

Diamond A Mutual Water Company

Financial Report to Board of Directors

December 9, 2014

- **2014 FINANCIAL RECAP**
- **2015 RATE RECOMMENDATION**
- **2015 PROPOSED BUDGET**
- **10 YR CAPITAL FORECAST**

OVERVIEW

- **2014 Recap:**
 - **Actual Net Cash Flow SLIGHTLY BELOW 2014 Budget**
 - 2014 Budget is \$109k
 - 2014 Actual is estimated at \$104k
 - **Actual Cap Ex were HIGHER than originally expected**
 - 2014 projection was \$25k
 - 2014 Actual is estimated to be \$55k

OVERVIEW

- **Recommend Increases to Quarterly M&I Account**
 - **Quarterly M & I to increase from current \$120/qtr to \$200/qtr**
 - **\$80/qtr increase**
 - This increase is needed to accelerate our build up of cash in order to replace the White Oak tank in 2015 (if financed via lease) or 2016 (if paid cash)

OVERVIEW

- **Recommend Approval of 2015 Budget**
 - Formal budget approval is required per AB 240
 - **Budget includes M&I increase, resulting in Net Cash Flow of \$127k (w/lease)**
 - **Excluding the White Oak Tank, there is an allowance of \$75k for Cap Ex**
- **Recommend Board Authorization to install White Oak Tank in 2015 and finance via Capital Lease**

OVERVIEW

- **10 Year CAPITAL FORECAST**
 - Information Only, does not require Board approval
 - Board continues to evaluate other potential opportunities for generating capital
 - Sale of the Kenleigh Lot
 - Solar Panel installation

2014 BUDGET vs ACTUAL

- 2014 Budget projected Net Cash Flow of \$109k
- Actual Net Cash Flow for 2014 is estimated to be \$104k
 - An estimate of 2014 actual was made using 10/31/14 financial info and estimated expenses for Nov & Dec

DIAMOND A MUTUAL WATER COMPANY			
PROPOSED BUDGET FOR 2015			
Excludes Depreciation			
		ORIGINAL BUDGET 2014	OCT 2014 REFORECAST
Water Sales & Service		96,063	119,716
Interest			10
Other Income			6,699
Subtotal - Operating Income		96,063	126,425
Website		111	167
Fees		352	343
State Reports		33	0
Materials	M&R	6,012	16,067
Education & Training		118	0
Answering Service		889	1,084
Bank Charges		12	0
PayPal Charges			
Bookkeeping		10,000	12,250
Computer Consultant		286	213
Electricity		23,883	29,049
Insurance		3,597	3,068
Interest Expense		0	0
Labor	M&R	5,178	6,776
Legal & Accounting		3,000	1,170
Mailing & Office		1,424	1,953
Maintenance Supplies		141	3,197
Misc		34	(442)
Monthly Service of System		8,188	6,400
Operations Manager		12,000	13,000
Repairs	M&R	4,737	11,466
Repair Parts	M&R	1,295	2,967
Taxes		1,466	1,353
Telephone		2,441	2,990
Water Analysis / Health Dept		5,000	2,801
Subtotal - Operating Expenses		90,197	115,872
Net Cash Flow From Operations		5,866	10,552
Income - Maintenance & Improvements		103,200	93,788
Extra M & I Charges			
Expense - Capital Improvements			
Subtotal - Capital		103,200	93,788
TOTAL CASH FLOW		109,066	104,341
Maintenance and Repair		17,222	37,277

2014 BUDGET vs ACTUAL

- **KEY VARIANCES:**

- Water Sales +\$20k (+25%)

- Entirely driven by water usage since the rate increases were already calculated in developing the budget

- Electricity -\$5k (-22%)

- \$5k higher than budget, but consistent with Water Sales on a % basis

- Maintenance & Repair - \$20k

- \$20k higher than budget, driven largely by the Grove St repair last Winter

2014 CAP EX

- Originally had an allowance of \$25k for Cap Ex for Viewcrest Tank tree removal and new roof
 - No other capital projects were contemplated
- During the course of the year, several unforeseen projects came up:

