



KRIEGEL/GRAY/SHAW & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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STATE OF NEW MEXICO

TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

TIER 6 AGREED UPON PROCEDURES

JUNE 30, 2016

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

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**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

OFFICIAL ROSTER
JUNE 30, 2016

Board of Directors

<u>Name</u>	<u>Title</u>
<i>Linda Praznick</i>	<i>President</i>
<i>Charliss Randall</i>	<i>Secretary</i>
<i>Jerry Cox</i>	<i>Treasurer</i>

Administration

<i>Mike Woodson</i>	<i>General Manager</i>
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Mr. Tim Keller, State Auditor and
Board of Directors
Twin Forks Mutual Domestic Water Consumers Association
Mayhill, New Mexico

We have performed the procedures required by Tier 6 of the Audit Act - Section 12-6-3 NMSA 1978 and 2.2.2.16 NMAC enumerated below, which were agreed to by the Office of the State Auditor and Twin Forks Mutual Domestic Water Consumers Association (the "Association") (the specified parties), on the accounting records of Twin Forks Mutual Domestic Water Consumers Association as of (for the year ended) June 30, 2016. Twin Forks Mutual Domestic Water Consumers Association's management is responsible for accounting records. The sufficiency of these procedures is solely the responsibility of the Office of the State Auditor and Twin Forks Mutual Domestic Water Consumers Association. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. Revenue Calculation

Procedures:

- a. Verify the local public body's revenue calculation and tier determination.

Results of Procedures:

- a. The Association's 2016 revenue was \$376,409, therefore a Tier 6 agreed upon procedure engagement is required.

2. Cash

Procedures:

- a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on hand. [For purpose of performing these procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for and reconciled by the Association.]
- b. Perform a test of bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance and Administration - Local Government Division (DFA-LGD). [For the purpose of performing these procedures, "accuracy" means that reconciling items agree to deposit slips and subsequent bank statement and reconciled balances agree to the general ledger.]

2. Cash (Continued)

Procedures (Continued):

- c. Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures:

- a. We obtained the bank statements and corresponding reconciliations for all of the Association's accounts as of June 30, 2016. Bank reconciliations were completed in a timely manner, and all bank statements and reconciliations were complete and on hand.
- b. We selected all bank reconciliations in fiscal year 2016 for each of the Association's two bank accounts (checking and savings). As a result of these procedures, it was noted that none of the bank reconciliations were correct - 6 of 24 bank reconciliations did not agree with the bank statements where required and all 24 bank reconciliations did not agree with the general ledger. (Finding 2016-001) It was also noted that no financial reports were submitted to DFA-LGD. (Finding 2011-003)
- c. No collateral was required because the Association's accounts at their respective financial institutions did not exceed the \$250,000 FDIC coverage.

3. Capital Assets

Procedures:

- a. Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedures:

- a. As a result of this procedure, we noted that the Association did not perform an annual physical inventory of capital assets. (Finding 2014-001).

4. Debt

Procedures:

- a. If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

Results of Procedures:

- a. We obtained the annual debt statements and verified that all payments were made during the year, although two of the three annual payments were made late (two payments due August 15, 2015 were paid September 29, 2015). No reserves are required per review of debt agreements. (Finding 2016-002)

5. Revenues

Procedures:

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. [For purposes of performing analytical procedures, we inquired of the Association's management for explanations of all variances of budget to actual.]

Select a sample of revenues based on auditor judgment [for purposes of procedures in 5(b) and 5(c), we judgmentally selected one deposit per month for fiscal year 2016 and tested all receipts included on the deposit slip/tape - 239 customer transactions] for the following attributes:

- b. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c. Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on a cash basis, modified accrual basis, or accrual basis.

