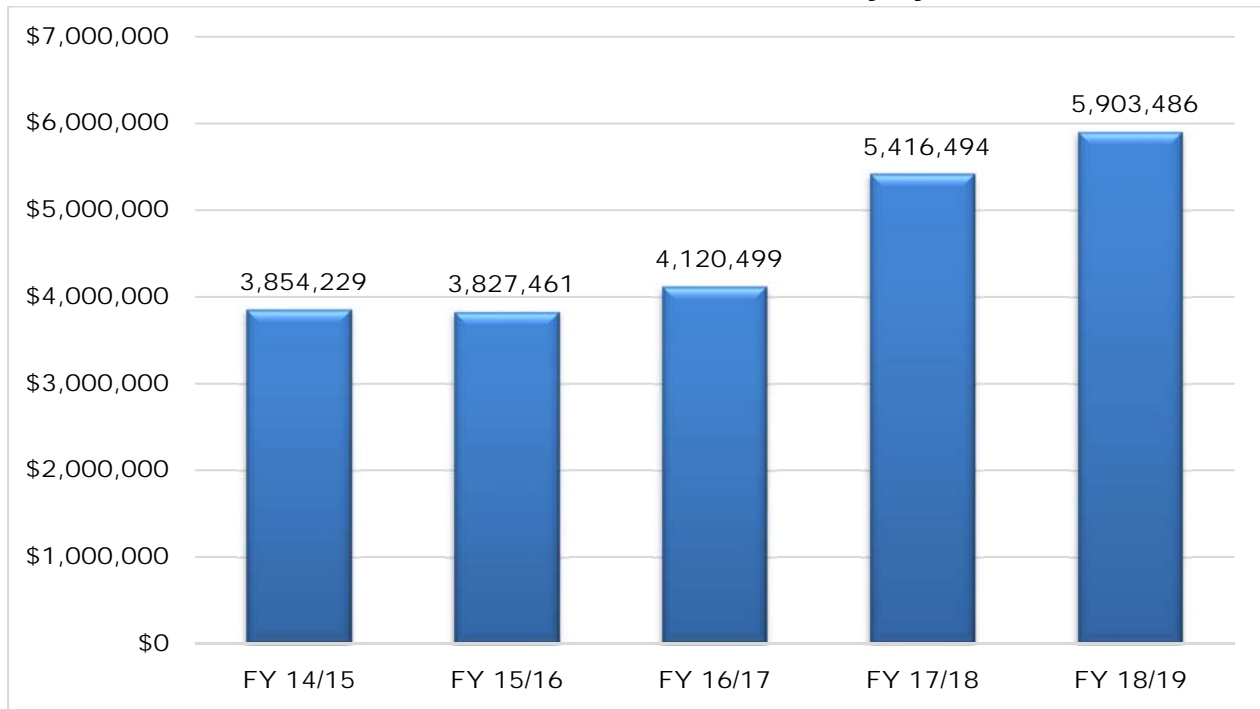


Chart 5 below lists first quarter total water sales over the last five years by year. Water sales in the second quarter over the last five years averaged \$4,608,587. Total water sales for the second quarter were \$5,903,486 compared to \$5,416,494 in the prior fiscal year. This is a \$486,992, or 9.0 percent increase

