

El Creston Mutual Domestic Water Consumers Association
March 8, 2018 Board Meeting
49 Mirasol Road, Ojitos Frios Subdivision

In attendance: Gene Solyntjes, Crystal Gallegos, Cheryl Zebrowski, Dennis Ditmanson. Public: Jim Peters, Linda Solyntjes

1. Meeting was called to order at 7:08 p.m. with a quorum in attendance.
2. Notices of meeting were posted and e-mailed.
3. Motion made and seconded to approve the agenda. (Dennis/Crystal) Motion passed.
4. Motion made and seconded to approve the minutes from February 8th with minor spelling corrections. (Dennis/Crystal) Motion passed.
5. Treasurer's Report
 - a. See attached.
 - b. Discussion regarding continuing to pay for the cell phone. It was decided to discontinue the service.
 - c. Crystal just received a new contract from El Valle for \$153 per month. Gene is still trying to set up a meeting with them.
 - d. Need to get the signed resolutions for budget and 4th quarter financials to Crystal so that she can submit them to the DFA.
 - e. Jim Peters reviewed our complete financial information. See attached.
 - i. Crystal, Cheryl, Jim and Joe will get together to work out a chart of accounts and review other financial information. March 22nd at 7:00 at Cheryl's house.
 - f. Cheryl will talk to Joe regarding how to get a waiver of the WTB loan payment since our system is still not up and running.
6. Legal Updates
 - a. Selection of attorney
 - i. Anna will take over the mediation of Corn litigation. Dennis and Gene will meet with Chico Gallegos should this go to trial.
 - b. Corn litigation
 - i. Joe indicated that Corn has also filed a lawsuit against Hayes.
 - ii. Mediation is scheduled in June and the trial in August.
 - c. Protest of Diversion Application of our 3 acre feet.
 - i. The protestants did not call in for the February 20th meeting. The meeting was rescheduled to March 30th.
 - ii. We were also told that we had to have legal representation.
 - d. Water Rights Transfer
 - i. Forwarded to next step at the OSE
7. Water System Phase I Update
 - a. Waiting for water rights transfers.
8. Funding

- a. Water trust Board 2017 application
 - i. Have not received an official notice that we did not receive it.
 - b. Legislative Capital Outlays
 - i. Received \$45,000 for planning of phase II.
 - c. NMFA – Planning Funding. Received updated PER from Souder Miller.
 - d. DWSRF – Telephone conversation with Krysta who said she just needed updated financial information.
9. Water Hauling-report and review
- a. 9 deliveries in February.
10. Membership Report
- a. Planning for annual membership meeting. Since it is already mid-March, will schedule it for April. Cheryl will work on planning. Invite Ramon, state and county officials, RCAC
11. Public comment
- a. None
12. Review action items
- a. Financial meeting with Jim, Crystal and Cheryl on March 22nd.
 - b. Cheryl will work on planning the annual membership meeting.
 - c. Gene and Dennis will meet with an attorney next week.
 - d. Gene has several phone calls to make.
13. Next meeting date: April 5th
14. Meeting adjourned at 8:26 p.m.

Respectfully submitted by Cheryl Zebrowski, Secretary

- 1) **Activity Summary** - As of 3/08/18, we have \$4,858.30 available in Checking and \$4,870.48 in Savings with a combined Checking and savings total of \$9,728.78.
- 2) **Deliveries** – February 2018 there were 9 deliveries.
- 3) **City of Las Vegas**- \$279.58 for service period of 12-04-2017 to 1/29/2018 was paid.
- 4) **Mora San Miguel Electric** - \$25.62 due 03/16/2017 for service period 12/20/2017 to 01/25-2018 32 KWH usage.
- 5) **Truck Expenses**- \$8.06 spent on a receipt book. \$145.44 spent on fuel in Feb 2018.
- 6) **Expenses paid**: Boost Mobile \$30.00 (Do we want to continue?), Monthly Intuit payroll fee paid of \$44.15.
- 7) **Upcoming**: Sales tax, NM Finance Auth. \$532.56 June, Mountain State Mutual \$ 1,101.00 Sept, NM Finance Auth. \$5,275.62 June, Barraclough & Associates \$1,000? Asap, need invoice.
- 8) **Annual Assessments** – There are 51 assessments paid as of 3-07-2018
- 9) **El Valle Water Alliance**- Need to pay.
- 10) **DFA Budget Report** – They are asking for the approved resolution for Final Quarter 2017 and the approved board resolution Adoption of 2018 budget.
- 11) **IRS** - \$40000 Sent to IRS for tax Form 8940.