Results of Procedures:

- a. We compared actual to budget for each type of revenue. Actual revenue compared to budgeted revenue for the fiscal year 2016 was within expectations. All revenues tested are considered reasonable and comparable to the budget.
- b. No exceptions were noted as a result of this procedure. Amounts recorded in the general ledger agreed with supporting documentation and the bank statements.
- c. As a result of this procedure, we noted that amounts were properly recorded on a cash basis as to classification and amount except:
 - one receipt (of 239 customer transactions) for water connection for new customer was incorrectly posted to water bill payments instead of new customer set up fee. (Finding 2015-001)
- d. We noted the following regarding timeliness of deposits:
 - three customer payments (of 239 customer transactions) were deposited 25 or more days after the check date. (Finding 2015-001)
 - 20 customer payments (of 239 customer transactions) were dated after the deposit slip date. (Finding 2015-001)

6. Expenditures

Procedures:

Select a sample of cash disbursements based on auditor judgment [for purposes of procedures in 6(a), 6(b), and 6(c), we randomly selected cash disbursements for a total of 25 disbursements] and tested using the following attributes:

- a. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures:

- a. As a result of this procedure, an exception was noted in two sample selections, which included seven purchases for which the client was unable to provide any supporting documentation for two out of 25 sample selections. No vendor receipt was attached to the VISA statements for these purchases included on two VISA statements. (Finding 2015-002)
- b. As a result of this procedure, no exceptions were noted.
- c. As a result of this procedure, no exceptions were noted. All disbursements, beyond those described in item a. above, were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

7. Journal Entries

Procedures:

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a. Journal entries appear reasonable and have supporting documentation. [A journal entry is considered reasonable if: i. Explanation is consistent with the nature of the adjustment and the general ledger accounts affected. ii. Supporting documentation (invoices, contracts, correspondence, calculations, etc.) agrees with the journal entry details.
- b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

7. Journal Entries (Continued)

Results of Procedures:

- a. As a result of this procedure, no exceptions were noted. We reviewed non-routine journal entries and noted no significant items. The entries appear reasonable and necessary.
- b. As a result of this procedure, we determined that the Association does not have procedures in place that require journal entries to be reviewed. (Finding 2015-001)

8. Budget

Procedures:

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a. Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c. From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures - budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Results of Procedures:

- a. We verified through the Board Minutes that the Board of Directors approved the original fiscal year 2016 budget. There were no budget adjustments. Approval was neither sought nor granted from DFA-LGD for the fiscal year 2016 budget. (Finding 2011-003)
- b. As a result of this procedure, no exceptions were noted. We noted that the Association's actual expenditures did not exceed the final budget.
- c. Please refer to the Schedule of Revenues and Expenditures, Budget to Actual.

9. Capital Outlay

Procedures:

- a. Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

Results of Procedures:

- a. We noted no capital outlay awards or expenditures and therefore performed no testing.

10. Other

Procedures:

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I)(3)(C) NMAC.

Results of Procedures:

Please refer to the Schedule of Findings and Responses of this report. It was noted that the reports required for a Tier 6 agreed-upon procedures engagement were not submitted to the State Auditor in a timely manner. (Finding 2015-003)

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Office of the State Auditor and Twin Forks Mutual Domestic Water Consumers Association and is not intended to be and should not be used by anyone other than those specified parties.

The procedures and associated results are listed below. Any finding as a result of performing these procedures can be found in the attached Schedule of Findings and Responses.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

October 13, 2017

**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

GENERAL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION

BUDGETARY BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:				
Charges for services	\$362,395	\$362,395	\$370,232	\$7,837
<i>Total operating revenues</i>	362,395	362,395	370,232	7,837
OPERATING EXPENSES:				
Personnel services and benefits	213,683	213,683	157,100	56,583
Office expense	10,100	10,100	12,299	(2,199)
Insurance	20,200	20,200	19,355	845
Utilities	19,700	19,700	22,259	(2,559)
Contractual services	8,500	8,500	8,980	(480)
Field operations	36,857	36,857	24,624	12,233
Miscellaneous	4,470	4,470	4,896	(426)
<i>Total operating expenses</i>	313,510	313,510	249,513	63,997
<i>Operating income (loss)</i>	48,885	48,885	120,719	(56,160)
NON-OPERATING REVENUES (EXPENSES):				
Interest income	200	200	238	38
Contingency	(12,500)	(12,500)	0	12,500
Capital improvements	(96,300)	(96,300)	(4,613)	91,687
Principal payments	(22,006)	(22,006)	(22,006)	0
Interest expense	(3,279)	(3,279)	(3,279)	0
<i>Total non-operating revenues (expenses)</i>	(133,885)	(133,885)	(29,660)	104,225
<i>Change in net position</i>	(85,000)	(85,000)	\$91,059	\$48,065
Cash balance required to balance the budget	85,000	85,000		
	\$0	\$0		