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

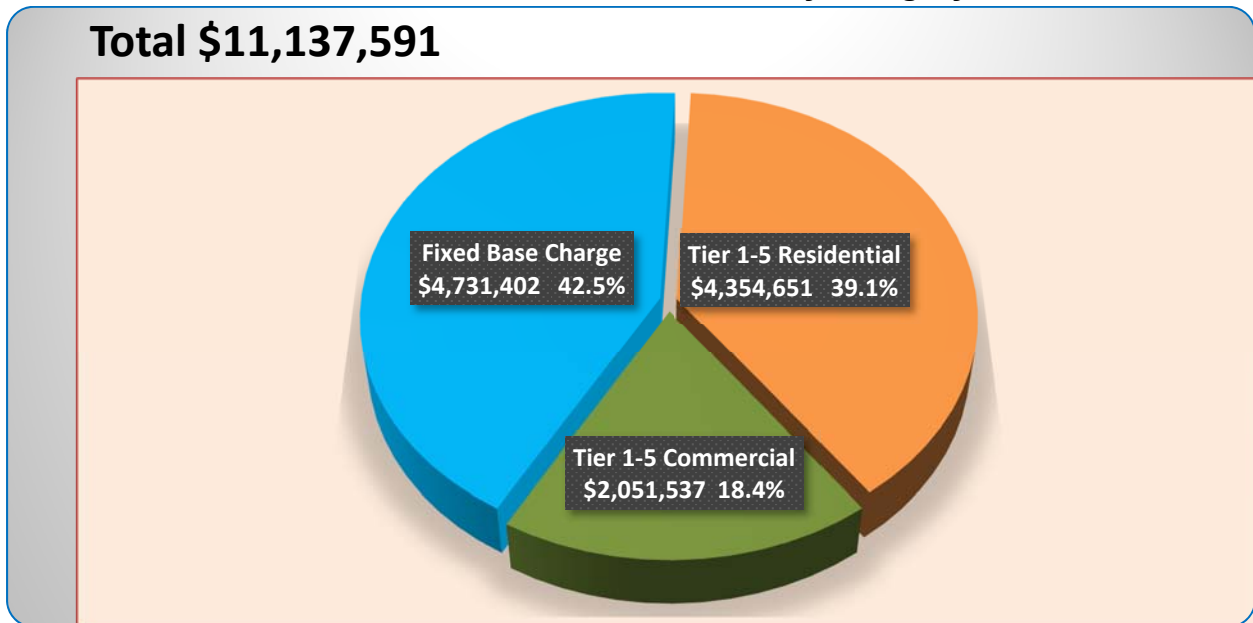


In January 2014, the IWA adopted Budget-tiered Rates for residential and commercial customer classes that range from Tier 1 through Tier 5 and a Fixed Base Charge based on meter size. In January of each year, these rates increase 8 percent until the year 2018.

A budget tiered rate system helps strengthen financial stability while accounting for every IWA customer's unique water needs. Each customer is given a personalized water budget based upon individual factors such lot size, property use and size of household. The rates for customers that remain within their budget will be lower, rewarding customers for using water wisely. Those who exceed their water budgets will pay a slightly higher rate for excess water use.

Chart 6 below second quarter water sales are listed by category. Water revenue earned through fixed based charges totaled \$4,731,590 compared to \$4,287,041 in the prior year. This is a \$444,361, 10.4 percent increase from the prior year. Fixed base charges were 42.5 percent of the total water sales revenue for the second quarter. Fixed base charges are calculated based on meter size. See Table A below for current fixed base rates.

Chart 6: Water Sales Revenue – By Category



Water sales earned through Residential Budget-Tiered Rates 1-5 totaled \$4,354,651 compared to \$4,040,028 in the prior year. This is a \$314,623, or a 7.8 percent increase from the prior year. Residential Tier Rate 1-5 charges are 39.1 percent of the total water sales revenue for the second quarter. See Table B below for current rates.

Water sales earned through Commercial Budget-Tiered Rates 1-5 totaled \$2,051,537 compared to \$1,898,359 in the prior year. This is a \$444,361 or, a 10.4 percent increase from the prior year. Commercial Budget Tiered-Rate 1-5 charges are 18.4 percent of the total water sales revenue for the second quarter. See Table B below for current rates.

Table A.

Fixed Fee FY 18/19 (dollars per month)									
	5/8"	3/4"	1"	1 1/2"	2"	3"	4"	6"	8"
All Customer Classes	\$21.16	\$21.16	\$52.90	\$105.81	\$169.26	\$317.37	\$528.96	\$1,057.88	\$1,692.61


Table B.

Volumetric Rates Effective January 2018 (dollars per CCF)					
Customer Class	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Residential Accounts	\$1.05	\$1.58	\$2.11	\$3.16	\$4.20
Commercial Accounts	\$1.41		\$2.11	\$3.16	\$4.20

D. OPERATING FUND EXPENDITURES

The FY 2018-19 operating expenditure budget includes \$5,890,993 in salaries and benefits, \$8,769,087 for services and supplies, \$7,289,335 for capital outlay, \$4,150,050 for debt service, and \$150,000 for transfers out to other funds. Table 1 indicates operating fund expenditures were 31.2 percent of the budget, or \$8,187,398 through the end of the second quarter.

