

Diamond A Mutual Water Company

Report from Finance Subcommittee

- **FINANCIAL RECAP**
- **2022 PROPOSED BUDGET**
- **10 YR CAPITAL FORECAST**

December 7, 2021

FINANCIAL RECAP

- **2021 Revenue SIGNIFICANTLY HIGHER than Budget**
 - Water Sales \$45k higher than Budget
- Repair and Maintenance favorable YTD
- Electricity Cost higher (due to increased Water Usage & Sales)

FINANCIAL RECAP

- **Projecting Cash Flow of \$173k from Operations in 2021**
- Ending Cash expected to be \$243k at end of 2021

FINANCIAL RECAP

	Oct 13, 21
ASSETS	
Current Assets	
Checking/Savings	
Westamerica	130,310.99
Westamerica /MM	96,927.33
Total Checking/Savings	227,238.32
Accounts Receivable	
Accounts Receivable	112,816.27
Total Accounts Receivable	112,816.27
Other Current Assets	
Undeposited Funds	3,732.00
Total Other Current Assets	3,732.00
Total Current Assets	343,786.59
Fixed Assets	
Capital Improvements	1,394,749.96
Land	1,000.00
Water Equipment	482,031.11
Accum. Depreciation	-1,296,396.00
Total Fixed Assets	581,385.07
TOTAL ASSETS	925,171.66
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
WestAM Loan #2	31,017.87
Total Other Current Liabilities	31,017.87
Total Current Liabilities	31,017.87
Total Liabilities	31,017.87
Equity	
Paid-In Capital	2,132,855.66
Common Stock	214.00
Retained Earnings	-1,439,235.58
Net Income	200,319.71
Total Equity	894,153.79
TOTAL LIABILITIES & EQUITY	925,171.66

FINANCIAL RECAP

	Jan 1 - Oct 13, 21
Ordinary Income/Expense	
Income	
Water Sales & Service	230,717
Maintenance & Improvements	132,784
Total Income	363,501
Gross Profit	363,501
Expense	
Administration	
Finance Mgr	11,200
Legal & Accounting	7,253
Taxes	800
Interest Expense	1,718
Mailing & Office	431
Bank & Merchant CC Charges	4,098
Website	196
Fees	518
Insurance`	8,543
Total Administration	34,757
Operations	
Recurring Services	
Equipment Rental	1,902
Ops Manager	9,900
Monthly Service	14,401
Water Analysis/Health	1,125
Total Recurring Services	27,328
Repair & Maintenance	
Major Projects	13,149
Repairs/Misc	17,255
Total Repair & Maintenance	30,404
Utilities	
Telephone	937
Electricity	39,614
Total Utilities	40,551
Total Operations	98,283
Total Expense	133,040
Net Ordinary Income	230,461

Revenue is \$45k higher than Budget

2022 BUDGET

- **Recommend Approval of 2022 Budget with Net Cash Flow of \$136,000 (before Cap Ex)**
 - Projections were based primarily on average historical income and expense
 - Adjusted Water Sales to eliminate High User
 - Excludes Depreciation
 - Includes
 - \$6k Generator Rental Expense for 2022
- **Budgeted Ending Cash:**
 - Year End 2022: \$231k

DIAMOND A MUTUAL WATER COMPANY
Excludes Depreciation

			APPROVED BUDGET 2021	ACTUAL YTD 10/13/2021	Projected Bal of Yr 12/31/2021	PROJECTED 2021
Water Sales & Service			185,000	230,717		230,717
Interest			0	0		0
Other Income			0	0		0
Subtotal - Operating Income			185,000	230,717	0	230,717
Admin	Finance Mngr	Dee	16,800	11,200	5,600	16,800
Admin	Legal & Accting		3,000	7,253	1,500	8,753
Admin	Taxes		800	800		800
Admin	Interest Expense		2,500	1,718	800	2,518
Admin	Mailing & Office		452	431		431
Admin	Bank Charges		5,062	4,098	500	4,598
Admin	Website		200	196		196
Admin	Fees		1,782	518		518
Admin	Insurance		8,500	8,543		8,543
Prior Year Adjust.						
Ops - Recurring	Operations Mngr	Bill	13,200	9,900	3,500	13,400
Ops - Recurring	Monthly Service	JDY	23,713	14,401	4,800	19,202
Ops - Recurring	Water Analysis / Health Dept		2,067	1,125	375	1,500
Ops - Recurring	Generator Rental		6,000	1,902	1,800	3,702
Ops -R&M	Maintenance Projects		50,000	13,149	30,000	43,149
Ops -R&M	Materials		5,000	0	0	0
Ops -R&M	Repairs (Minor)		10,000	17,255	2,500	19,755
Ops - Utilities	Telephone		1,275	937	312	1,249
Ops - Utilities	Electricity		38,000	39,614	6,000	45,614
Subtotal - Operating Expenses			188,351	133,040	57,688	190,728
Net Cash Flow From Operations			(3,351)	97,677	(57,688)	39,990
Income - Maintenance & Improvements			134,000	132,784		132,784
Expense - Capital Improvements						
Subtotal - Capital			134,000	132,784	0	132,784
TOTAL CASH FLOW BEFORE CAP EX			130,649	230,461	(57,688)	172,774

