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**Cross Timbers Water Supply Corporation, and
Stonebridge Water Supply Corporation**

Application for Sale, Transfer, or Merger of a Retail Public Utility

Part C: Question 10 – Appendix B

Appendix B: Projected Information

HISTORICAL BALANCE SHEETS (ENTER DATE OF YEAR END)	CURRENT(A) (12 -31-21)	A-1 YEAR (12 -31- 22)	A-2 YEAR (12 -31- 23)	A-3 YEAR (12 -31- 24)	A-4 YEAR (12 -31- 25)	A-5 YEAR (12 -31- 26)
CURRENT ASSETS						
Cash	\$ 3,593,191.00	\$ 3,900,000.00	\$ 3,600,000.00	\$ 3,550,000.00	\$ 3,000,000.00	\$ 3,200,000.00
Accounts Receivable	209,095.00	225,000.00	230,000.00	220,000.00	200,000.00	230,000.00
Inventories	108,040.00	90,000.00	90,000.00	80,000.00	75,000.00	75,000.00
Income Tax Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Other	47,521.00	45,000.00	45,000.00	45,000.00	45,000.00	45,000.00
A. Total Current Assets	\$ 3,957,847.00	\$ 4,260,000.00	\$ 3,965,000.00	\$ 3,895,000.00	\$ 3,320,000.00	\$ 3,343,000.00
FIXED ASSETS						
Land	\$ 725,176.00	\$ 725,176.00	\$ 725,176.00	\$ 725,176.00	\$ 725,176.00	\$ 725,176.00
Collection/Distribution System	28,741,854.00	30,466,934.00	32,134,634.00	32,801,834.00	34,120,534.00	34,816,734.00
Buildings	1,344,429.00	1,344,429.00	1,344,429.00	1,344,429.00	1,344,429.00	1,344,429.00
Equipment	608,357.00	608,357.00	608,357.00	608,357.00	608,357.00	608,357.00
Other	81,249.00	76,549.00	71,849.00	67,149.00	62,449.00	57,749.00
Less: Accum. Depreciation or Reserves	16,232,592.00	17,096,000.00	17,962,000.00	18,822,000.00	19,677,000.00	20,532,000.00
B. Total Fixed Assets	\$ 15,268,473.00	\$ 16,125,445.00	\$ 16,922,445.00	\$ 16,724,945.00	\$ 17,183,945.00	\$ 17,020,445.00
C. TOTAL Assets (A + B)	\$ 19,226,320.00	\$ 20,385,445.00	\$ 20,887,445.00	\$ 20,619,945.00	\$ 20,503,945.00	\$ 20,363,445.00
CURRENT LIABILITIES						
Accounts Payable	\$ 255,355.00	\$ 260,000.00	\$ 260,000.00	\$ 265,000.00	\$ 265,000.00	\$ 270,000.00
Notes Payable, Current	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
D. Total Current Liabilities	\$ 255,355.00	\$ 260,000.00	\$ 260,000.00	\$ 265,000.00	\$ 265,000.00	\$ 270,000.00
LONG TERM LIABILITIES						
Notes Payable, Long-term	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
E. Total Long Term Liabilities	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
F. TOTAL LIABILITIES (D + E)	\$ 255,355.00	\$ 260,000.00	\$ 260,000.00	\$ 265,000.00	\$ 265,000.00	\$ 270,000.00
OWNER'S EQUITY						
Paid in Capital	\$ 309,100.00	\$ 310,000.00	\$ 312,000.00	\$ 313,000.00	\$ 315,000.00	\$ 316,000.00
Retained Equity	18,346,847.00	18,970,965.00	19,815,445.00	20,315,445.00	20,041,945.00	19,923,945.00
Other		515,480.00	400,000.00		175,000.00	175,000.00
Current Period Profit or Loss	315,018.00	329,000.00	100,000.00	-273,500.00	-293,000.00	-321,500.00
G. TOTAL OWNER'S EQUITY	\$ 18,970,965.00	\$ 20,125,445.00	\$ 20,627,445.00	\$ 20,354,945.00	\$ 20,238,945.00	\$ 20,093,445.00
TOTAL LIABILITIES+EQUITY (F + G) = C	\$ 19,226,320.00	\$ 20,385,445.00	\$ 20,887,445.00	\$ 20,619,945.00	\$ 20,503,945.00	\$ 20,363,445.00
WORKING CAPITAL (A – D)	\$ 3,957,847.00	\$ 4,000,000.00	\$ 3,750,000.00	\$ 3,630,000.00	\$ 3,055,000.00	\$ 3,073,000.00
CURRENT RATIO (A / D)	15.5000	16.4000	15.2500	14.7000	12.5000	12.4000
DEBT TO EQUITY RATIO (F / G)	0.0130	0.0130	0.0130	0.0130	0.0130	0.0130