Table 1: Operating Fund Expenditures - by Category

Operating Fund Expenditures-By Category		Budget FY 2018-19	Actual 12/31/18	% of Budget
	Salaries and Benefits	\$5,890,993	\$2,370,000	40.2%
	Services and Supplies	8,769,087	3,652,023	41.6%
	Capital Outlay	7,289,335	355,703	4.9%
	Debt Service	4,150,050	1,104,025	26.6%
	Transfer Out	150,000	705,647	470%
	Total Expenditures	\$26,249,465	\$8,187,398	31.2%

Total operating expenditures increased by a total of \$475,763, or 6.2 percent from FY 2017-18 (see Exhibit A). The increase in expenditures was driven by more capital outlay expenditures than in the prior year.


Salary and Benefits

Salary and benefit expenditures through the end of the second quarter were \$2,370,000 or 40.2 percent of the budget as shown in Table 1. The decrease of \$125,697 in salaries and benefits was approximately 5.0 percent less than in the prior year. The decrease can be attributed to unfilled positions.

Services and Supplies

Second quarter service and supplies expenditures are \$3,652,023 or 40.9 percent of the budget. All divisions are within a normal expenditure range as shown in Table 2. Staff will continue to monitor expenses to ensure adherence to the budget.

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

Operating Fund Expenditures Services and Supplies by Division	Budget FY 2018-19	Actual 12/31/18	% of Budget
 Commission	\$10,500	-	0.0%
Administration	2,702,701	1,085,007	40.1%
Production	2,682,954	1,268,355	47.3%
Transmission & Distribution	1,071,570	444,487	41.5%
Finance & Customer Service	900,769	395,240	43.9%
Information Technology	344,059	297,807	86.6%
Engineering & Water Quality	1,056,534	161,127	15.3%
Total Expenditures	\$8,769,087	\$3,652,023	41.6%

Administration

In the second quarter of FY 18-19, the General Manager position became vacant and is currently filled on an interim basis. Nonetheless, IWA’s administration staff were engaged in providing staff assistance to the City Council/Board of Directors and preparing Council/Board documents, liaising with other government agencies, monitoring federal and state legislation, and overseeing issues dealing with contracts, grants, and other organizational matters not specifically assigned to other divisions. Some of the highlights of the second quarter include:

- Completion and submission of the Second Annual Water Loss Audit Report to the California Department of Water Resources as required by Senate Bill 555
- Facilitation of the update process for the Coachella Valley Integrated Regional Water Management Plan and Storm Water Resources Plan, which was completed in December
- Engagement and participation in regional water management issues relating to compliance with the Sustainable Groundwater Management Act of 2014
- Management of the contract award process, outreach and the \$5.5 million grant for the Boe Del Height and Waller Tract consolidation projects
- Conducted public outreach on the enhanced web portal, which went live on October 9
- Hosted a booth at the State of the City and the Tamale Festival

- Coordinated the response and public outreach regarding the Click2Gov data breach and Indio Palms water quality concern
- Conducted proactive outreach to homeowner associations and residents on capital improvements, maintenance, and repair to the water system
- Facilitated the work of the groundwater sustainability agencies for the Indio Sub-basin and the preparation of the second annual report for the sub-basin and re-prioritization of the sub-basin
- Facilitated the CV Water Counts Program, including participation in the Desert Garden Community Day
- Timely submission of monthly conservation reports to the California State Water Resources Control Board
- Amendment No. 5 to the Proposition 84 Round 3 grant managed on behalf of the five water agencies within the Coachella Valley was approved by the California Department of Water Resources to extend the grant termination from December 2018 to September 2019
- Facilitated the conduct of the Organizational Performance Assessment, a review of IWA's performance and benchmarking to comparable agencies
- Reviewed the Draft Municipal Service Review of IWA by the Riverside Local Agency Formation Commission
- 124,000 square feet of turf was removed by customers through turf rebates in addition to 47 water-efficient toilets and 6 washer installed

Engineering and Water Quality Division

During this quarter, IWA Engineering and Water Quality Division provided engineering services including plan checks, meter requests (both for new developments and downsizing), fire flow system analyses, and continued to update the Geographical Information Systems database.