El Creston Mutual Domestic Water Consumers Association			
2017 YTD Budget/Actual Comparison			
	2017 Budget	2017 Actual	Difference from Budget
Beginning Cash			
Water hauling operating reserve	\$ 2,374.00	\$ 2,374.00	
System operating reserve	-	-	
WTB Loan reserve	-	-	
Unreserved	<u>5,362.81</u>	<u>5,362.81</u>	
Total Beginning Cash	7,736.81	7,736.81	
Water System			
Revenues			
Assessments	2,496.00	1,980.00	(516.00)
Capital Grants		74,992.25	74,992.25
Connection revenues	7,560.00		(7,560.00)
Donations	100.00	1,515.00	1,415.00
Gross receipts tax	378.00		(378.00)
Interest and miscellaneous	5.00	1.20	(3.80)
New hookup charges	-		-
New Memberships	1,500.00		(1,500.00)
Standby charges	135.00		(135.00)
Water hauling water sales	<u>2,147.40</u>	<u>-</u>	<u>(2,147.40)</u>
Total System Revenues	14,321.40	78,488.45	64,167.05
Expenses			
Accounting	1,035.00	635.63	399.37
Audit fees	1,245.00		1,245.00
Capital expenditures		75,891.82	(75,891.82)
D & O Insurance	813.00	564.00	249.00
Easement leases	600.00		600.00
Electrical costs	3,150.00	46.49	3,103.51
Filing fees	100.00	309.00	(209.00)
Gross receipts tax	378.00		378.00
Legal and professional fees		494.88	(494.88)
Mileage reimbursement	200.00		200.00
NM Onecall	200.00		200.00
Operation and maintenance	750.00		750.00
Operator/meter reading	2,200.00		2,200.00
Sampling and testing	250.00		250.00
Supplies and administrative expenses	120.00	113.66	6.34
System Planning Loan	532.00	532.12	(0.12)
Website	132.00	175.37	(43.37)
WTB #1 loan payment	<u>5,127.00</u>	<u>225.32</u>	<u>4,901.68</u>
Total System Expenses	16,832.00	78,988.29	(62,156.29)
Net System	(2,510.60)	(499.84)	2,010.76
Transfer to system operating reserve	(2,148.21)	-	(2,148.21)
Transfer to loan reserve	<u>(1,000.00)</u>	<u>-</u>	<u>(1,000.00)</u>
Net System Contribution to Unreserved Funds	(4,658.81)	(499.84)	4,158.97

El Creston Mutual Domestic Water Consumers Association			
2017 YTD Budget/Actual Comparison			
	2017 Budget	2017 Actual	Difference from Budget
Water Hauling			
Revenues			
Hauling fees	12,768.00	8,863.00	(3,905.00)
Water charges	3,192.00	2,232.00	(960.00)
Total Water Hauling Revenues	15,960.00	11,095.00	(4,865.00)
Expenses			
Accounting	690.00	423.75	266.25
Cell phone	396.00	384.21	11.79
Driver gross wages	4,655.00	3,496.00	1,159.00
Driver payroll taxes	449.21	184.27	264.94
Gas	774.40	1,347.15	(572.75)
Gross receipts tax	638.40		638.40
Insurance - truck liability	445.00	463.00	(18.00)
Insurance - workman's comp	849.00	1,101.00	(252.00)
Maintenance	1,300.00	1,818.64	(518.64)
Truck license	49.00	49.05	(0.05)
Water costs	3,173.38	2,029.02	1,144.36
Total Operating Expenses	13,419.39	11,296.09	2,123.30
Net Water Hauling	2,540.61	(201.09)	(2,741.70)
Transfer to operating reserve	(1,500.00)	-	(1,500.00)
Net Water Hauling Contribution to Unreserved	1,040.61	(201.09)	(4,241.70)
Restricted Revenues and Expenses			
Transfers to reserves	(4,648.21)	-	(4,648.21)
Net Restricted Cash Flows	(4,648.21)	-	(4,648.21)
Net Cash Flows	(4,618.20)	(700.93)	3,917.27
Ending Cash Balance			
Water hauling operating reserve	874.00	2,374.00	1,500.00
System operating reserve	(2,148.21)	-	2,148.21
WTB loan reserve	(1,000.00)	-	1,000.00
Unreserved	5,392.82	4,661.88	(730.94)
Total Ending Cash Balance	\$ 3,118.61	\$ 7,035.88	\$ 3,917.27