CAPITAL PROJECTS					
Tree Removal & New Roof - Viewcrest Tank					\$ (5,000)
Air Line Instruments					\$ (10,000)
Replace Pump #1					\$ (10,000)
Replace Pump #2, new casing, etc					\$ (8,958)
Replace Pump #3					\$ (10,000)
Back Flow Valve at Well #3					\$ (7,500)
White Oak Tank repairs					\$ (3,500)

2015 BUDGET

- **Key Income Assumptions:**
 - Water Sales based on historical usage, not 2014 usage (which is considered to be high)
 - 2015 Budget of \$105k in Water Sales vs. \$126k actual 2014
 - Current rate structure was used
 - M&I Charges increased to \$200/qtr in the Budget

2015 BUDGET

- **Key Expense Assumptions:**
 - Maintenance and Repairs budgeted at \$30k
 - 2010 thru 2013 averaged \$17k
 - 2014 totaled \$37k, which also seemed abnormally high
 - PayPal charges of \$3k were budgeted
 - Bookkeeping charges reflect Dee's contract
 - Accounting costs increased to reflect AB 240 requirement for CPA reviewed financials
 - Includes \$6k incremental cost for Weeks services

DIAMOND A MUTUAL WATER COMPANY

PROPOSED BUDGET FOR 2015

Excludes Depreciation

	ORIGINAL BUDGET 2014	OCT 2014 REFORECAST	PROPOSED BUDGET 2015	vs. 2014 Reforecast Better (Worse)
Water Sales & Service	96,063	119,716	105,000	(14,716)
Interest		10		(10)
Other Income		6,699		(6,699)
Subtotal - Operating Income	96,063	126,425	105,000	(21,425)
Website	111	167	200	(33)
Fees	352	343	800	(457)
State Reports	33	0	0	0
Materials M&R	6,012	16,067	10,000	6,067
Education & Training	118	0	150	(150)
Answering Service	889	1,084	1,000	84
Bank Charges	12	0	0	0
PayPal Charges			3,000	(3,000)
Bookkeeping	10,000	12,250	14,400	(2,150)
Computer Consultant	286	213	0	213
Electricity	23,883	29,049	26,000	3,049
Insurance	3,597	3,068	3,500	(432)
Interest Expense	0	0	0	0
Labor M&R	5,178	6,776	7,000	(224)
Legal & Accounting	3,000	1,170	4,000	(2,830)
Mailing & Office	1,424	1,953	2,200	(247)
Maintenance Supplies	141	3,197	2,500	697
Misc	34	(442)	100	(542)
Monthly Service of System	8,188	6,400	8,400	(2,000)
Allowance for New Vendor			6,000	(6,000)
Operations Manager	12,000	13,000	12,000	1,000
Repairs M&R	4,737	11,466	10,000	1,466
Repair Parts M&R	1,295	2,967	3,000	(33)
Taxes	1,466	1,353	1,600	(247)
Telephone	2,441	2,990	3,000	(10)
Water Analysis / Health Dept	5,000	2,801	5,000	(2,199)
Subtotal - Operating Expenses	90,197	115,872	123,850	(7,978)
Net Cash Flow From Operations	5,866	10,552	(18,850)	(29,402)
Income - Maintenance & Improvements	103,200	93,788	103,200	9,412
Extra M & I Charges			68,800	68,800
Expense - Capital Improvements				0
Subtotal - Capital	103,200	93,788	172,000	78,212
TOTAL CASH FLOW	109,066	104,341	153,150	48,809
Maintenance and Repair	17,222	37,277	30,000	

Owner:
This was my original income projection for 2014, but was decreased by \$9k because rate increases were delayed for 1 quarter

Owner:
Reflects PayPal charges anticipated with conversion to e-pay. Should reduce our AR over time