The Engineering and Water Quality Division also collected over 507 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. As part of IWA's backflow program, staff tested 522 backflow prevention devices in IWA's water system including new installations and provided 36 letters to customers as a result of failed backflow inspections.

Provided 2018 Water Quality data for Total Dissolved Solids (TDS) and Nitrates (NO₃) on IWA wells for the Coachella Valley Salt Nutrient Management Plan as part of the Groundwater Sustainable Agency for the Indio Sub-basin (Coachella). The

information will be used in the update to the salt nutrient plan in meeting the requirements of the State Recycled Water Policy.

Continued coordination with consultant to complete the updated IWA Water Master Plan. Finalized engineering plans for Capital Improvement Project to install new water main along Highway 111 between Arabia Street and Oasis Street. The IWA Engineering and Water Quality Division team also helped oversee the initial construction phase of the Boe Del Heights Consolidation project.

Production

IWA continues to produce and deliver safe drinking water to customers while improving operational efficiency at active production facilities. From repairing minor and major equipment to adjusting pump set-points, our main focus is to facilitate operational efficiency during low and high water demands throughout the day.

During the second quarter, Production staff continues to focus on upgrading the Supervisory Control and Data Acquisition (SCADA) programming to improve remote control functionality and prolong asset life. In addition, preventative and predictive maintenance projects such as Well Rehabilitation at Well U and 3B enables a highly reliable operation of IWA's facilities and extends the useful life of IWA assets. As a public water purveyor, IWA is required by the State Division of Drinking Water to provide safe drinking water. The Well Rehab project entails the following: Mechanical Cleaning, Chemical Cleaning, Redevelopment by Swabbing and Airlifting, Redevelopment by Pumping and Surging, Post-Rehabilitation Well Testing, Depth-Specific Water Quality Testing, to prolong the life expectancy of the well. In general, preventative maintenance is more cost effective than deferring maintenance until structural repairs and/or complete replacement become necessary.

Transmission Distribution

During the first quarter of FY 18-19, Distribution staff repaired and replaced water services, performed pavement repairs, upgraded water meter registers, and performed valve exercises.

Quarter Highlights include:

- 3,876 work orders were completed; an average of 323 per week or 65 work orders per day
- 26 water services were repaired and replaced
- 316 valve exercises were performed to maintain water quality
- 6 water main shutdowns were requested for repair work and new connections.
- Performed over 234 manual meter readings, 14,775 Automated Meter Reading (AMR) and 55,950 Advance Metering Infrastructure (AMI) billing meter reads.

Finance/Customer Service

The Finance and Customer Service Division is responsible for managing IWA's financial resources. On the accounting side, the Division handles revenue, disbursements, financial reports preparation, audit coordination, investment management amongst other functions. On the customer service side, the Division services customer accounts, processes monthly bills, handles bill payments, and provide Call Center and Front Counter services amongst a wide variety of customer support functions.

During the second quarter of FY 18-19, the Finance and Customer Service Division has worked on the following:

- Timely processing of approximately 60,000 financial transactions to support IWA's core functions.
- Filled open Customer Service Technician II position through internal recruitment.
- Coordinated the auditing of Fiscal Year 2017-18 Financial Statements, currently being compiled by independent auditors.
- Coordinated the development for the Customer Portal/Website to add reoccurring payments.
- Completed AB1600 reporting requirements to the Building Industry Association and the Desert Valley Building Association.

Information Technology (IT)

IWA's Information Technology staff provides a variety of specialized services to IWA Administration, the three Divisions, and the City at large. Services provided include management of IWA's telephone, voice and electronic mail systems, SCADA and other local and wide-area networks, integrated databases, and information access and system management to support IWA's operations.

Operational Highlights for the second quarter of FY 18-19 include:

- Completed implementation of new virtual environment and finished 93% of necessary virtual machine migrations.
- Network switch replacement project completed for all plant and well sites.
- Finished implementation of the IWA Web Portal.
- Network and server monitoring system consolidated, upgraded to the latest versions, and migrated to new servers.
- Implemented remote backup storage infrastructure to replicate all server backup to offsite storage.
- Ongoing technical support for IWA staff.

