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Global Water Resources, Inc.
Form 10-Q
August 09, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-37756

Global Water Resources, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	90-0632193
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

21410 N. 19th Avenue #220, Phoenix, AZ 85027
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (480) 360-7775

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer	x
Non-accelerated filer	(Do not check if a smaller reporting company) Smaller reporting company	
	Emerging growth company	x

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
x No

As of August 6, 2018, the registrant had 21,455,593 shares of common stock, \$0.01 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL WATER RESOURCES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(Unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
PROPERTY, PLANT AND EQUIPMENT:		
Property, plant and equipment	287,564	289,051
Less accumulated depreciation	(74,830)	(75,592)
Net property, plant and equipment	212,734	213,459
CURRENT ASSETS:		
Cash and cash equivalents	3,778	5,248
Accounts receivable — net	1,705	1,528
Due from affiliates	404	430
Accrued revenue	2,135	1,759
Prepaid expenses and other current assets	769	700
Total current assets	8,791	9,665
OTHER ASSETS:		
Goodwill	1,743	—
Intangible assets — net	12,772	12,772
Regulatory asset	1,871	1,871
Bond service fund and other restricted cash	484	436
Equity method investment	185	345
Other noncurrent assets	59	20
Total other assets	17,114	15,444
TOTAL ASSETS	238,639	238,568
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	523	321
Accrued expenses	7,482	7,252
Customer and meter deposits	1,374	1,395
Long-term debt and capital leases — current portion	39	8
Total current liabilities	9,418	8,976
NONCURRENT LIABILITIES:		
Long-term debt and capital leases	114,472	114,363
Deferred revenue - ICFA	17,358	19,746
Regulatory liability	8,842	8,463
Advances in aid of construction	63,107	62,725
Contributions in aid of construction — net	4,339	4,425
Deferred income tax liabilities, net	3,966	3,114
Acquisition liability	934	934
Other noncurrent liabilities	615	962
Total noncurrent liabilities	213,633	214,732
Total liabilities	223,051	223,708
Commitments and contingencies (Refer to Note 14)		

SHAREHOLDERS' EQUITY:

Common stock, \$0.01 par value, 60,000,000 shares authorized; 19,756,266 and 19,631,266 shares issued as of June 30, 2018 and December 31, 2017, respectively.	197	196
Treasury Stock, 20,673 and no shares at June 30, 2018 and December 31, 2017, respectively.	—	—
Paid in capital	12,439	14,288
Retained earnings	2,952	376
Total shareholders' equity	15,588	14,860
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	238,639	238,568
See accompanying notes to the condensed consolidated financial statements		

GLOBAL WATER RESOURCES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

(Unaudited)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2018	2017	2018	2017
REVENUES:				
Water services	\$3,916	\$3,897	\$7,031	\$6,682
Wastewater and recycled water services	4,518	4,230	8,815	8,218
Unregulated revenues	2,404	18	2,417	36
Total revenues	10,838	8,145	18,263	14,936
OPERATING EXPENSES:				
Operations and maintenance	1,621	1,451	3,130	2,925
Operations and maintenance - related party	404	365	760	725