

Diamond A Mutual Water Company

Financial Report to Board of Directors

June 20, 2022

- **Current Financial Status**
- **Annual Report**

Current Financial Status

- **YTD 2022, Net Income trending significantly LOWER than Prior Year**
 - **Water Sales Revenue \$27k LOWER than Prior Year**
 - **2021 Q4 Usage (billed in Jan 22) was considerably lower than prior year due to Oct/Nov rains**
 - **More water conservation is being seen**
 - **High User is down \$14k YTD, as budgeted**
 - **Repair and Maintenance costs are only \$14k YTD, similar to last year**

	Jan 1 - Jun 12, 22	Jan 1 - Jun 3, 21	Jan 1 - Jun 11, 20	Jan 1 - Jun 7, 19	Jan 1 - Jun 15, 18	Jan 1 - Jun 15, 17
Ordinary Income/Expense						
Income						
Uncategorized Income		434.22				
Water Sales & Service	51,845.20	79,392.25	46,932.74	34,499.50	34,178.05	24,645.00
Maintenance & Improvements	66,559.00	66,612.00	83,999.00	84,027.00	84,130.00	85,000.00
Interest Income	39.27	0.00	247.60	14.65	54.56	27.97
Total Income	118,443.47	146,438.47	131,179.34	118,541.15	118,362.61	109,672.97
Gross Profit	118,443.47	146,438.47	131,179.34	118,541.15	118,362.61	109,672.97
Expense						
Administration						
Finance Mgr	7,500.00	7,000.00	7,000.00	7,000.00	7,000.00	6,000.00
Legal & Accounting	0.00	2,000.00	2,000.00	2,700.00	2,700.00	2,650.00
Taxes	0.00	800.00		800.00	800.00	800.00
Interest Expense	148.57	1,109.10	2,046.75	4,998.12	4,947.98	2,101.58
Mailing & Office	326.99	298.99	303.91	545.95	282.00	600.70
Bank & Merchant CC Charges	2,415.55	2,305.63	2,003.83	1,859.83	1,833.02	1,445.72
Fees	2,049.60	0.00	1,730.29	1,574.00	1,574.00	1,514.95
Insurance`	9,850.00	8,543.00	8,049.00	1,902.00	3,765.00	3,734.00
Answering Service	0.00	0.00	0.00	0.00	0.00	393.80
Total Administration	22,290.71	22,056.72	23,133.78	21,379.90	22,902.00	19,240.75
Operations						
Recurring Services						
Equipment Rental	0.00	500.00				
Ops Manager	6,000.00	5,500.00	5,500.00	5,000.00	5,000.00	5,000.00
Monthly Service	9,364.75	6,734.82	7,859.89	5,772.30	8,034.94	6,254.94
Water Analysis/Health	0.00	1,125.00	380.15		2,669.43	1,086.90
Total Recurring Services	15,364.75	13,859.82	13,740.04	10,772.30	15,704.37	12,341.84
Repair & Maintenance						
Major Proj/Labor	1,900.00	1,200.00			0.00	14,753.81
Materials/Parts					0.00	569.30
Repairs/Misc	14,095.66	14,968.22	4,095.20	2,724.41	12,923.54	7,004.58
Total Repair & Maintenance	15,995.66	16,168.22	4,095.20	2,724.41	12,923.54	22,327.69
Utilities						
Telephone	529.07	518.56	515.65	515.60	619.40	1,122.24
Electricity	12,832.22	12,942.37	13,101.97	7,177.22	9,957.19	10,387.16
Total Utilities	13,361.29	13,460.93	13,617.62	7,692.82	10,576.59	11,509.40
Total Operations	44,721.70	43,488.97	31,452.86	21,189.53	39,204.50	46,178.93
Total Expense	67,012.41	65,545.69	54,586.64	42,569.43	62,106.50	65,419.68
Net Ordinary Income	51,431.06	80,892.78	76,592.70	75,971.72	56,256.11	44,253.29

Current Financial Status

- **Cash position remains solid with \$258k in the Bank**
- **Accounts Receivable continue to be low**
- **Loan has been PAID OFF! We are debt free**

		Jun 12, 22
ASSETS		
Current Assets		
Checking/Savings		
	Westamerica	85,982.15
	Westamerica /MM	172,035.20
	Total Checking/Savings	258,017.35
Accounts Receivable		
	Accounts Receivable	2,600.77
	Total Accounts Receivable	2,600.77
	Total Current Assets	260,618.12
Fixed Assets		
	Capital Improvements	1,448,853.92
	Land	1,000.00
	Water Equipment	482,031.11
	Accum. Depreciation	-1,296,396.00
	Total Fixed Assets	635,489.03
	TOTAL ASSETS	896,107.15
LIABILITIES & EQUITY		
Equity		
	Paid-In Capital	2,266,468.66
	Common Stock	214.00
	Retained Earnings	-1,388,861.26
	Net Income	18,285.75
	Total Equity	896,107.15
	TOTAL LIABILITIES & EQUITY	896,107.15

Current Financial Status

– 2022 Outlook vs Budget

- On Pace for \$15k LOWER Water Sales than Budget
 - Largest Usage Quarters still to come, but highest users seem to have a conservation mentality YTD
- Would result in Ending Cash of \$215k vs. Budget of \$230k

– Wild Card is R&M

- 2022 Budget is \$65k vs YTD of \$16k
- YTD trend is encouraging, but final R&M total is difficult to predict.

– Cap Ex will likely be lower than Budget

ANNUAL REPORT

– Report is delayed due to unforeseen need to change CPA's in early 2022

- Draft report has been issued, but needs changes.
- Expect final report within 30 days

– New Report Format SIGNIFICANTLY DIFFERENT

- To comply with ASB 606, Financials will utilize “Fund Accounting”
 - There will be an Operations Fund and a Replacement Fund
 - “Contract Liabilities” of \$154k will be booked against the \$172k of Cash in our Replacement Fund (M&I Bank Acct)

ANNUAL REPORT

- **There will be some One Time “Prior Period Adjustments” to convert our financial reports to the Fund Accounting Standards**
 - Because of the change in presentation, there will not be Comparative Data from Prior Years included in this year’s report
 - Next year’s report should be more straightforward and comparative data will be included
- **The new standards will require regular reviews of our Reserve Estimates**
 - The Finance Subcommittee will include this review as part of the Annual Budget process