Capital Outlay

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

The \$6,987,355 capital outlay budget for FY 2018-19 includes the Boe Del Heights and Waller Tract projects, software upgrades, system distribution maintenance, and machinery and equipment to support ongoing operations. The third quarter budget report will reflect a higher level of capital spending as some of the projects advance.

Table 3: Capital Outlay by Division

Operating Fund Expenditures Capital Outlay by Division	Budget FY 2018-19	Actual 12/31/18	% of Budget
Administration	-	-	0.0%
Production	730,000	31,997	4.4%
Transmission & Distribution	6,036,355	279,977	4.6%
Finance & Customer Service	-	-	0.0%
Information Technology	221,000	43,729	19.8%
Engineering & Water Quality	-	-	0.0%
Total Expenditures	\$6,987,355	\$355,703	5.1%



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 \$1,235,943. second quarter internal service expenses total \$614,531, or 49.7 percent 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. Vehicles and equipment are inspected daily and IWA's Finance staff reviews a comprehensive list of equipment with depreciation schedules and replacement costs monthly. Reliable vehicles and equipment ensure the safety and dependability of IWA's daily operations for effective emergency response. At the end of the second quarter for FY 2018-19, the balance

of this fund is \$211,981. Total budgeted expenses are \$153,039 for FY 2018-19. There has been \$29,667 of expenditures through the second quarter.

F. CAPITAL IMPROVEMENT PROGRAM (CIP)

This section presents a summary of all CIP projects adopted with the passage of the FY 2018-19 Budget. Capital improvements are projects that contribute to providing essential water services to customers and meeting regulatory requirements. In FY 2018-19, capital improvements are budgeted from three funds, the Supplemental Water Fee, Water Development Impact Fee, and remaining 2015 Water Bond funds. FY 2018-19 budgeted capital improvements totaling \$2,061,980 are highlighted in Table 4 below.

Table 4: Capital Projects Expenditures

Capital Projects Expenditures		Budget FY 2018-19	Actual 12/31/18	% of Budget
	Water Bond	301,980	-	0.0%
	Supplemental Water Fee	440,000	-	0.0%
	Water Development Fee	1,320,000	148,359	11.2%
	Total Expenditures	2,061,980	148,359	7.2%

2015 Water Bond

The Chromium 6 treatment facility designed and maintained by Ionex SG Ltd was scheduled to be completed by the end of FY2018-19. However, on November 21, 2018, Ionex SG Ltd unexpectedly filed for bankruptcy and went out of business. It is not known at this time when the project will be finalized. The IWA is in the process of finding another company to complete the project and maintain the facility.

Supplemental Water Fees

In FY 2018-19 the budget for Supplemental Water Fees Fund budgeted projects totaled \$440,000. These funds are designated for the non-potable program for Posse Park, a non-potable feasibility study, a non-potable water master plan, and a supplemental water supply feeanalysis. There was no expenditure activity recorded in this fund for the second quarter.

Water Development Impact Fees

In FY 2018-19 the budget for Water Development Impact Fees was \$1,320,000. These funds are designated for the Hwy 111 Water Main Project from Oasis Street to Arabia Street, the Avenue 44 Water Main Project from Salpare Place to Dillon Road, and for updates of the Water Master Plan and Hydraulic Model. At the end of the second quarter expenditures totaled \$148,359.

G. RESERVE FUNDS

Table 5 on the next page summarizes the allocation of reserve funding levels, approved by IWA’s Board of Directors on February 7, 2012. At the beginning of each fiscal year the target level is recalculated by finance staff to meet changing demands.

Table 5: Reserve Funds

Priority Ranking	Reserve Fund Description	Target Level (Moderate)	Current Balance	(Deficit)/ Surplus
1	Operating Reserve	\$ 6,560,000	\$ 6,560,000	\$ -
2	Capital Repair and Replacement/System Improvement Reserve	4,950,000	679,323	(4,270,677)
3	Equipment Replacement Reserve	500,000	211,981	(288,019)
4	Rate Stabilization Reserve	400,000	350,000	(50,000)
5	Water Transfer Reserve	1,750,000	51,154	(1,698,846)
6	Emergency Reserve	4,300,000	545,920	(3,754,080)
	Total	\$ 18,460,000	\$ 8,398,378	\$ (10,061,622)

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 fund reserves to projected target levels.