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT YEAR FINDINGS:

2016-001 – Bank Reconciliation Not Proper

(Procedures #2)

Statement of Condition – The Association is not properly preparing their bank reconciliations. An incorrect bank statement balance was inserted in the reconciliation in 6 of 24 bank reconciliations. In all 24 reconciliations during the year, none reconciled to the general ledger balance.

Criteria – Bank reconciliations are a key component in maintaining accuracy and completeness of the general ledger. Good internal controls require timely and accurate reconciliations of all bank accounts.

Effect – Potential for accounting errors to go undetected.

Cause – Lack of understanding of the reconciliation process.

Recommendation – Obtain training on the accounting software utilized in the reconciliation process.

Views of Responsible Officials and planned corrective action – At this time of 2016 Twin Forks MDWCA was unable to contract outside assistance with the software they were utilizing which led to poor record keeping. As of October 2016, Twin Forks MDWCA has contracted with a professional bookkeeper that has resolved our software issues and since have reconciled all accounts on a monthly basis.

Position Responsible: General Manager

Timeline: Corrected October 2016

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT YEAR FINDINGS (CONTINUED):

2016-002 – Late Debt Payments

(Procedures #4)

Statement of Condition – The Association paid the payments on two of their loans late. Annual principal payments of \$4,010 and \$1,109 for two loans were made on September 29, 2015 that were due on August 15, 2015.

Criteria – Loan payable agreements due to the State of New Mexico require annual principal payments to be made on August 15 each year until paid in full.

Effect – Non-compliance with loan agreement.

Cause – Oversight.

Recommendation – The Association should put a “tickler” in place to remind management of loan payment due dates.

Views of Responsible Officials and planned corrective action – Twin Forks MDWCA was late on the three loan payments due to lack of information passed on from former employee. Since this error, we have met with the New Mexico Department of Finance and have acquired all financial paperwork necessary for us to alleviate this issue in the future. Twin Forks MDWCA is also utilizing new software that tracks and reminds of payment due dates.

Position Responsible: General Manager

Timeline: Corrected as of October 2017

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2015-001 – Internal Control Deficiencies - Monitoring

Repeated with modification.

(Procedures #5, 6, 7 & 8)

Statement of Condition – During our performance of Procedures 5, 6, 7, and 8 of the Tier 6 Agreed-Upon Procedures, we noted several instances where elements of the internal control framework were deficient in the disbursements and receipts processes. We noted that the internal controls were not being monitored properly, resulting in the following deficiencies:

- 3 customer payments (of 239 customer transactions) were deposited 25 or more days after the check date.
- 20 customer payments (of 239 customer transactions) were dated after the deposit slip date.
- The Association does not have procedures in place that require journal entries to be reviewed.

(This finding remains essentially the same as the prior year.)

Criteria – The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework suggests that internal control systems need to be monitored - a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities or separate evaluations. Internal control deficiencies detected through these monitoring activities should be reported upstream and corrective actions should be taken to ensure continuous improvement of the system.

Effect – Without all of the five elements of the COSO framework present, the Association is exposing itself to an increased risk of assets to be misappropriated and misstatements in the financial statements to go undetected.

Cause – The Association had turnover in significant areas of management which affected the Association's ability for ongoing monitoring as a critical element in effective internal controls.

Recommendation – We recommend that the Association adopt and implement a policy requiring monitoring of its internal controls and make modifications as needed. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Views of Responsible Officials and planned corrective action – With the untimely departure of our past office manager, Twin Forks MDWCA was unaware of the discrepancies that were associated with the financial record keeping and bank deposits. Current management and Board Members remain in contact on a regular basis to ensure frequent and accurate deposits are made. Also with the assistance of our outside contractor, the new software and all records are reviewed on a monthly basis in an effort to ensure proper and detailed record keeping.