**El Creston Mutual Domestic Water Consumers Association
Analysis of Budget/Actual Differences - Fourth Quarter 2017**

- The budget/actual report is for the full year.
- You have \$2,879.15 less in your checking account at the end of the year than you budgeted.
- The main reasons are:
 - ✓ Water hauling lost \$201 instead of making \$1,041 for an unfavorable difference of \$1,241.70. The difference is due to fewer loads and higher gas prices, workman's comp, and maintenance costs in spite of fewer loads delivered.
 - ✓ The system only lost \$500 instead of \$2,511 for a benefit of \$2,011 The following is a summary of the major differences.

Item	Difference	Effect	Comments
Waived loan payment	\$	4,902	You paid interest but not principle
Reimbursed for audit		1,245	
Capital expenditure fees		(900)	Out of pocket fees to OSE not budgeted
Donations		1,415	
Lower assessment revenue		(516)	
Legal fees		(495)	
Overall operating difference		<u>(7,662)</u>	Lost net revenue because system wasn't operating
Total Difference	<u>\$</u>	<u>2,011</u>	

- Your ending cash balance of \$7,036 should be adequate to cover your needs for now. However, you haven't paid Gross Receipts Tax on hauling charges in several years and I estimate that balance due is now \$2,375, which will eventually have to be paid.

**El Creston Income Statement
for the year ended 12/31/2017**

Water System

Revenues

Assessments	\$ 3,480.00
Capital grants	74,992.25
Donations	1,515.00
Interest and miscellaneous	<u>1.20</u>
Total System Revenues	79,988.45

Expenses

Accounting	635.63
Capital grants	75,891.82
D & O Insurance	564.00
Electrical costs	46.49
Filing fees	309.00
Interests expense	247.44
Legal and professional	494.88
Supplies and miscellaneous expenses	113.66
Website	<u>175.37</u>
Total System Expenses	78,478.29
Net System Surplus (Deficit)	1,510.16

Water Hauling

Revenues

Hauling fees	9,637.00
Water charges	<u>2,418.00</u>
Total Water Hauling Revenues	12,055.00

Expenses

Accounting	423.75
Cell phone	384.21
Depreciation	1,525.13
Driver gross wages	3,661.00
Driver payroll taxes	5.96
Gas	1,480.58
Gross receipts tax	545.75
Insurance - truck liability	463.00
Insurance - workman's comp	1,101.00
Maintenance	1,818.64
Truck license	49.05
Water costs	<u>2,132.96</u>
Total Operating Expenses	13,591.03
Net Water Hauling Surplus (Deficit)	(1,536.03)

Net income **\$ (25.87)**

Reconciliation of Net Assets

Beginning restricted net assets	\$ 788,616.72
Grant financing for water system	<u>146,572.34</u>
Ending restricted net assets	935,189.06

Beginning unrestricted net assets	5,154.84
Transfer to system operating reserve	-
Net unrestricted loss	<u>(25.87)</u>
Ending unrestricted net assets	\$ 5,128.97
Total Ending Net Assets	\$ 940,318.03