H. BUDGET ADJUSTMENTS

Staff is recommending a budget adjustment to cover prior year costs related to the web portal contract, and a budget adjustment for the annual ERICA lease payment. The ERICA lease payment was not included in the original budget.

Recommended Motion: *That the Board directs the IWA Finance and Customer Service Division to adjust appropriations as follows:*

Increase appropriations:		
010-4715-471.69-90	Capital Outlay/Machinery & Equip	\$29,549
Expected offset:		
010-0000-273.00-00	Retained Earnings	\$29,549

Recommended Motion: *That the Board directs the IWA Finance and Customer Service Division to adjust appropriations as follows:*

Increase appropriations:		
010-4715-471-28-10	Rents and Leases	\$66,769
Expected offset:		
010-0000-273-00-00	Retained Earnings	\$66,769

EXHIBIT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS

Indio Water Authority
 Revenue & Expenditure Summary - Operating Fund
 Quarter Ending December 31, 2018

REVENUES	Revenue through		50% of Year Elapsed			
	12/31/2017	12/31/2018	FY	Percentage	Budget	Percentage
			2018 vs. 2019	Change	FY 2019	FY 2018/19
Operating Revenue						
Water Utility Payments	10,225,428	11,137,591	912,163	8.9%	19,235,470	57.9%
Other Operating						
Penalties, 10% delinquent fee	150,356	211,677	61,321	40.8%	275,000	77.0%
Water Meters	61,629	54,942	(6,687)	-10.9%	150,000	36.6%
Backflow Charges	156,068	161,139	5,071	3.2%	300,000	53.7%
Fire Protection Charges	73,910	78,970	5,060	6.8%	145,000	54.5%
Replenish Assessment Charge	702,257	699,179	(3,078)	-0.4%	1,460,000	47.9%
Charges for Services	181,680	193,862	12,182	6.7%	309,000	62.7%
Establishment Fee	30,722	30,260	(462)	-1.5%	60,000	50.4%
Reimbursements/Recovery of Labor	85,663	92,302	6,639	7.8%	5,287,000	1.7%
Total Operating Revenue	11,667,713	12,659,922	992,209	8.5%	27,221,470	46.5%
Non-Operating Revenue						
Interest Earnings	18,275	58,479	40,204	220.0%	60,000	97.5%
Transfers In	-	-	-	0%	45,000	0.0%
Total Non-Operating Revenue	18,275	58,479	40,204	220.0%	105,000	55.7%
Total Revenues	11,685,988	12,718,401	1,032,413	8.8%	27,326,470	46.5%
EXPENDITURES	Expenditures through		Variance			
	12/31/2017	12/31/2018	FY	Percentage	Budget	Percentage
			2018 vs. 2019	Change	FY 2019	FY 2018/19
Personnel						
Salary and Benefits	2,495,697	2,370,000	(125,697)	-5.0%	5,890,993	40.2%
Total Personnel	2,495,697	2,370,000	(125,697)	-5.0%	5,890,993	40.2%
Services and Supplies						
Legal	12,180	20,504	8,324	0.0%	90,000	22.8%
Professional/Contract Services	399,972	492,636	92,664	23.2%	1,913,019	25.8%
Regulatory/Government Agency	656,720	630,094	(26,626)	-4.1%	1,606,000	39.2%
Utilities	655,010	597,303	(57,707)	-8.8%	1,600,000	37.3%
Outside Repair & Maintenance	82,550	430,687	348,137	421.7%	357,625	120.4%
Travel & Training	37,176	11,317	(25,859)	-69.6%	76,600	14.8%
Dues and Subscriptions	28,714	28,185	(529)	-1.8%	38,700	72.8%
Postage Freight	59,718	55,691	(4,027)	-6.7%	126,500	44.0%
Conservation Programs	95,091	245,765	150,674	158.5%	595,000	41.3%
Advertising	613	-	(613)	0.0%	15,000	0.0%
Cell Phones/Pagers	8,506	8,562	56	0.7%	21,900	39.1%
Rents/Leases	65,217	73,808	8,591	13.2%	12,000	615.1%
Printing and Software	108,596	115,077	6,481	6.0%	89,000	129.3%
Water Meters & Small Tools/Equip.	85,274	124,687	39,413	46.2%	250,000	49.9%
Supplies & Safety Equipment	198,784	169,029	(29,755)	-15.0%	481,800	35.1%
Chemical Lab	38,770	34,147	(4,623)	-11.9%	160,000	21.3%
Internal Service Funds	657,976	614,531	(43,445)	-6.6%	1,235,943	49.7%
Transfer Out	222,014	705,647	483,633	0.0%	150,000	470.4%
Total Services and Supplies	3,412,881	4,357,670	944,789	27.7%	8,919,087	48.9%
Total Operations	5,908,578	6,727,670	819,092	13.9%	14,810,080	45.4%