Position Responsible: General Manager

Timeline: Corrected October 2016

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2015-002 – Internal Control Deficiencies - Information and Communication

Repeated with modification.

(Procedure #6)

Statement of Condition – During our performance of Procedure 6 of the Tier 6 Agreed-Upon Procedures, we noted several instances where elements of the internal control framework were deficient in the disbursements process with respect to information and communication.

- The Association did not retain sufficient documentation for two sample selections (months) which included seven purchases totaling \$1,186 out of 25 sample items tested totaling \$19,451.

(This finding remains essentially the same as the prior year.)

Criteria – The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring. Good accounting practice also requires that all expenditure transactions must be supported by appropriate documentation.

Effect – The Association may be paying for unallowable expenses. Inconsistent monitoring of compliance with requirements could result in abuse or fraud.

Cause – The Association had turnover in significant areas of management which affected the Association’s ability for ongoing monitoring as a critical element in effective internal controls.

Recommendation – We recommend the Association review all supporting documentation and retain all documents. The policy should be clear, written, and communicated to all to whom it applies and be enforced uniformly.

Views of Responsible Officials and planned corrective action – Due to aforementioned employee deficiencies, Twin Forks MDWCA has employed new management, contracted outside resources, installed new record keeping software, and has received training on the software to ensure accurate record keeping.

Position Responsible: General Manager

Timeline: Corrected October 2016

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2015-003 – Late AUP Report

Repeated.

(Other)

Statement of Condition – The Association’s 2016 AUP report was not submitted by the deadline.

(This finding remains essentially the same as the prior year.)

Criteria – The Association is required to submit their AUP report for the year ended June 30, 2016 on or before December 15, 2016 subsequent to the entity’s fiscal year end in accordance with Subsection A of 2.2.2.9 of NMAC.

Effect – The Association would be affected by a late submission by not catching problems in a timely fashion to make corrections.

Cause – The Association had turnover in significant areas of management which affected the Association’s ability to adequately prepare and provide information needed for the AUP.

Recommendation – We recommend that the Association communicate and work closely with the auditors on record to ensure they understand what is required from them and any questions or concerns can be addressed in a proactive manner.

Views of Responsible Officials and planned corrective action – Twin Forks MDWCA has new management and Board Members that are highly active in the association and are making every attempt to ensure that future AUP reports are finalized in a timely manner.

Position Responsible: General Manager

Timeline: December 2017

2015-004 Failure to Timely Remit Amounts Due to Taxing Agencies

Resolved and not repeated.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2014-001 – Capital Asset Certification

Repeated with modification.

(Procedure #3)

Statement of Condition – It was noted in Procedure #3 over capital assets that the client did not conduct an annual capital asset inventory.

(The Association remains non-compliant with the capital asset requirements but also did not perform inventory in 2016.)

Criteria – The New Mexico Administrative Code (NMAC) Section 2.20.1.16A & E states that “At the end of the fiscal year, each agency shall conduct a physical inventory of its fixed assets and the results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing body of the agency”. Section 12-6-10 NMSA 1978 further specifies that that inventory should be done for “movable chattels and equipment costing more than \$5,000 and under the control of the governing authority.”

Effect – Potential for unauthorized use or theft of assets.

Cause – Change in Association management and lack of manpower to complete.

Recommendation – The Association should ensure that they perform an annual physical inventory over capital assets and have the Board certify the inventory as to correctness.

Views of Responsible Officials and planned corrective action – Twin Forks MDWCA is currently investigating new procedures and techniques in an effort to update our Capital Asset Certification plan. Unfortunately, this has been very confusing and little information was provided by previous Board Members and employees. We are now in an understanding of what is required and are currently working towards finalizing an annual Asset report.

Position Responsible: General Manager
Timeline: June 2018

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2016

CURRENT STATUS ON PRIOR YEAR FINDINGS (CONTINUED):

2011-003 – Submission of Reports to the Department of Finance and Administration (DFA)

Repeated.

