

Interlaken Mutual Water Co.

2012 Financial Statements



Jeff Stockman

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

31 July, 2013

I have compiled the accompanying statement of financial position for the year ended December 31, 2012, 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.

A compilation is intended to assist management in presenting financial information in a form that is in accordance with generally accepted accounting principles. It consists of examining financial information, making adjusting entries where necessary, and presenting disclosures regarding accounting policies, depreciation of assets, financing terms on liabilities, uncertainties, and details of other miscellaneous assets and liabilities. It does not provide assurance of the accuracy or completeness of the information presented.



Jeff Stockman
President, TAG Accounting Services, Inc.

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 Accrual Basis

Interlaken Mutual Water Company
 Statement of Financial Position
 As of December 31, 2012

	Dec 31, 12	Dec 31, 11
ASSETS		
Current Assets		
Checking/Savings		
Checking Account	13,634.55	11,905.65
CD 1	0.00	82,710.99
CD 2 7/25/2013	100,602.74	100,300.23
CD 3 03/04/2014	50,188.30	50,094.18
Construction Deposits	140.10	6,137.04
DDW Reserves 2/4/2014	75,769.12	65,411.00
Total Checking/Savings	240,334.81	316,559.09
Accounts Receivable		
Receivables	5,716.38	3,199.44
Total Accounts Receivable	5,716.38	3,199.44
Other Current Assets	0.00	0.00
Total Current Assets	246,051.19	319,758.53
Fixed Assets		
Property, Plant & Equipment		
Water System	1,657,145.00	1,657,145.00
Roads	700,867.00	700,867.00
Land	16,965.00	16,965.00
Equipment	2,865.88	2,865.88
Garbage Site	4,627.87	4,627.87
Total Property, Plant & Equipment	2,382,470.75	2,382,470.75
Accumulated Depreciation	(880,616.00)	(815,356.00)
Total Fixed Assets	1,501,854.75	1,567,114.75
Other Assets		
Prepaid Expenses	0.00	4,365.00
Water Rights	37,507.50	37,507.50
Total Other Assets	37,507.50	41,872.50
TOTAL ASSETS	1,785,413.44	1,928,745.78

See accountant's report and notes to financial statements

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Accrual Basis

Interlaken Mutual Water Company
Statement of Financial Position
As of December 31, 2012

	Dec 31, 12	Dec 31, 11
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
Prepaid Assessments	3,701.00	1,850.00
Total Other Current Liabilities	3,701.00	1,850.00
Total Current Liabilities	3,701.00	1,850.00
Long Term Liabilities		
Utah Division of Finance	743,000.00	804,000.00
Total Long Term Liabilities	743,000.00	804,000.00
Total Liabilities	746,701.00	805,850.00
Equity		
Capital Stock	1,840.00	1,840.00
Paid In Capital	159,945.42	159,945.42
Retained Earnings	961,110.36	942,149.80
Net Income	(84,183.34)	18,960.56
Total Equity	1,038,712.44	1,122,895.78
TOTAL LIABILITIES & EQUITY	1,785,413.44	1,928,745.78

See accountant's report and notes to financial statements

Interlaken Mutual Water Company
Statement of Revenue, Expenditures, and Change in Net Assets
January through December 2012

	Accrual Basis
	Jan - Dec 12
Operating Revenue	
Annual Assessments	\$ 193,542
Water Usage	5,418
Late Fees	150
Transfer Fee	300
Water Connection	100
Road Maintenance Fee	1,000
Total Revenue	\$ 200,510
Operating Expense	
Survey Project	\$ 25,935
Reserve Study	823
Administrative	21,623
Road Management	123,409
Water Management	34,224
Depreciation	65,260
Total Operating Expense	\$ 271,275
Net Operating Revenue	(70,765)
Non-Operating Revenues and Expense	
Interest Income	\$ 1,035
Interest Exp-UT Div of Finance	\$ (14,454)
Change in Net Assets	\$ (84,183)
Beginning Net Assets	1,122,896
Ending Net Assets	\$ 1,038,713

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Accrual Basis

Interlaken Mutual Water Company
Statement of Revenue and Expenditures Detail
January through December 2012

	Jan - Dec 12
Ordinary Income/Expense	
Income	
Annual Assessments	193,542.00
Water Usage	5,418.17
Late Fees	150.00
Transfer Fee	300.00
Water Connection	100.00
Road Maintenance Fee	1,000.00
Total Income	200,510.17
Expense	
Survey Project	25,935.00
Reserve Study	823.00
Administrative	
Bank Charges	130.00
Bonding-Board Liab	1,936.00
CPA & Taxes	770.00
Insurance	11,690.00
Legal Fees	5,947.55
Meeting Expense	466.13
Office Supplies	338.91
Postage	324.00
Web Site	20.88
Total Administrative	21,623.47
Road Management	
Rock Walls	17,479.50
Annual Road Repair	85,065.00
Contract Service (Snow Removal)	18,800.00
Landscaping	930.00
Supplies - Salt, Sand, etc	1,134.98
Total Road Management	123,409.48
Water Management	
Administration	
Certified Operator	6,000.00
Gas heat	338.76
Telecommunications	467.13
Water Share Fee, Education, etc	350.00
Administration - Other	40.00
Total Administration	7,195.89
Chemicals & Monitoring	989.48
Electricity	5,805.43
Telemetry System	5,303.20
Water maintenance	14,930.00
Total Water Management	34,224.00
Depreciation	65,260.00
Total Expense	271,274.95
Net Ordinary Income	(70,764.78)
Other Income/Expense	
Other Income	
Interest Income	1,035.44
Total Other Income	1,035.44
Other Expense	
Interest Exp-UT Div of Finance	14,454.00
Total Other Expense	14,454.00
Net Other Income	(13,418.56)
Net Income	(84,183.34)

See accountant's report and notes to financial Statements

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Interlaken Mutual Water Company
Statement of Cash Flows
January through December 2012

	<u>Jan - Dec 12</u>
OPERATING ACTIVITIES	
Net Income	(84,183.34)
Adjustments to reconcile Net Income to net cash provided by operations:	
Receivables	(2,516.94)
Prepaid Assessments	<u>1,851.00</u>
Net cash provided by Operating Activities	(84,849.28)
INVESTING ACTIVITIES	
Accumulated Depreciation	65,260.00
Prepaid Expenses	<u>4,365.00</u>
Net cash provided by Investing Activities	69,625.00
FINANCING ACTIVITIES	
Utah Division of Finance	<u>(61,000.00)</u>
Net cash provided by Financing Activities	(61,000.00)
Net cash increase for period	(76,224.28)
Cash at beginning of period	<u>316,559.09</u>
Cash at end of period	<u><u>240,334.81</u></u>

See accountant's report and notes to financial statements

Interlaken Mutual Water Company
Notes to Financial Statements
December 31, 2012

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, 2012 the balance in these accounts was \$340,335 in 5 insured accounts with balances of \$13,635, \$100,603, \$50,188, \$140, and \$75,769. Thus no accounts exceed the federally insured limits.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. 1/1/12	Additions	Retirements	Bal 12/31/12
Water System	1,657,145	0	0	1,657,145
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	2,382,471	0	0	2,382,471

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 \$61,000 was made in December 2012.

Repayments for the next 3 years are scheduled as follows:

2013	\$62,000
2014	\$63,000
2015	\$64,000

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>876,927</u>
Total Shareholder's Equity	<u>\$ 1,038,712</u>

Net Assets:

Unrestricted	\$ 204,088
Restricted	75,769
Fixed Assets (Net)	<u>758,855</u>
Total Net Assets	<u>\$ 1,038,712</u>