

We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way.



CONNECTIONS



SPRING 2016



► A MESSAGE FROM THE GENERAL MANAGER

I appreciate the Board's continued confidence in allowing me to serve as General Manager of DWU and I look forward to the opportunity you have given me to lead Team DWU, to provide guidance and direction to the Board of Directors, and to serve our members.

Weather was not the factor in our operations in 2015 as it was in 2014. We did experience a severe rain event in September, but Team DWU responded and managed the challenge. It was refreshing to see the team react and take charge of the response to the event knowing that there are no departmental lines during an emergency and recognizing that our primary goal is to protect the health and safety of our members.

Speaking of teamwork, we worked closely with the City of Destin on several projects this past year including the September rain

event where we were able to loan them some equipment to address some flooding issues they were experiencing. The other projects we worked with the City on included the installation of a new lift station near Clement Taylor Park, installation of upgraded sewer and water lines on Reddin Brunson Road, and installation of a new water line on Indian Trail. We consider the City to be a partner in our endeavors and we have worked to strengthen our relationship in recent years.

Our financial condition improved during 2015. Our total gallons billed increased 8.68 percent over the previous year and we saw an 8.15 percent increase in total water and sewer sales.

We took action to solidify our financial position this past year including performing a rate study and borrowing money to pay for some of our major projects.

Title?	1
2015 Treasurer's Report	2
Employees of the Month	3
Message from the President	3
Employee of the Year	4

CONTINUED ON PAGE 2

The rate study laid out a plan to make incremental increases in our rates in 2016 and maintenance increases moving forward with the goal of increasing our operating reserves and establishing a reserve and replacement account.

The money we borrowed has been dedicated to two projects: Highway 98 Widening and Sanitary Sewer Evaluation Survey (SSES). The Highway 98 Widening project includes relocation of our water, sewer and reclaimed lines along the Highway 98 right of way from Airport Road to the County line to prepare the right of way for the FDOT road widening project that is set to begin in 2017. The bids we received for the project came in under budget and we were able to add the installation of a new water line on Airport Road and the installation of a new force main to serve Crystal Beach for the same cost as the original relocation project. The SSES project includes surveying all gravity sewer lines in our system and making repairs to our aging collection system.

Other capital expenses this past year included \$2.135 million in repair and replacement projects and \$1.137 million in capital improvement projects. The money we spent was used to install new assets to improve our operation or to repair and replace existing assets. Our ultimate goal with these expenditures is to ensure that we are maximizing our operating efficiency and preparing for the future.

Another change that we've seen this past year is that we have nine new faces at DWU. Some employees were hired to replace retiring employees and others were hired to replace employees who moved on to other ventures. It is always tough to have employees leave, but our new hires have proven themselves more than capable to perform their work and eager to learn more and contribute to Team DWU.

One specific employee that I would like to recognize is Finance Manager, Chuck Rathke, who was hired to fill the vacancy caused by the retirement of a 35 year veteran, Wanda Fox. You can't replace someone with 35

years of experience, but you try to find someone to carry on and I believe we have found that person in Chuck.

As we look forward, our future is bright. We have good people willing and able to do what it takes to carry out our mission. We are in a strong financial position and we have a plan to effectively and efficiently operate and maintain our assets. Most importantly, we are focused on our mission statement that we live and work in a little bit of paradise and DWU is intent on doing its part to keep it that way. We do this by focusing on our core values of Vision, Quality, and Stewardship. Using these guiding principles keeps us focused on what is important while navigating through a changing landscape. We are thankful for the support the Board of Directors has provided us to conduct the business of the corporation and we look forward to the opportunities to serve our members that lie ahead.

LOCKWOOD WERNET
General Manager

2015 Treasurer's Report

It is my pleasure to present the 2015 Treasurer's Report for the Destin Water Users. DWU is a not-for-profit, member owned utility company formed with the purpose of providing clean drinking water and removing sewer waste as a service to our membership base. The membership elects a volunteer board of directors, who hires a professional staff to carry out the responsibilities of the charter. The staff creates an annual operating budget that they feel is required to perform and accomplish their responsibilities. The board of directors approves the annual budget and, during the term, evaluates the performance of staff in three major categories: the comparison to budget goals, the comparison to the previous year's performance, and as a comparison to our peer group, which is defined as similar utilities, of similar size, in our comparable region.

As the elected treasurer of your volunteer board of directors, it is my goal to report on the operating results of the Destin Water Users for the calendar year of 2015. It is my pleasure to report that Destin Water Users compares favorably in all reported categories and it is my opinion that DWU is in Sound Financial Condition for calendar year end of 2015.

CURRENT YEAR 2015 COMPARED TO PREVIOUS YEAR 2014 Based on Collections:

	2014	2015	Increase/<Decrease>
Total Operating Income	\$13,350,191	\$14,267,823	\$917,632
Total Operating Expenses	\$12,599,261	\$12,225,921	\$<373,340>
Total Net Operating Income	\$750,930	\$2,041,902	\$1,290,972

CURRENT YEAR 2015 COMPARED TO 2015 BUDGET

	Budget	2015	Increase/<Decrease>
Total Operating Income	\$14,389,431	\$14,267,823	\$<121,608>
Total Operating Expenses	\$15,517,328	\$12,225,921	\$<3,291,407>
Total Net Operating Income	\$<1,127,897>	\$ 2,041,902	\$3,169,799

SELECTED KEY RATIOS

	DWU	PEER GROUP AVERAGE
CASH	14.0%	5.0%
ACCOUNTS RECEIVABLE	1.3%	5.1%
INVENTORY	0.8%	0.5%
CURRENT ASSETS	14.9%	15.2%
ACCOUNTS PAYABLE	0.4%	2.4%
LONG TERM LIABILITIES	27.7%	52.2%
EQUITY	69.8%	39.6%