Owner:
Reflects added costs for Accountant Reviewed Financials per AB240

Owner:
Ray Zastro

Owner:
Bill - reflects compensation of \$12k/yr

2015 CAP EX

- \$75k, excluding the White Oak Tank
 - Includes an allowance for specific identified projects, as well as a \$40k allowance for unforeseen Cap Ex (Ongoing Maintenance of System)

Capital Expenditure		2015 Budget
Tree Removal & New Roof - Viewcrest Tank		\$ (10,000)
Well Monitoring and Pump Repairs		\$ (5,000)
Replace Valve - Tank #1		\$ (5,000)
Replace Phone Lines with Cellular		\$ (15,000)
Ongoing Maintenance of System		\$ (40,000)
100,000 gal Tank at White Oak		\$(219,075)
Less: Financing		\$ 117,325
GRAND TOTAL	\$ -	\$(176,750)

WHITE OAK TANK

- White Oak Tank – 100,000 gals
 - **Needs near term replacement**
 - Had some emergency leak repairs done in November, but still cannot be filled more than 60% of capacity
 - Less engineering and geo-tech costs than Tank at Well #3...
 - ...but more demo costs and generally escalating materials and labor costs
 - **Could consider increasing to 130k gal gross, to net 110k gal capacity**

WHITE OAK TANK									
As of 11.19.14									
Description		Vendor	Tank at Well #3 Budget FINAL	White Oak Tank Budget Bill Estimate 11/19/14	Better (Worse)				
Engineering		Brelje & Race	\$ 37,500	\$ 30,000	\$7,500	Less problematic site than Tank #3			
Geotechnical during Construction		Bauer	\$ 9,000		\$9,000	Less problematic site than Tank #3			
Permit		Sonoma County	\$ 4,083	\$ 5,000	(\$917)				
Relocate well service		Biggs Electrical	\$ 1,590	\$ 2,500	(\$910)				
Tank (deliver & install)		Superior Tank	\$ 90,867	\$ 110,000	(\$19,133)	White Oak tank to be slightly larger than Tank #3			
Excavating		Rossini			\$0				
Mobilization			\$ 5,000	\$ 5,000	\$0				
Demolition & Disposal			\$ 9,800	\$ 10,000	(\$200)				
Brush clearing / Erosion Control			\$ 5,000	\$ 1,000	\$4,000	Less problematic site than Tank #3			
Earthwork			\$ 20,000	\$ 10,000	\$10,000	Less problematic site than Tank #3			
Temporary tank & plumbing			\$ 6,500	\$ 7,000	(\$500)				
Road base and grading			\$ 5,000	\$ 5,000	\$0				
Plumbing for new tank				\$ 5,000	(\$5,000)				
Underground piping			\$ 6,000		\$6,000				
Asphalt paving			\$ 5,000		\$5,000	Not needed			
Mod's					\$0				
1 Extra Tank			\$ 6,483		\$6,483	Not needed - already have from Tank #3			
2 Deeper core trench			\$ 4,800		\$4,800	Not needed			
Contingency		15%		\$ 28,575	(\$28,575)	Allowance not in Tank #3 budget			
TOTALS			\$ 216,623	\$ 219,075	(\$2,452)				

WHITE OAK TANK - LEASE

- Proposal to Lease the White Oak Tank
 - Superior Tank (the vendor) uses Raymond Leasing (a broker)
 - Lease funding is actually through Wells Fargo
- Will finance:
 - Tank Cost \$110k
 - Sales Tax (8.5%)
 - 20% Soft Costs
- 3 year lease term
 - Water Co “buys” out the tank in 3 yrs for \$101

WHITE OAK TANK - LEASE

- Proposed Lease Terms:

Cost of Tank (from budget)			110,000
Sales Tax	8.5%		9,350
Soft Costs	20.0%		22,000
Points	2.5%		2,750
Term (Mos)			36
Monthly Payment			(\$4,277)
Interest Rate			4.61%
Total Interest Cost over the life of the lease			(\$12,622)

