

Interlaken Mutual Water Co.

2013 Financial Statements



Jeff Stockman

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To the Board of Directors
Interlaken Mutual Water Company
Midway, Utah

31 July, 2014

I have prepared the accompanying statement of financial position for the year ended December 31, 2013, and the related statements of revenues and expenses and cash flows for the year then ended. All information included in these financial statements is the representation of the management of Interlaken Mutual Water Company.

Sincerely,

Jeff Stockman
President, TAG Accounting Services, Inc.

Interlaken Mutual Water Company Statement of Assets & Liabilities

As of December 31, 2013

	Dec 31, 13
ASSETS	
Current Assets	
Checking/Savings	
Checking - Bank of the West	401.94
Checking - Wells Fargo	2,716.76
Construction Deposits	1,140.18
Contingency Account	35,291.90
DDW Reserve Fund	83,556.03
Reserves Account	80,790.42
Water Loan Fund	5.35
Total Checking/Savings	203,902.58
Accounts Receivable	
Receivables	1,992.34
Total Accounts Receivable	1,992.34
Total Current Assets	205,894.92
Fixed Assets	
Property, Plant & Equipment	
Equipment	2,865.88
Garbage Site	4,627.87
Land	16,965.00
Roads	700,867.00
Water System	1,656,145.00
Total Property, Plant & Equipment	2,381,470.75
Accumulated Depreciation	(945,645.00)
Total Fixed Assets	1,435,825.75
Other Assets	
Water Rights	36,925.50
Total Other Assets	36,925.50
TOTAL ASSETS	1,678,646.17
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Liabilities	137.26
Total Other Current Liabilities	137.26
Total Current Liabilities	137.26
Long Term Liabilities	
Utah Division of Finance	680,000.00
Total Long Term Liabilities	680,000.00
Total Liabilities	680,137.26
Equity	
Capital Stock	1,840.00
Paid In Capital	159,945.42
Fund Balance	876,195.02
Net Income	(39,471.53)
Total Equity	998,508.91
TOTAL LIABILITIES & EQUITY	1,678,646.17

Interlaken Mutual Water Company
Summary Statement of Revenue & Expense
 January through December 2013

	<u>Jan - Dec 13</u>	<u>Jan - Dec 12</u>
Ordinary Income/Expense		
Income		
Annual Assessments	192,778.00	193,542.00
Late Fees	575.00	150.00
New Construction	(500.00)	1,000.00
Transfer Fee	550.00	300.00
Water Connection	0.00	100.00
Water Usage	3,596.32	5,418.17
Total Income	<u>196,999.32</u>	<u>200,510.17</u>
Expense		
Administrative	92,122.33	48,360.59
Road Management	35,838.14	123,409.48
Water Management	30,904.76	34,244.88
Total Expense	<u>158,865.23</u>	<u>206,014.95</u>
Net Ordinary Income	38,134.09	(5,504.78)
Other Income/Expense		
Other Income		
Interest Income	779.38	1,035.44
Total Other Income	<u>779.38</u>	<u>1,035.44</u>
Other Expense		
Depreciation	65,029.00	65,260.00
Interest Exp-UT Div of Finance	13,356.00	14,454.00
Total Other Expense	<u>78,385.00</u>	<u>79,714.00</u>
Net Other Income	<u>(77,605.62)</u>	<u>(78,678.56)</u>
Net Income	<u><u>(39,471.53)</u></u>	<u><u>(84,183.34)</u></u>

Interlaken Mutual Water Company
Detail Statement of Revenue & Expense
January through December 2013

	Jan - Dec 13	Jan - Dec 12
Ordinary Income/Expense		
Income		
Annual Assessments	192,778.00	193,542.00
Late Fees	575.00	150.00
New Construction	(500.00)	1,000.00
Transfer Fee	550.00	300.00
Water Connection	0.00	100.00
Water Usage	3,596.32	5,418.17
Total Income	196,999.32	200,510.17
Expense		
Administrative		
Bank Charges	272.00	130.00
Bonding-Board Liab	193.00	193.00
CPA & Taxes	760.00	770.00
Insurance	12,613.00	13,433.00
Legal Fees	31,685.36	5,947.55
Meeting Expense	464.65	466.13
Office Supplies	442.90	338.91
Postage	747.13	324.00
Reserve Study	0.00	823.00
Survey Project	44,944.29	25,935.00
Total Administrative	92,122.33	48,360.59
Road Management		
Additional Contract Services	2,645.29	0.00
Annual Road Repair	1,748.39	85,065.00
Blue Stakes	478.12	0.00
Contract Service (Snow Removal)	23,800.00	18,800.00
Landscaping	973.00	930.00
Rock Walls	3,500.00	17,479.50
Supplies - Salt, Sand, etc	2,693.34	1,134.98
Total Road Management	35,838.14	123,409.48
Water Management		
Administration		
Certified Operator	1,500.00	6,000.00
Payroll Expenses	5,056.52	0.00
Workers Comp Insurance	401.44	0.00
Water Share Fee, Education, etc	434.00	390.00
Gas heat	410.29	338.76
Telecommunications	244.65	467.13
Web Site	0.00	20.88
Total Administration	8,046.90	7,216.77
Water System R & M	10,569.97	14,930.00
Telemetry System	2,903.61	5,303.20
Meter Repair/Replacement	2,339.34	0.00
Materials & Supplies	0.00	0.00
Electricity	4,759.05	5,805.43
Chemicals & Monitoring	2,285.89	989.48
Total Water Management	30,904.76	34,244.88
Total Expense	158,865.23	206,014.95
Net Ordinary Income	38,134.09	(5,504.78)
Other Income/Expense		
Other Income		
Interest Income	779.38	1,035.44
Total Other Income	779.38	1,035.44
Other Expense		
Depreciation	65,029.00	65,260.00
Interest Exp-UT Div of Finance	13,356.00	14,454.00
Total Other Expense	78,385.00	79,714.00
Net Other Income	(77,605.62)	(78,678.56)
Net Income	(39,471.53)	(84,183.34)