(Procedures #2 & 7)

Statement of Condition – It was noted that the Twin Forks Mutual Domestic Water Consumers Association did not file any financial and budgetary reports with DFA-LGD during the year ended June 30, 2016.

(This finding remains essentially the same as the prior year.)

Criteria – Section 6-6-2 NMSA 1978 requires local public bodies to submit quarterly financial reports and an annual budget to DFA-LGD.

Effect – The Association is not in compliance with Section 6-6-2 NMSA 1978.

Cause – The Association was unfamiliar with the budget submittal process.

Recommendation – The Association should establish a working relationship with its DFA analyst to help the Association file all required reports accurately and in a timely manner.

Views of Responsible Officials and planned corrective action – At that time Twin Forks MDWCA was unaware that the NM DFA required budget documentation. We have contacted DFA and are currently working with NM DFA to resolve this issue.

Position Responsible: General Manager

Timeline: June 2018

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
JUNE 30, 2017

EXIT CONFERENCE:

The exit conference was held October 18, 2017 and was attended by the following:

Representing Twin Forks Mutual Domestic Water Consumers Association:

Charliss Randall, President
Mike Woodson, General Manager

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENT PREPARATION

The financial statements of Twin Forks Mutual Domestic Water Consumers Association were prepared from original books and records provided by and with assistance from the management of the Association and Kriegel/Gray/Shaw & Co., P.C. as of and for the year ended June 30, 2017.



KRIEGEL/GRAY/SHAW & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
TRADITIONAL YET PROGRESSIVE SERVICE SINCE 1962

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

STATE OF NEW MEXICO

TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

ANNUAL COMPILED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

OFFICIAL ROSTER
JUNE 30, 2016

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>
<i>Linda Praznik</i>	<i>President</i>
<i>Charliss Randall</i>	<i>Secretary</i>
<i>Jerry Cox</i>	<i>Treasurer</i>

ADMINISTRATION

<i>Mike Woodson</i>	<i>General Manager</i>
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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Mr. Timothy Keller, State Auditor and
Board of Directors of
Twin Forks Mutual Domestic Water Consumers Association
Mayhill, New Mexico

Management is responsible for the accompanying financial statements of the business-type activities of Twin Forks Mutual Domestic Water Consumers Association, as of and for the year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Change in Net Position - Budgetary Basis and Actual on page 15 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted Management's Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.

Las Cruces, New Mexico

October 13, 2017

**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$150,567
Accounts receivable	32,105
Other receivables	15,221
<i>Total current assets</i>	<u>197,893</u>

Noncurrent Assets

Land and water rights	71,978
Capital assets	989,628
Accumulated depreciation	(437,286)
<i>Total noncurrent assets</i>	<u>624,320</u>

Total assets

\$822,213

LIABILITIES

Current Liabilities

Accounts payable	\$4,389
Accrued expenses	9,943
Current portion of long-term debt	25,284
<i>Total current liabilities</i>	<u>39,616</u>

Noncurrent liabilities

Loans payable	102,896
<i>Total noncurrent liabilities</i>	<u>102,896</u>

Total liabilities

142,512

NET POSITION

Net investment in capital assets, net of related debt	624,322
Unrestricted net assets	55,379
<i>Total net position</i>	<u>679,701</u>

Total liabilities and net position

\$822,213

See accompanying independent accountants' compilation report.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	
Charges for services	\$370,232
<i>Total operating revenues</i>	370,232
 OPERATING EXPENSES	
Personnel services and benefits	157,100
Office expense	12,299
Insurance	19,355
utilities	22,259
Contractual services	8,980
Field operations	24,624
Miscellaneous	4,896
Depreciation	30,645
<i>Total operating expenses</i>	280,158
 <i>Operating income</i>	 90,074
 Non-operating revenues (expenses):	
Interest income	238
Interest expense	(3,279)
<i>Total non-operating revenues (expenses)</i>	(3,041)
 <i>Change in net assets</i>	 87,033
Net position, beginning of year	592,668
 <i>Net position, end of year</i>	 679,701

See accompanying independent accountants' compilation report.