PROPOSED BUDGET 2022	B (W) vs Prior Yr Budget	B (W) vs Prior Yr Projected Act
195,717	10,717	(35,000)
0	0	0
0	0	0
195,717	10,717	(35,000)
18,000	(1,200)	(1,200)
8,000	(5,000)	753
800	0	0
1,000	1,500	1,518
444	8	(13)
4,736	326	(138)
200	0	(4)
534	1,249	(16)
9,000	(500)	(457)
14,400	(1,200)	(1,000)
22,178	1,536	(2,976)
1,545	522	(45)
6,000	0	(2,298)
50,000	0	(6,851)
5,000	0	(5,000)
10,000	0	9,755
1,287	(12)	(37)
40,629	(2,629)	4,985
193,752	(5,401)	(3,024)
1,965	5,316	(38,024)
134,000	0	1,216
134,000	0	1,216
135,965	5,316	(36,808)

Dave:
 Eliminated Honda which
 was \$33k

Eliminated highest water user for 2022

COLA adjustment

Lower due to Ammortization of Loans

Inflation

COLA adjustment

Includes \$200/mo for Iconia

\$12,500 / qtr, Major Pipe Breaks

Small Plumbing Repairs

Proportionate to Water Sales

2021 CAP EX

- **2022 Budget Assumes that the following Cap Ex Money is spent in 2021 before year end:**
 - \$10k to finalize generator transfer switch at White Oak
 - \$8.5k for Waterworks Map with B&R
 - \$6.5k for unknown/other

2022 CAP EX

- Net Cap Ex of \$130k are budgeted for 2022 (detail on next slide)
- Emergency Backup Generator
 - Nothing is in Budget at this time for Generator Purchase
 - Budgeting \$50k in 2023 for final piping/logistics for generator installation
 - Budgeting \$60k in 2024 for the purchase of one portable generator capable of running any of the wells

Dave:
 Spending \$8500 in 2021 on Waterworks Map update

Hydraulic Model estimate per B&R is \$24k. This is the budget for 2022

Hydraulic Model - Evaluation of Scenarios - estimate per B&R is \$18k. See 2025 Budget below.

2022 Cap Ex BUDGET

	2022 Budget
Other Cap Ex	
Manifold modifcaiton and control system at White Oak	6,000 JDY
Hydraulic Model (Brelje & Race)	24,000 B&R
Hydrogeologic Study	10,000 Mike Malone
Control Systems (Iconia)	10,000 Iconia
System documentation	10,000 B&R
Replace piping on DAMWCO lot at Kenleigh	40,000
Ongoing Maintenance	30,000
GRAND TOTAL	130,000

Dave:
 This is the \$18k Evaluation of Scenarios estimate, rounded up for inflation

CAP EX BUDGET ITEMS DEFERRED TO LATER YEARS

Estimated Cost

	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2026</i>
<i>Piping and logistics to prep for generator</i>	<i>50,000</i>			
<i>Purchase 50kw portable generator</i>		<i>60,000</i>		
<i>B&R System Evaluation</i>			<i>25,000</i>	
	<i>50,000</i>	<i>60,000</i>	<i>25,000</i>	<i>-</i>

10 YEAR CAPITAL FORECAST

- Requested by Board, not required by State
 - Informational Only---No Board Action is required
- Given all of the prior assumptions, a positive cash balance is forecast for the next 10 years
 - Mid term Cap Ex projects for 2022-2025 are included
 - Replacement of Viewcrest Tank is included for 2030

**DIAMOND A MUTUAL WATER COMPANY
PROJECTED NET CASH FLOW FROM OPERATIONS and 10 YEAR CAPITAL FORECAST DETAIL**

Excludes Depreciation

				Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
		ESTIMATE	BUDGET	3%	3%	3%	3%	3%	3%	3%	3%	3%
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031

