



**Built for excavation, trenching, boring, and
underground utility contractors**

Why This Guide Exists

Underground utility companies operate with tight margins, heavy equipment costs, and strict compliance rules. Small bookkeeping mistakes quickly turn into cash flow problems, tax surprises, or bonding issues. This guide gives you a clear, practical framework to stay profitable and organized.

Who This Is For / Who It's Not

This Guide Is For You If:

- You run excavation, trenching, boring, or utility crews
- You bid jobs regularly and want predictable margins
- You plan to grow, hire, or pursue larger contracts

This Guide Is NOT For You If:

- You want to guess instead of track numbers
- You ignore compliance and payroll rules
- You're not serious about long-term stability

1. The 5 Numbers Every Underground Utility Contractor Must Track

1. Job Cost by Phase

Labor, equipment, fuel, materials, subcontractors

2. Equipment Cost Per Hour

Purchase price, maintenance, fuel, insurance, depreciation

3. Labor Burden Rate

Wages + payroll taxes + workers' comp + benefits

4. Gross Margin Per Job

Revenue minus direct job costs

5. Cash on Hand (Weeks)

How many weeks you can operate without new deposits

2. Common Financial Mistakes in Underground Utility Work

- Not separating job costs by project
- Underpricing bids due to ignored equipment costs
- Mixing personal and business expenses
- Poor tracking of fuel and repairs
- No system for retainage
- Falling behind on payroll taxes

3. Simple Job Costing Structure (What to Track)

Each job should track:

- Direct labor hours
- Equipment hours (by machine)
- Materials and supplies
- Fuel and maintenance
- Subcontractor invoices
- Permits and inspections

If it touches the ground, it should be tracked to the job.

4. Equipment Tracking Basics

Every major piece of equipment should have:

- Purchase price or lease cost
- Estimated useful life
- Hourly cost rate
- Maintenance log
- Repair reserve

Knowing your true equipment cost protects your bids and your profits.

5. Payroll & Labor Compliance Snapshot

Underground utility contractors must stay sharp on:

- Certified payroll (when required)
- Prevailing wage jobs
- Overtime rules
- Workers' compensation classifications
- Payroll tax deadlines

Late or incorrect payroll is one of the fastest ways to damage a company.

6. Cash Flow Reality in Utility Construction

Most utility contractors fail from **cash flow stress**, not lack of work.

Key protections:

- Deposits or mobilization payments
- Progress billing by phase
- Retainage tracking
- Separate tax savings account
- Weekly cash review

7. Monthly Financial Checklist

Every month, confirm:

- Job costs posted correctly
- Equipment costs updated
- Payroll reconciled
- Sales tax handled correctly
- Profit reviewed by job
- Cash reserve funded

8. When to Bring in a Professional Bookkeeper

You likely need help when:

- Jobs are profitable on paper, but cash is tight
- You don't trust your job costing numbers
- Taxes feel unpredictable
- You're growing faster than your systems



9. Bid-Killing Mistakes to Avoid

Top 6 Reasons Underground Utility Jobs Lose Money

- Underestimating equipment hour costs
- Ignoring standby time & weather delays
- Fuel not assigned to jobs
- Labor burden not built into bids
- No change-order tracking
- Retainage forgotten until it's too late

10. Simple Job Costing Example

Contractors trust examples more than theory.

Example: 3-Day Trenching Job

- Revenue: \$18,500
- Labor: \$6,200
- Equipment: \$4,100
- Fuel & Repairs: \$1,450
- Materials: \$2,300
- **True Gross Profit: \$4,450 (24%)**

11. Compliance Red-Flag Box (Very Important)

Red Flags That Trigger Audits or Penalties

- Misclassified labor (1099 vs W-2)
- Missing certified payroll backups
- Workers' comp miscodes
- Fuel tax errors
- Payroll tax lag

Growth Readiness Self-Assessment

- I know profit per job
- I trust my job costing
- I price equipment correctly

- I'm ready to hire without stress
- My books are bonding-ready

Score:

- 0–2 → Risk Zone
- 3–4 → Stable but capped
- 5 → Ready to scale

Final Thought

Strong underground utility companies are built on **accurate numbers**, not guesswork. Clean books, disciplined job costing, and clear cash management give you leverage—on bids, growth, and long-term stability.

This guide is free. Share it with your crew, partners, or fellow contractors.

For contractors ready to tighten systems and scale responsibly, professional bookkeeping and job costing support can make the difference between surviving and leading your market.

If your company is profitable in the field but unclear on paper, that's fixable. Most contractors don't need more work — they need better visibility.

Clean job costing, disciplined bookkeeping, and tax planning give underground utility contractors leverage — on bids, growth, and peace of mind.

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