10 YEAR CAPITAL FORECAST

- Requested by Board, not required by State
 - Informational Only---No Board Action is required
- 2 Scenarios are modeled:
 - No Lease, White Oak Tank is replaced in 2016
 - Lease White Oak Tank, replace in 2015
- Given all of the prior assumptions, a generally positive cash balance is forecast over the next 10 years

FORECAST – NO LEASE

DIAMOND A MUTUAL WATER COMPANY													
PROJECTED NET CASH FLOW FROM OPERATIONS and 10 YEAR CAPITAL FORECAST DETAIL													
Excludes Depreciation													
	REFORECAST	PROPOSED BUDGET	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%	Projected 3%
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2025
Water Sales & Service	119,716	105,000	105,000	105,000	147,000	147,000	147,000	147,000	147,000	176,400	176,400	176,400	176,400
Interest	10												
Other Income	6,699												
Subtotal - Operating Income	126,425	105,000	105,000	105,000	147,000	147,000	147,000	147,000	147,000	176,400	176,400	176,400	176,400
Website	167	200	206	212					246	289	297	299	299
Fees	343	800	824	849					984	1,013	1,044	1,075	1,075
State Reports	0	0	0	0	0	0	0	0	0	0	0	0	0
Materials	16,067	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,439
Education & Training	0	150	155	159	164	169	174	179	184	190	196	202	202
Answering Service	1,084	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	1,344
Bank Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
PayPal Charges		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,032
Bookkeeping	12,250	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	19,352
Computer Consultant	213	0	0	0	0	0	0	0	0	0	0	0	0
Electricity	29,049	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924	34,942	34,942
Solar Savings		0	0	0	0	0	0	0	0	0	0	0	0
Insurance	3,068	3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	4,704	4,704
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Labor	6,776	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	9,407
Legal & Accounting	1,170	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376	5,376
Mailing & Office	1,953	2,200	2,266	2,334	2,404	2,476	2,550	2,627	2,706	2,787	2,871	2,957	2,957
Maintenance Supplies	3,197	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262	3,360	3,360
Misc	(442)	100	103	106	109	113	116	119	123	127	130	134	134
Monthly Service of System	6,400	8,400	8,652	8,912	9,179	9,454	9,738	10,030	10,331	10,641	10,960	11,289	11,289
Allowance for New Vendor		6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	8,063
Operations Manager	13,000	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	16,127
Repairs	11,466	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	13,439
Repair Parts	2,967	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,032
Taxes	1,353	1,600	1,648	1,697	1,748	1,801	1,855	1,910	1,968	2,027	2,088	2,150	2,150
Telephone	2,990	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	4,032
Savings due to Cellular			(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Water Analysis / Health Dept	2,801	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,720
Subtotal - Operating Expenses	115,872	123,850	126,366	130,192	134,134	138,194	142,376	146,683	151,120	155,689	160,396	165,244	165,244
Net Cash Flow From Operations	10,552	(18,850)	(21,366)	(25,192)	12,866	8,806	4,624	317	(4,120)	20,711	16,004	11,156	11,156
Income - Maintenance & Improvements	93,788	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200
Extra M & I Charges		68,800	68,800	68,800									
Expense - Capital Improvements													
Subtotal - Capital	93,788	172,000	172,000	172,000	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200
TOTAL CASH FLOW	104,341	153,150	150,635	146,808	116,066	112,006	107,824	103,517	99,080	123,911	119,204	114,356	114,356
Beginning Cash	\$ 10,000	\$ 59,383	\$ 137,533	\$ 29,092	\$ 135,900	\$ 211,966	\$ 8,971	\$ 76,795	\$ 140,312	\$ 199,392	\$ 283,303	\$ 62,506	\$ 62,506
TOTAL CASH FLOW (above)	\$ 104,341	\$ 153,150	\$ 150,635	\$ 146,808	\$ 116,066	\$ 112,006	\$ 107,824	\$ 103,517	\$ 99,080	\$ 123,911	\$ 119,204	\$ 114,356	\$ 114,356
OTHER SOURCES													
Sale of Kenleigh Lot													
Bank Loan													
CAPITAL PROJECTS													
Tree Removal & New Roof - Viewcrest Tank	\$ (5,000)	\$ (10,000)											
Well Monitoring and Pump Repairs	\$ (38,958)	\$ (5,000)											
Back Flow at Tank #3	\$ (7,500)												
White Oak Tank Repairs	\$ (3,500)												
Replace Valve - Tank #1		\$ (5,000)											
Replace Phone Lines with Cellular		\$ (15,000)											
Ongoing Maintenance of System		\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)
Solar Installation													
100,000 gal Tank at White Oak													
Less: Financing													
50,000 gal Tank - Well #4													
100,000 gal Tank at Viewcrest													
Ending Cash	\$ 59,383	\$ 137,533	\$ 29,092	\$ 135,900	\$ 211,966	\$ 8,971	\$ 76,795	\$ 140,312	\$ 199,392	\$ 283,303	\$ 62,506	\$ 136,862	\$ 136,862