Water Sales & Service		230,717	195,717	195,717	195,717	195,717	195,717	195,717	195,717	195,717	195,717	195,717
Income - Maintenance & Improvements		132,784	134,000	134,000	134,000	134,000	134,000	134,000	134,000	134,000	134,000	134,000
Interest		0										
Other Income		0										
Subtotal - Operating Income		363,501	329,717	329,717	329,717	329,717	329,717	329,717	329,717	329,717	329,717	329,717

Admin	Finance Mngr	16,800	18,000	18,540	19,096	19,669	20,259	20,867	21,493	22,138	22,802	23,486
Admin	Legal & Accting	8,753	8,000	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800
Admin	Taxes	800	800	824	849	874	900	927	955	984	1,013	1,044
Admin	Interest Expense	2,518	1,000	1,000	0	0	0	0	0	0	0	0
Admin	Mailing & Office	431	444	458	471	485	500	515	531	546	563	580
Admin	Bank Charges	4,598	4,736	4,878	5,024	5,175	5,330	5,490	5,655	5,825	5,999	6,179
Admin	Website	196	200	206	212	219	225	232	239	246	253	261
Admin	Fees	518	534	550	566	583	601	619	637	656	676	696
Admin	Insurance	8,543	9,000	9,270	9,548	9,835	10,130	10,433	10,746	11,069	11,401	11,743

Ops - Recurring	Operations Mngr	13,400	14,400	14,832	15,277	15,735	16,207	16,694	17,194	17,710	18,241	18,789
Ops - Recurring	Monthly Service	19,202	22,178	22,843	23,528	24,234	24,961	25,710	26,481	27,276	28,094	28,937
Ops - Recurring	Water Analysis / Healt	1,500	1,545	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957	2,016
Ops - Recurring	Generator Rental	3,702	6,000	6,180	6,365	6,556	6,753	6,956	7,164	7,379	7,601	7,829

Ops -R&M	Maintenance Projects	43,149	50,000	51,500	53,045	54,636	56,275	57,964	59,703	61,494	63,339	65,239
Ops -R&M	Materials	0	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Ops -R&M	Repairs	19,755	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048

Ops - Utilities	Telephone	1,249	1,287	1,325	1,365	1,406	1,448	1,492	1,536	1,582	1,630	1,679
Ops - Utilities	Electricity	45,614	40,629	41,848	43,103	44,396	45,728	47,100	48,513	49,968	51,467	51,467

Subtotal - Operating Expenses		190,728	193,752	194,294	199,093	205,066	211,218	217,555	224,081	230,804	237,728	243,316
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Net Cash Flow From Operations		172,774	135,965	135,423	130,624	124,651	118,499	112,162	105,636	98,913	91,989	86,401
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Generator Related		0	0									
Storage Container / Shed												
Transfe Pump -Vault on Grove for Sw. William		(18,931)										
Viewcrest Tank		0									(350,000)	
Westamerica Bank Loan												
Use of Cash - Principal Repaid on Zone 2 Loan		(53,072)	(18,000)									
Future Capital Projects				(50,000)	(60,000)	(25,000)	0					
Ongoing Maintenance		(36,211)	(130,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Subtotal - Other Sources and Uses		(108,214)	(148,000)	(80,000)	(90,000)	(55,000)	(30,000)	(30,000)	(30,000)	(30,000)	(380,000)	(30,000)

TOTAL CASH FLOW		64,560	(12,035)	55,423	40,624	69,651	88,499	82,162	75,636	68,913	(288,011)	56,401
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Beginning Cash		\$ 178,397	\$ 242,957	\$ 230,922	\$ 286,345	\$ 326,969	\$ 396,620	\$ 485,119	\$ 567,281	\$ 642,917	\$ 711,830	\$ 423,820
TOTAL CASH FLOW (above)		\$ 64,560	\$ (12,035)	\$ 55,423	\$ 40,624	\$ 69,651	\$ 88,499	\$ 82,162	\$ 75,636	\$ 68,913	\$ (288,011)	\$ 56,401

OTHER SOURCES												
Other												
CAPITAL PROJECTS												
Other												

Ending Cash		\$ 242,957	\$ 230,922	\$ 286,345	\$ 326,969	\$ 396,620	\$ 485,119	\$ 567,281	\$ 642,917	\$ 711,830	\$ 423,820	\$ 480,221
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NEXT STEPS

- **Board Approval Needed**
 - 2022 Operating Budget