**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$369,331
Payments to suppliers and contractors	(89,037)
Payments to and benefits provided for employees	(190,017)
<i>Net cash provided by operating activities</i>	90,277

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Principal payments - operating loans	0
<i>Net cash provided by noncapital financing activities</i>	0

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Principal and interest payments	(25,283)
Purchase of capital assets	(4,613)
Disposal of capital assets	0
<i>Net cash used by capital financing activities</i>	(29,896)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	238
<i>Net cash provided by investing activities</i>	238

Net increase in cash and cash equivalents 60,619

Cash and cash equivalents - beginning of year 89,848

Cash and cash equivalents - end of year **\$150,467**

**RECONCILIATION OF OPERATING LOSS TO NET CASH (USED)
BY OPERATING ACTIVITIES**

Operating Income (loss)	\$90,074
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	30,645
Change in assets and liabilities:	
(Increase) in accounts receivable	(680)
(Increase) in other receivables	(221)
Increase in accounts payable	3,376
(Decrease) in accrued expenses	(32,917)
<i>Total adjustments</i>	203

Net cash provided (used) by operating activities **\$90,277**

See accompanying independent accountants' compilation report.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Twin Forks Mutual Domestic Water Consumers Association (the “Association”) is a political subdivision of the State of New Mexico established and regulated by the constitution of the State of New Mexico. The Association was incorporated for the purpose of constructing, maintaining, and operating a water system for the supply and distribution of water for domestic use to its members. The Association has a Board of Directors and approximately 470 members. The water service delivery area is restricted to Twin Forks rural district in Otero County, New Mexico.

The summary of significant accounting policies of the Association is presented to assist in the understanding of the Association’s financial statements. The financial statements and notes are the representation of the Association’s management and Board of Directors who are responsible for their integrity and objectivity. The financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

In evaluating how to define the Association, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Association and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Association and is generally available to its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Association is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Association does not have any component units required to be reported under GASB Statements No. 14, No. 39, or No. 61, and is not a component unit of another governmental agency.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The Association's basic financial statements are prepared in accordance with GAAP as set forth or adopted by the GASB and the Financial Accounting Standards Board (FASB), and their predecessors, the National Council on Governmental Accounting (NCGA) and the Accounting Principles Board (APB), respectively.

The accounting and financial reporting treatment applied to the Association is determined by its measurement focus. The Association's proprietary (enterprise) fund is accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the balance sheet. Net Position (i.e., total assets net of total liabilities) is segregated into net investment in capital assets; restricted; and unrestricted components.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the Association's enterprise fund is charges for services for the Association's water services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Management has elected to omit the statement of cash flows required by accounting principles generally accepted in the United States of America. Accordingly, the financial statements are not designed for those who are not informed about such matters.

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed.

The Association reports the following major proprietary fund:

The *General Fund* accounts for a water system for the supply and distribution of water for domestic use to its members, including constructing, maintaining and operating the system.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net position or Equity

Deposits and Investments: The Association’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Association to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer’s Investment Pool.

Investments for the Association are reported at fair market value. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Payables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

Capital Assets: Capital assets, which include property, plant, and equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Because the Association is a phase III government for purposes of implementing GASB 34, it is not required to retroactively report its major general infrastructure assets. However, it must report all infrastructure assets purchased or built after July 1, 2003. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and improvements	50 years
Office furniture and equipment	5-10 years
Heavy equipment	10 years
Equipment	10 years
Automobiles	5 years
Plant and water system	7-50 years

Accrued Expenses: Accrued expenses are comprised of pay roll expenditures based on amounts earned by the employees through June 30, 2016, along with applicable payroll taxes.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations: In the financial statements, long-term debt and other long-term obligations are reported as liabilities.

Compensated Absences: Employees of the Association are entitled to paid vacations, sick days, and other time off depending on job classification, length of service and other factors. It is not practical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements in accordance with ASC 710-10-15. The Association's policy is to recognize the costs of compensated absences when paid to employees.