Owner:
Water Usage rate increase of 40% proposed for 2018.
Will drop extra M&I payment at same time to offset.

Owner:
Rate Increase of 20% to put Operating
Income back to Break Even / Slightly
Positive

\$ (275,000)

\$ (300,000)

FORECAST – WITH LEASE

DIAMOND A MUTUAL WATER COMPANY													
PROJECTED NET CASH FLOW FROM OPERATIONS and 10 YEAR CAPITAL FORECAST DETAIL													
Excludes Depreciation													
	REFORECAST	PROPOSED	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	2014	BUDGET	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Water Sales & Service	119,716	105,000	105,000	105,000	147,000	147,000	147,000	147,000	147,000	176,400	176,400	176,400	
Interest	10												
Other Income	6,699												
Subtotal - Operating Income	126,425	105,000	105,000	105,000	147,000	147,000	147,000	147,000	147,000	176,400	176,400	176,400	
Website	167	200	206	212	219	225	232	239	246				
Fees	343	800	824	849	874						1,044	1,075	
State Reports	0	0	0	0	0						0	0	
Materials	16,067	10,000	10,300	10,609	10,927						13,048	13,439	
Education & Training	0	150	155	159	164						196	202	
Answering Service	1,084	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	1,305	1,344	
Bank Charges	0	0	0	0	0	0	0	0	0	0	0	0	
PayPal Charges		3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	
Bookkeeping	12,250	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789	19,352	
Computer Consultant	213	0	0	0	0	0	0	0	0	0	0	0	
Electricity	29,049	26,000	26,780	27,583	28,411	29,263	30,141	31,045	31,977	32,936	33,924	34,942	
Solar Savings		0	0	0	0	0	0	0	0	0	0	0	
Insurance	3,068	3,500	3,605	3,713	3,825	3,939	4,057	4,179	4,305	4,434	4,567	4,704	
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	
Labor	6,776	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	9,133	9,407	
Legal & Accounting	1,170	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	5,219	5,376	
Mailing & Office	1,953	2,200	2,266	2,334	2,404	2,476	2,550	2,627	2,706	2,787	2,871	2,957	
Maintenance Supplies	3,197	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	3,262	3,360	
Misc	(442)	100	103	106	109	113	116	119	123	127	130	134	
Monthly Service of System	6,400	8,400	8,652	8,912	9,179	9,454	9,738	10,030	10,331	10,641	10,960	11,289	
Allowance for New Vendor		6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829	8,063	
Operations Manager	13,000	12,000	12,360	12,731	13,113	13,506	13,911	14,329	14,758	15,201	15,657	16,127	
Repairs	11,466	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	13,439	
Repair Parts	2,967	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	
Taxes	1,353	1,600	1,648	1,697	1,748	1,801	1,855	1,910	1,968	2,027	2,088	2,150	
Telephone	2,990	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	4,032	
Savings due to Cellular			(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	
Water Analysis / Health Dept	2,801	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	
Subtotal - Operating Expenses	115,872	123,850	126,366	130,192	134,134	138,194	142,376	146,683	151,120	155,689	160,396	165,244	