PROJECTED NET INCOME INFORMATION

(ENTER DATE OF YEAR END)	CURRENT(A) (2-31-21)	A-1 YEAR (2-31-22)	A-2 YEAR (2-31-23)	A-3 YEAR (2-31-24)	A-4 YEAR (2-31-25)	A-5 YEAR (2-31-26)
METER NUMBER						
Existing Number of Taps	2,502	2,600	2,700	2,780	2,820	2,860
New Taps Per Year	98	100	80	40	40	40
Total Meters at Year End	2,600	2,700	2,780	2,820	2,860	2,900
METER REVENUE						
Revenue per Meter (use for projections)	\$ 1,728.00	\$ 1,664.00	\$ 1,560.00	\$ 1,445.00	\$ 1,449.00	\$ 1,454.00
Expense per Meter (use for projections)	1,573.00	1,540.00	1,523.00	1,542.00	1,552.00	1,566.00
Operating Revenue Per Meter	\$ 155.00	\$ 124.00	\$ 37.00	-\$ 97.00	-\$ 103.00	-\$ 112.00
GROSS WATER REVENUE						
Revenues- Base Rate & Gallonage Fees	\$ 3,337,462.00	\$ 3,710,000.00	\$ 3,699,000.00	\$ 3,780,000.00	\$ 3,834,000.00	\$ 3,888,000.00
Other (Tap, reconnect, transfer fees, etc)	1,069,740.00	700,000.00	575,000.00	265,000.00	280,000.00	300,000.00
Gross Income	\$ 4,407,202.00	\$ 4,410,000.00	\$ 4,274,000.00	\$ 4,045,000.00	\$ 4,114,000.00	\$ 4,188,000.00
EXPENSES						
General & Administrative (see schedule)	\$ 656,094.00	\$ 671,000.00	\$ 689,000.00	\$ 707,500.00	\$ 725,500.00	\$ 747,500.00
Operating (see schedule)	3,436,090.00	3,410,000.00	3,485,000.00	3,611,000.00	3,681,500.00	3,762,000.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other (list)	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME	\$ 315,018.00	\$ 329,000.00	\$ 100,000.00	-\$ 273,500.00	-\$ 293,000.00	-\$ 321,500.00

PROJECTED EXPENSE DETAIL	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	\$ 280,000.00	\$ 288,000.00	\$ 297,000.00	\$ 306,000.00	\$ 315,000.00	\$ 1,486,000.00
Office	237,000.00	244,000.00	250,000.00	257,000.00	267,000.00	1,255,000.00
Computer	50,000.00	52,000.00	53,000.00	54,000.00	55,000.00	264,000.00
Auto	0.00	0.00	0.00	0.00	0.00	0.00
Insurance	65,000.00	65,000.00	66,000.00	66,000.00	67,000.00	329,000.00
Telephone	20,000.00	20,000.00	20,500.00	20,500.00	20,500.00	101,500.00
Utilities	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00
Property Taxes	0.00	0.00	0.00	0.00	0.00	0.00
Professional Fees	19,000.00	20,000.00	21,000.00	22,000.00	23,000.00	105,000.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00
Total	\$ 671,000.00	\$ 689,000.00	\$ 707,500.00	\$ 725,500.00	\$ 747,500.00	\$ 3,540,500.00
% Increase Per projected Year	2.70%	2.70%	2.70%	2.50%	3.00%	2.70%
OPERATIONAL EXPENSES						
Salaries	\$ 280,000.00	\$ 288,000.00	\$ 297,000.00	\$ 306,000.00	\$ 315,000.00	\$ 1,485,000.00
Auto	24,000.00	25,000.00	26,000.00	26,500.00	27,000.00	128,500.00
Utilities	245,000.00	250,000.00	265,000.00	270,000.00	275,000.00	1,305,000.00
Depreciation	876,000.00	885,000.00	890,000.00	880,000.00	885,000.00	4,416,000.00
Repair & Maintenance	280,000.00	275,000.00	270,000.00	280,000.00	285,000.00	1,390,000.00
Supplies	0.00	0.00	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00
Other	1,705,000.00	1,762,000.00	1,863,000.00	1,919,000.00	1,975,000.00	9,224,000.00
Total	\$ 3,410,000.00	\$ 3,485,000.00	\$ 3,611,000.00	\$ 3,681,500.00	\$ 3,762,000.00	\$ 17,949,500.00

PROJECTED SOURCES AND USES OF CASH STATEMENTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income	\$ 329,000.00	\$ 100,000.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 429,000.00
Depreciation (If funded by revenues of system)	876,000.00	885,000.00	890,000.00	880,000.00	885,000.00	4,416,000.00
Loan Proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Other	1,068,099.00	575,000.00	265,000.00	280,000.00	300,000.00	2,488,099.00
Total Sources	\$ 2,273,099.00	\$ 1,560,000.00	\$ 1,155,000.00	\$ 1,160,000.00	\$ 1,185,000.00	\$ 7,333,099.00
USES OF CASH						
Net Loss	\$ 0.00	\$ 0.00	\$ 273,500.00	\$ 293,000.00	\$ 321,500.00	\$ 888,000.00
Principle Portion of Pmts.	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Asset Purchase	1,209,600.00	1,267,700.00	667,200.00	1,143,700.00	521,200.00	4,809,400.00
Reserve						
Other						
Total Uses	1,209,600.00	1,267,700.00	940,700.00	1,436,700.00	842,700.00	5,697,400.00
NET CASH FLOW	\$ 1,063,499.00	\$ 292,300.00	\$ 214,300.00	-\$ 276,700.00	\$ 342,300.00	\$ 1,635,699.00
DEBT SERVICE COVERAGE						
Cash Available for Debt Service (CADS)						
A: Net Income (Loss)	\$ 329,000.00	\$ 100,000.00	-\$ 273,500.00	-\$ 293,000.00	-\$ 321,500.00	-\$ 459,000.00
B: Depreciation, or Reserve Interest	876,000.00	885,000.00	890,000.00	880,000.00	885,000.00	4,416,000.00
C: Total CADS (A + B = C)	\$ 1,205,000.00	\$ 985,000.00	\$ 616,500.00	\$ 587,000.00	\$ 563,500.00	\$ 3,957,000.00
D: DEBT SERVICE (DS)						
Principle Plus Interest	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
E: DEBT SERVICE COVERAGE RATIO						
CADS Divided by DS (E = C / D)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000