Equity Classifications: Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt:
Net position invested in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position:
Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position:
All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Water Rights: The Association annually reviews all water rights for impairment and adjusts the carrying values as necessary.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates in the Association's financial statements include management's estimate of depreciation on assets over their estimated useful lives and the allowance for uncollectible accounts.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets of the Association are prepared prior to June 1 and must be approved by resolution of the Board Members and submitted to the Department of Finance and Administration for State approval. Once the budget has been formally approved, any amendments must also be approved by the Board Members and the Department of Finance and Administration. Line items within each budget may be over-expended; however, it is not legally permissible to over-expend any budget in total at the fund level.

These budgets are prepared on the GAAP basis excluding depreciation expense. The budget secures appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year.

NOTE 3. DEPOSITS AND INVESTMENTS

State statutes authorize the investment of Association funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The Association is not aware of any invested funds that did not meet the State investment requirements as of June 30, 2016.

Deposits of funds may be made in interest or noninterest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Association. Deposits may be made to the extent that they are insured by an agency of the United States or are collateralized as required by statute. The financial institution must provide pledged collateral of 50% of the deposit amount in excess of the deposit insurance.

The rate of interest in non demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Association's accounts at an insured deposit institution, including noninterest bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000.

Custodial Credit Risk – Deposits Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. The Association does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2016, none of the Association's bank balance of \$150,771 was exposed to custodial credit risk. \$0 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the Association's name and \$0 was uninsured and uncollateralized.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

	First National Bank Checking	First National Bank Savings	Totals
Amount of deposits	\$1,976	\$148,795	\$150,771
FDIC Coverage	(1,976)	(148,795)	(150,771)
Total uninsured public funds	0	0	0
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Association's name	0	0	0
Uninsured and uncollateralized	\$0	\$0	\$0
Collateral requirement (50% of uninsured public funds)	\$0	\$0	0
Pledged collateral	0	0	0
Over (under) collateralized	\$0	\$0	\$0

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. The Association was not required to have collateral pledged for the year ended June 30, 2016.

NOTE 4. RECEIVABLES

Receivables as of June 30, 2016, are as follows:

Water billings	\$32,105
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All of the above receivables are deemed by the Association to be fully collectible.

NOTE 5. OTHER RECEIVABLES

On September 12, 2009 the Association entered into a preliminary agreement to purchase land, a building, and a well. The agreement called for a down payment, which the Association paid. However, the agreement was never finalized. The Association expects to be refunded the \$15,000 and is therefore, a receivable at year-end.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. CAPITAL ASSETS

A summary of capital assets and changes occurring during the year ended June 30, 2016, including those changes pursuant to the implementation of GASB Statement No. 34, follow. Land and water rights are not subject to depreciation.

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$20,000	\$0	\$0	\$20,000
Water rights	51,978	0	0	51,978
<i>Total capital assets not being depreciated</i>	71,978	0	0	71,978
Capital assets being depreciated:				
Building and improvements	46,038	0	0	46,038
Office furniture and equipment	19,111	0	0	19,111
Heavy equipment	37,776	0	0	37,776
Equipment	12,921	2,500	0	15,421
Automobiles	42,901	0	0	42,901
Water system and components	826,268	2,113	0	828,381
<i>Total capital assets being depreciated</i>	985,015	4,613	0	989,628
Less accumulated depreciation:				
Building and improvements	(15,083)	(921)	0	(16,004)
Office furniture and equipment	(19,111)	0	0	(19,111)
Heavy equipment	(37,142)	(158)	0	(37,300)
Equipment	(1,077)	(1,375)	0	(2,452)
Automobiles	(15,174)	(2,971)	0	(18,145)
Water system and components	(319,054)	(25,220)	0	(344,274)
<i>Total accumulated depreciation</i>	(406,641)	(30,645)	0	(437,286)
<i>Total capital assets, net of depreciation</i>	\$650,352	(\$26,032)	\$0	\$624,320

Depreciation expense for the year ended June 30, 2016 was \$30,645.