Interlaken Mutual Water Company
Statement of Cash Flows
January through December 2013

	<u>Jan - Dec 13</u>
OPERATING ACTIVITIES	
Net Income	(39,471.53)
Adjustments to reconcile Net Income to net cash provided by operations:	
Receivables	429.54
Payroll Liabilities	<u>137.26</u>
Net cash provided by Operating Activities	(38,904.73)
INVESTING ACTIVITIES	
Accumulated Depreciation	<u>65,029.00</u>
Net cash provided by Investing Activities	65,029.00
FINANCING ACTIVITIES	
Utah Division of Finance	<u>(62,000.00)</u>
Net cash provided by Financing Activities	<u>(62,000.00)</u>
Net cash increase for period	(35,875.73)
Cash at beginning of period	<u>239,778.31</u>
Cash at end of period	<u><u>203,902.58</u></u>

Interlaken Mutual Water Company
Notes to Financial Statements
December 31, 2013

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

Interlaken Mutual Water Company (the Company) was organized on March 13, 1969 for the purpose of providing road maintenance and water services to stockholders of the Company who are landowners of property located in Interlaken estates subdivision in Wasatch County, Utah.

Cash and Cash Equivalents

For purposes of balance sheet presentation and reporting of cash flows the Company considers all unrestricted demand deposits, money markets funds, and highly liquid debt instruments with a maturity of fewer than 90 days to be cash and cash equivalents.

Fixed Assets

Property, plant, and equipment are stated at cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from five to thirty years. The cost of maintenance and repairs are charged to income as incurred. Significant improvements and major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed net if interest earned on the invested proceeds over the same period. When assets are retired or otherwise disposed of the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the income for the period.

Concentration of Risk

The company maintains cash in demand deposit accounts with federally insured banks. At times the balances in these accounts may exceed federally insured limits. As of December 31, 2013 the balance in these accounts was \$203,903 in 7 insured accounts with balances of \$402, \$2,717, \$1,140, \$35,292, and \$83,556, \$80,790, and \$5. Thus no accounts exceed the federally insured limits.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

Income Tax Status

The company is organized in accordance with Internal Revenue Code Section 501(c)(12) and as such is exempt from income taxes.

Assessments

Stockholders of the Company are assessed an annual amount in January each year to provide for the operating expenses of the water and road systems and to fund reserves for capital expenditures as prescribed through meetings of the board of directors.

Note 2. Accounts Receivable

The Company assesses its shareholders in early January of each year. Some shareholders prepay their accounts which are classed as prepaid assessments at year's end. Uncollected assessments as of December 31 are minimal.

Note 3. Fixed Assets

The following is a summary of fixed asset activity for the year:

	Bal. 1/1/13	Additions	Retirements	Bal 12/31/13
Water System	1,656,145	0	0	1,656,145
Roads	700,867	0	0	700,867
Land	16,965	0	0	16,965
Equipment	2,866	0	0	2,866
Land Improv.	4,628	0	0	4,628
Total	2,381,471	0	0	2,381,471

Note 4. Long Term Debt

The Company borrowed \$1,248,000 from the Utah Drinking Water Board for the purpose of large scale upgrades to the culinary water system at an annual simple interest rate of 1.8% with one annual payment due in December. All of the funds had been drawn by the company as of the end of 2008 and the project has been completed. A principal payment of \$62,000 was made in December 2013.

Repayments for the next 3 years are scheduled as follows:

2014	\$63,000
2015	\$64,000
2016	\$65,000

Note 5. Reconciliation of Equity to Net Assets

The statement of financial position presents equity consistent with generally accepted accounting principles for a corporation. The Company is a mutual not-for-profit corporation indicating that the customers served by the Company are the shareholders. Shareholders purchase stock from the Company at a par value of \$10 per share with all additional proceeds applied to Paid-in-Capital. Below is a reconciliation of shareholder's equity as reported on the statement of financial position to net assets as is consistent with that of a not-for-profit corporation.

Equity:

Common Stock (184 shares issued, \$10 par value)	\$ 1,840
Paid-In Capital	159,945
Retained Earnings-Unrestricted	<u>836,723</u>
Total Shareholder's Equity	<u>\$ 998,509</u>

Net Assets:

Unrestricted	\$ 122,201
Restricted	120,482
Fixed Assets (Net)	<u>755,826</u>
Total Net Assets	<u>\$ 998,509</u>