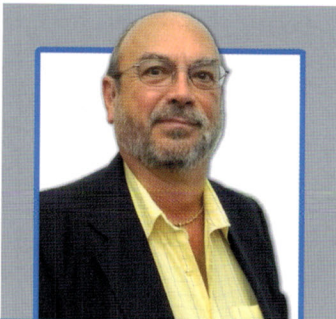
EMPLOYEES OF THE MONTH

(from left to right)

DEC 2015 Mary Lou Lawson

JAN 2016 Wanda Fox

FEB 2016 Tony Kent



TOM WEIDENHAMER, PRESIDENT

Message from the PRESIDENT

It has been an honor and privilege to serve the members of Destin Water Users as President of the Board of Directors during this past year. I also thank the Board for their hard work and dedication to serving the members of DWU.

The DWU Board of Directors is actively involved in managing and providing guidance for the operation of the Corporation, meeting monthly to conduct the business of the corporation including review of financial and staff reports, and making policy decisions to ensure that the corporation is fiscally sound; that the infrastructure is strong and that we always provide excellent customer service.

While the Board of Directors is looking at the long range view and managing policies and procedures of the corporation, the general manager handles the daily operations.

During this past year, we worked on several projects to improve our infrastructure and prepare us for the future and I would like to highlight a few of those projects now.

We continued to make progress on the meter replacement program started in 2011. The program was implemented to

replace older meters that were reaching the end of their life cycle and to comply with federal regulations. Additionally, the new meters we are installing are smart meters that can capture water usage over a 30 day period and they eventually can all be connected through an advanced meter reading system which will allow us to read them from a single location and provide customers instant access to information about their water usage. To date, we have replaced approximately 83 percent of our meters and we are scheduled to complete this replacement program this year.

Cityworks is an asset management software program that went live this past year. Cityworks is a GIS based program that improves our ability to track what is happening to our assets. The program links asset management, inventory, work orders, purchase orders and preventative maintenance making it easier to manage operations, track what is happening and plan for future repairs and improvements. We've seen improvements in our operations with live tracking of inventory; better field data for our work crews and detailed cost accounting for work orders.

Another project that we started in 2014 to plan for future repairs and improvements is the Sanitary Sewer Evaluation Survey (SSES). We have been systematically going through DWU's gravity sewer system inspecting all of our lines. The process involves videotaping our sewer lines and then preparing a report on the condition of the lines, an assessment of the cost, and type of repairs that may be

needed. Repairs to the sewer lines will be an ongoing maintenance issue.

We also replaced and upgraded some of our aging system infrastructure this past year including a lift station near Clement Taylor Park, water and sewer lines on Reddin Brunson Road, and a water line on Indian Trail.

A couple of plant improvements made in 2015 included the installation of a new screen to remove trash from the wastewater stream, installation of a new generator, and replacement of aging motor control units at our Luke Avenue well site.

All of these projects are forward thinking projects that are preparing us for our future. Your Board of Directors is looking ahead and trying to address concerns before we reach critical failures. These projects are addressing concerns we see and fixing them before they cause catastrophic failure and interruption of service to you, our members.

The mission statement of DWU is: "We live and work in a little piece of paradise, and DWU is intent on doing our part to keep it that way." We believe that the Board of Directors is actively living up to our mission statement and the projects we have highlighted prove that. We are here to serve you the members of DWU and to do our part to preserve this piece of paradise we call Destin.

Tom Weidenhamer



DESTIN WATER USERS, INC.

P.O. Box 308
Destin, FL 32540-0308

OFFICE HOURS

The DWU office is open Monday thru Friday
7:30 a.m. – 4:30 p.m.

PHONE NUMBERS

Administrative Office – Bill Payment Questions and Concerns
(850) 837-6146

Emergencies, Nights, Sundays and Holidays
(850) 837-6551

PAYMENT OPTIONS

Running late? Pay your DWU bill over the phone! We accept MasterCard, Visa and Discover. Contact a Customer Service Representative for more information. You can also pay your bill online at www.dwuinc.com

WANT YOUR MONTHLY BILL PAID AUTOMATICALLY?

We can do it! Visit Customer Service and complete an electronic transfer form. The automatic bank draft option is easy and it saves you time... your bill will be paid with no worries!

PAY ONLINE



Paying your DWU bill is easier than ever! Simply go online to dwuinc.com and click "Payment Options" at the top of the page. It will take you to the correct location and provide instructions on getting set up for this convenient payment method.

2015 Employee of the Year

The Employee of the Year for 2015 is Erik Raff in recognition for his work with our information systems. Erik has been instrumental in developing programs, templates and reports to assist with the implementation of our asset management program, Cityworks. Erik helped employees with Cityworks at a departmental level while ensuring integration of the program company wide. His leadership helped make Cityworks a successful program. In addition to his work on Cityworks, Erik has taken an active role assisting with IT

troubleshooting which has expanded our internal support and improved our response time. In recognition of his outstanding dedication and service to DWU, **Erik Raff is named the 2015 Employee of the Year.**



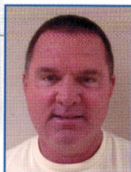
Destin Water Users Board of Directors



Tom
WEIDENHAMER
President



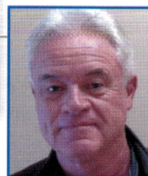
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BARRY BOYD



Mike
BUCKINGHAM



Jim
FOREMAN



Ames
HUDSON



Jim
LINK



Jimmy
NEILSON
Vice-President



Rick
SCALI
Secretary/Treasurer



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