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. LONG-TERM DEBT

During the year ended June 30, 2016, the following changes occurred in the liabilities reported in the statement of net position:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
NMED Loan	\$109,236	\$0	(\$16,887)	\$92,349	\$17,394
Tank 3 Loan 210-49	32,080	0	(4,010)	\$28,070	4,010
Tank 3 Loan 209-161	8,870	0	(1,109)	7,761	1,109
Totals	\$150,186	\$0	(\$22,006)	\$128,180	\$22,513

Loans Payable

On September 19, 2001, the Association borrowed \$300,000 from the New Mexico Environmental Department (NMED). The loan is payable in annual installments of \$20,165 and matures on June 13, 2021. The annual interest rate on the loan is 3.00%.

On October 16, 2012, the Association borrowed \$40,100 from the State of New Mexico. The loan is payable in annual installments of \$4,010 and matures on August 15, 2022. No interest is due and payable for this loan.

On October 22, 2012, the Association borrowed \$11,087 from the State of New Mexico. The loan is payable in annual installments of \$1,109 and matures on August 15, 2022. No interest is due and payable for this loan.

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2016 are as follows:

<u>Fiscal Year Ending June 30.</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Debt Service</u>
2017	\$22,514	\$2,770	\$25,284
2018	23,035	2,249	25,284
2019	23,573	1,711	25,284
2020	24,126	1,158	25,284
2021	24,697	587	25,284
2022 - 2024	10,235	0	10,235
<i>Total</i>	128,180	\$8,475	\$136,655
Less current portion	(22,513)		
Total notes payable	\$105,667		

STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8. JOINT POWERS AGREEMENTS AND MEMORANDUMS OF UNDERSTANDING

As of the year ended June 30, 2016, the Association was not involved in any Joint Powers Agreements or Memorandums of Understanding.

NOTE 9. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of the year ended June 30, 2016, the Association had no construction or other significant commitments in progress.

NOTE 10. CONTINGENT LIABILITIES

There is no pending litigation that would warrant disclosure in the notes to the financial statements.

**STATE OF NEW MEXICO
TWIN FORKS MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

GENERAL OPERATING FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION

BUDGETARY BASIS AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES:				
Charges for services	\$362,395	\$362,395	\$370,232	\$7,837
<i>Total operating revenues</i>	<u>362,395</u>	<u>362,395</u>	<u>370,232</u>	<u>7,837</u>
OPERATING EXPENSES:				
Personnel services and benefits	213,683	213,683	157,100	56,583
Office expense	10,100	10,100	12,299	(2,199)
Insurance	20,200	20,200	19,355	845
Utilities	19,700	19,700	22,259	(2,559)
Contractual services	8,500	8,500	8,980	(480)
Field operations	36,857	36,857	24,624	12,233
Miscellaneous	4,470	4,470	4,896	(426)
<i>Total operating expenses</i>	<u>313,510</u>	<u>313,510</u>	<u>249,513</u>	<u>63,997</u>
<i>Operating income (loss)</i>	48,885	48,885	120,719	(56,160)
NON-OPERATING REVENUES (EXPENSES):				
Interest income	200	200	238	38
Contingency	(12,500)	(12,500)	0	12,500
Capital improvements	(96,300)	(96,300)	(4,613)	91,687
Principal payments	(22,006)	(22,006)	(22,006)	0
Interest expense	(3,279)	(3,279)	(3,279)	0
<i>Total non-operating revenues (expenses)</i>	<u>(133,885)</u>	<u>(133,885)</u>	<u>(29,660)</u>	<u>104,225</u>
<i>Change in net position</i>	(85,000)	(85,000)	<u>\$91,059</u>	<u>\$48,065</u>
<i>Cash balance required to balance the budget</i>	<u>85,000</u>	<u>85,000</u>		
	<u>\$0</u>	<u>\$0</u>		
Budgetary basis - change in net position			\$91,059	
Expenses - principal payments			22,006	
capital improvements			4,613	
Depreciation			<u>(30,645)</u>	
GAAP basis - change in net position			<u>\$87,033</u>	