Net Cash Flow From Operations	10,552	(18,850)	(21,366)	(25,192)	12,866	8,806	4,624	317	(4,120)	20,711	16,004	11,156	
Income - Maintenance & Improvements	93,788	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	103,200	
Extra M & I Charges		68,800	68,800	68,800									
Lease Payments		(25,662)	(51,324)	(51,324)	(25,662)								
Expense - Capital Improvements													
Subtotal - Capital	93,788	146,338	120,676	120,676	77,538	103,200	103,200	103,200	103,200	103,200	103,200	103,200	
TOTAL CASH FLOW	104,341	127,488	99,311	95,484	90,404	112,006	107,824	103,517	99,080	123,911	119,204	114,356	
Beginning Cash	\$ 10,000	\$ 59,383	\$ 34,146	\$ 93,456	\$ 148,940	\$ 199,344	\$ (3,651)	\$ 64,173	\$ 127,690	\$ 186,770	\$ 270,681	\$ 49,884	
TOTAL CASH FLOW (above)	\$ 104,341	\$ 127,488	\$ 99,311	\$ 95,484	\$ 90,404	\$ 112,006	\$ 107,824	\$ 103,517	\$ 99,080	\$ 123,911	\$ 119,204	\$ 114,356	
OTHER SOURCES													
Sale of Kenleigh Lot													
Bank Loan													
CAPITAL PROJECTS													
Tree Removal & New Roof - Viewcrest Tank	\$ (5,000)	\$ (10,000)											
Well Monitoring and Pump Repairs	\$ (38,958)	\$ (5,000)											
Back Flow at Tank #3	\$ (7,500)												
White Oak Tank Repairs	\$ (3,500)												
Replace Valve - Tank #1		\$ (5,000)											
Replace Phone Lines with Cellular		\$ (15,000)											
Ongoing Maintenance of System		\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	\$ (40,000)	
Solar Installation													
100,000 gal Tank at White Oak		\$ (219,075)											
Less: Financing		\$ 141,350											
50,000 gal Tank - Well #4						\$ (275,000)							
100,000 gal Tank at Viewcrest											\$ (300,000)		
Ending Cash	\$ 59,383	\$ 34,146	\$ 93,456	\$ 148,940	\$ 199,344	\$ (3,651)	\$ 64,173	\$ 127,690	\$ 186,770	\$ 270,681	\$ 49,884	\$ 124,240	

Owner:
Rate Increase of 20% to put Operati
Income back to Break Even / Slightly
Positive

Owner:
Water Usage rate increase of 40% proposed for 2018.
Will drop extra M&I payment at same time to offset.

Owner:
Assume 6 months of
payments as lease/tank
installation would start in
July

OTHER FUNDING SOURCES

- Beyond simply raising rates, the Board continues to evaluate other opportunities
 - **Sale of excess land (the Kenleigh lot)**
 - Board is in the process of confirming the cost to obtain an appraisal to determine Fair Market Value
 - **Installation of solar panels to reduce/offset electrical costs**
 - Electricity makes up 25% of our annual operating costs
 - Feasibility study under way with vendor

BOARD APPROVAL NEEDED

- **New M&I charge:**
 - \$200/qtr (\$80/qtr increase)
- **2015 Budget from one of the Options below**
 - **2015 Operating Budget, without Tank**
 - \$153k Cash Flow
 - \$75k Cap Ex
 - **2015 Budget PLUS White Oak Tank Cap Ex with Lease Authorization (RECOMMENDED)**
 - \$127k Cash Flow (net of 6 mos in lease payments)
 - \$75k Cap Ex PLUS \$78k net Tank Cap Ex
 - \$219k Tank Budget, less \$141k lease financing