**El Creston Cash Flow Statement
for the year ended 12/31/2017**

Operating Cash Flows

Net unrestricted surplus (deficit)	\$ (25.87)
Add back depreciation	1,525.13
Add back net capital cash transactions	899.57
(Increase) in accounts receivable	(2,460.00)
Increase in accounts payable	103.94
Increase in driver's wages payable	165.00
(Decrease) in payroll taxes payable	(44.88)
Increase gross receipts tax payable	<u>545.75</u>
<i>Net Operating Cash Flows</i>	708.64

Investing Cash Flows

Additions to construction in progress	<u>(75,891.82)</u>
<i>Net Investing Cash Flows</i>	(75,891.82)

Financing Cash Flows

Capital grants	74,992.25
Planning loan payment	<u>(510.00)</u>
<i>Net Financing Cash Flows</i>	74,482.25

Beginning Cash Balance	7,736.81
Net change in cash balance	<u>(700.93)</u>
<i>Ending Cash Balance</i>	<u>\$ 7,035.88</u>

El Creston Balance Sheet
as of 12/31/2017

Assets

Current Assets

Cash	\$	7,035.88
Accounts receivable		3,138.00
Total current assets		10,173.88

Fixed Assets

Truck		8,995.97
Tanks		1,680.00
Water system construction in progress		1,037,934.64
Less accumulated depreciation		(7,625.65)
Total Fixed Assets		1,040,984.96
Total Assets		\$ 1,051,158.84

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	221.44
Drivers wages payable		375.00
Payroll taxes payable		159.23
Current maturities on long-term debt		5,427.00
Gross receipts taxes payable		2,375.14
Total Current Liabilities		8,557.81

Long-term Liabilities

Planning loan payable		7,821.00
WTB #1 loan payable		94,462.00
Total Long-term Liabilities		102,283.00
Total Liabilities		110,840.81

Net Assets

Restricted Net Assets

Water hauling operating reserve		2,373.80
System operating reserve		-
Water system		932,815.26
Total Restricted Net Assets		935,189.06

Unrestricted net assets		5,128.97
Total Net Assets		940,318.03
Total Net Assets and Liabilities		\$ 1,051,158.84

El Creston Financial Statement Highlights

- 1) You have invested \$1,037,934.64 in your water system. This has been financed with \$109,885.00 in loan proceeds, \$927,150.07 in grants, and \$899.57 out of pocket cash.
- 2) Overall, you have a net loss of \$25.87 for the year. This differs from your net cash outflows of \$700.93 due to timing differences like increase liabilities for gross receipts tax \$2,375.14 and uncollected fees of \$3,138.00.
- 3) The \$2,375.14 owed in gross receipts tax will eventually have to be paid and this amount doesn't include any possible interest and penalties for late payment.
- 4) The \$3,138.00 in fees due probably won't all be paid and you should consider writing off some of it as uncollectable. We budget to write off 20% of these as uncollectable, which would be \$627.60.
- 5) The possible cash demands of the items in 3) and 4) is \$3,002.74.

Account	2019	2018	2017
Beginning Cash Balance	1,700.93	1,700.93	1,700.93
Net change in cash balance	(700.93)	(700.93)	(700.93)
Ending Cash Balance	1,000.00	1,000.00	1,000.00
Operating Activities			
Net Income	(25.87)	(25.87)	(25.87)
Change in Accounts Receivable	100.00	100.00	100.00
Change in Accounts Payable	2,375.14	2,375.14	2,375.14
Change in Prepaid Expenses	(100.00)	(100.00)	(100.00)
Change in Other Assets	(3,138.00)	(3,138.00)	(3,138.00)
Change in Other Liabilities	100.00	100.00	100.00
Change in Other Equity	0.00	0.00	0.00
Investing Activities			
Capital Expenditures	(1,037,934.64)	(1,037,934.64)	(1,037,934.64)
Proceeds from Sale of Assets	0.00	0.00	0.00
Financing Activities			
Proceeds from Loans	109,885.00	109,885.00	109,885.00
Proceeds from Grants	927,150.07	927,150.07	927,150.07
Proceeds from Other Financing	899.57	899.57	899.57
Payments on Loans	(100.00)	(100.00)	(100.00)
Payments on Other Financing	(100.00)	(100.00)	(100.00)
Net Change in Cash	(700.93)	(700.93)	(700.93)