EXHIBIT A: REVENUE AND EXPENDITURE SUMMARY - OPERATING FUNDS

Continuation of Report:

50% of Year Elapsed

EXPENDITURES	Expenditures through		Variance			
	<u>12/31/2017</u>	<u>12/31/2018</u>	<u>FY 2018 vs. 2019</u>	<u>Percentage Change</u>	<u>Budget FY 2019</u>	<u>Percentage FY 2018/19</u>
Capital Outlay						
Equipment	675,088	355,703	(319,385)	-47.3%	1,604,560	22.2%
Projects	-	-	-	0.0%	5,684,775	0.0%
Total Capital Outlay	675,088	355,703	(319,385)	-47.3%	7,289,335	4.9%
Total Operations and Capital Outlay	6,583,666	7,083,373	499,707	7.6%	22,099,415	32.1%
Debt Service						
Interest - Revenue Bonds	1,127,969	1,104,025	(23,944)	-2%	2,220,050	50%
Principal - Revenue Bonds	-	-	-	0.0%	1,930,000	0%
Total Debt Service	1,127,969	1,104,025	(23,944)	-2.1%	4,150,050	27%
Total Operations, Capital Outlay and Debt Service	7,711,635	8,187,398	475,763	6.2%	26,249,465	31.2%

EXHIBIT B: FIRST QUARTER BUDGET RECAP

IWA 2nd Quarter Budget Recap FY 2018-2019
 Through December 31, 2018 (6 Months, 50%)
 Summary Report

Revenue	Budget FY 18/19	Through 12/31/2018	% Earned
Water Sales	19,235,470	11,137,591	58%
Meter and Service Fees	7,986,000	1,522,331	19%
Non-Operating Revenue	105,000	58,479	56%
Total Revenue	27,326,470	12,718,401	46.5%

Expenditures	Budget FY 18/19	Through 12/31/2018	% Spent
Salary and Benefits	5,890,993	2,370,000	40%
Legal	90,000	20,504	23%
Professional/Contract Services/Software	1,913,019	492,636	26%
Regulatory/Government Agency	1,606,000	630,094	39%
Utilities	1,600,000	597,303	37%
Outside Repair & Maintenance	357,625	430,687	120%
Travel & Training	76,600	11,317	15%
Dues and Subscriptions	38,700	28,185	73%
Postage Freight	126,500	55,691	44%
Conservation Programs	595,000	245,765	41%
Advertising	15,000	-	0%
Cell Phones/Pagers	21,900	8,562	39%
Rents/Leases	12,000	73,808	615%
Printing	89,000	115,077	129%
Water Meters & Small Tools/Equip.	250,000	124,687	50%
Supplies & Safety Equipment	481,800	169,029	35%
Chemical Lab	160,000	34,147	21%
Contingency	100,000	-	0%
Internal Service Funds	1,235,943	614,531	50%
Transfer Out	150,000	705,647	470%
Capital Outlay	7,289,335	355,703	5%
Total Operations & Capital Outlay	22,099,415	7,083,373	32.1%
Debt Service	4,150,050	1,104,025	26.6%
Total Operations, Capital Outlay and Debt Service	26,249,465	8,187,398	31.2%
Projected Revenue Over Expenditures (+/ -)	1,077,005	4,531,003	