

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2016

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Table of Contents
Fiscal Year Ending December 31, 2016

	<u>Page</u>
Table of Contents	i
Official Roster	ii
Independent Accountant's Report	1
Schedule of Findings and Responses	6
Schedule of Revenues and Expenditures – Budget and Actual	14
Copy of Year-End Financial Report Submitted to DFA-LGD	15
Exit Conference	16

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Official Roster
Fiscal Year Ending December 31, 2016**

Board of Directors

Todd Brown, President

Ann Murray, Vice President

Patricia Brown, Treasurer

Carol O'Keefe, Secretary

Poitr Wlassak, Board Member

Administrative Staff

None.

Independent Accountant's Report on Applying Agreed-Upon Procedures

Todd Brown, President

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association

and

Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2016, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 4 entity per Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor. The Association's management is responsible for its accounting records and the subject matter. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. 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. Our procedures and findings are as follows

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Based on a review of the Association's general ledger, total revenues for the fiscal year ending December 31, 2016 were \$76,306 and the Association did not receive a capital outlay appropriation. Based on this information, the Association was properly determined to be a Tier 4 entity for FY16 since their total revenues were between \$50,000 and \$250,000 and they did not receive a capital outlay appropriation.

2. Cash

- 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.

The bank reconciliations were performed on a monthly basis in a timely manner. All bank statements for the fiscal year were complete and on hand. As of December 31, 2016, the Association had one checking account and one savings account at Wells Fargo Bank. The Association did not have any investment accounts. See Finding 2015-001 on p. 7.

- b. Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

The randomly selected bank reconciliations were accurate, and the ending balances on the bank reconciliations agreed with the Association's general ledger, supporting documentation and the financial reports submitted to DFA-LGD.

- 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.

The bank account balances of the Association were fully insured by the FDIC. Pledged collateral was not required since the Association's bank balances were well below \$250,000 during the fiscal year.

3. Capital Assets

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

At the end of the fiscal year, the Association did not have any movable chattels and equipment costing more than \$5,000. No capital asset purchases during the fiscal year were noted during the agreed-upon procedures.

4. Revenue

- a. Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

The revenue sources of the Association consist of monthly water dues, new membership fees, water hauler fees and interest income. The variances between the actual FY15 revenue and actual FY16 revenue were adequately explained by the Association's contract bookkeeper and the Treasurer. However, there were unaccounted differences between the water produced by the system and billed to the customers. See Finding 2015-002 on p. 8.

The actual revenue compared to budgeted revenue for each type of revenue was reviewed. According to the Association's general ledger, actual revenues were \$3,672 more than budgeted revenues for FY16. No significant or unusual variances were noted.

- b. Select a sample of revenues based on auditor judgment and test using the following attributes:

- i. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

A sample of cash receipts and deposits was judgmentally selected and tested which amounted to approximately 52.7% of total revenues. The amount recorded in the general ledger agreed with the supporting documentation and the bank statement.

- ii. 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, cash, modified accrual or accrual basis.

The cash receipts tested were properly classified and recorded in the general ledger on the cash basis of accounting.

5. Expenditures

- a. Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

- i. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to vendor's invoice, purchase order, contract and canceled check, as appropriate.

A sample of cash disbursements were tested which amounted to approximately 39% of total expenses. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

- ii. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in compliance with the budget and legal requirements. However, the Association has not established any written procurement policies and procedures. See Finding 2016-003 on p. 13.

- iii. 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), State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

None of the cash disbursements tested exceeded the amounts requiring sealed bids or requests for proposals. The cash disbursements tested were processed in accordance with applicable provisions of the State Procurement Code and the Per Diem and Mileage Act.

6. Journal Entries

- a. If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:
 - i. Journal entries appear reasonable and have supporting documentation.

Based on a review of the general ledger and according to the Association's contract bookkeeper, non-routine journal entries were posted to the general ledger for customer checks that were returned from the bank and bad debt expenses totaling \$552.24. The District had supporting documentation for the journal entries; however, the returned checks were not properly recorded in the general ledger. See Finding 2010-006 on p. 6.

- ii. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

The Association has a procedure in place to ensure that non-routine journal entries posted to the general ledger by the Bookkeeper are reviewed and approved by the governing body during the monthly board meetings.

7. Budget

- a. Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:
 - i. 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.

The Association's Board of Directors adopted a formal budget during a board meeting on June 15, 2016 (Resolution #6-15-2016) which was approved by DFA-LGD in a letter to the Association dated June 27, 2016. The Association did not have any budget adjustments in FY16. However, the Association did

not submit its FY16 budget to DFA-LGD by the due date of December 1, 2015. See Finding No. 2016-001 on p. 10.

- ii. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

Total expenditures for FY16 exceeded the final approved budget. According to the Association's general ledger, actual expenditures for FY16 were \$2,543 more than budgeted expenditures. See Finding No. 2016-002 on p. 11.

- iii. 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, modified accrual or accrual basis) for each individual fund.

Based on the Association's general ledger, the Schedule of Revenues and Expenditures was prepared on the cash basis of accounting. See Exhibit 1 on p. 14.

8. Other

- a. 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.

No other findings were noted during the agreed-upon procedures.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Tier 4 agreed upon procedures. Accordingly, we do not express such an opinion. 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 management and others with the Association, the New Mexico State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

March 8, 2017

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Status of Prior Year Findings

Finding 2010-006. Revenue and Expenditure Transactions Not Properly Classified – Revised and Repeated.

Finding 2015-001. Bank Reconciliations Not Performed Timely – Revised and Repeated.

Finding 2015-002. Lack of Procedures to Deal with Unaccounted For Water Differences – Revised and Repeated.

Current Year Findings

Finding 2010-006. Revenue and Expenditure Transactions Not Properly Classified and Recorded

Condition

The Association maintains its books using the cash basis of accounting but payments to the NM Taxation and Revenue Department (NMTRD) for gross receipts taxes are charged to a liability account, but not the expenditure account; and returned checks from water customers are charged to the cash and accounts receivable accounts, but not the water revenue account.

The Association misstated revenues and expenditures by only recording these transactions in the balance sheet. The total misstatements in 2016 for gross receipts taxes and returned checks were \$3,595.86 and \$552.24, respectively.

This finding has been reported to the Association since 2010 but the Association has not taken any action to properly record these transactions and correct its general ledger.

Criteria

Generally accepted accounting principles require the proper classification of revenues and expenditures for accurate financial reporting. Section 6-6-3 NMSA 1978 provides that every local public body shall keep all the books, records and accounts in their respective offices in a form prescribed by the local government division.

Effect

The lack of corrective action has resulted in the cumulative effect on the balance sheet of the Association as follows:

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016

As of December 31, 2016, the Association's balance sheet inaccurately reports a sales tax liability of \$21,555.96 since the gross receipts taxes collected are paid to NMTRD the following month.

As of December 31, 2016, the Association's balance sheet inaccurately reports an accounts receivable balance of \$3,879.29; the Association's Quickwater billing system reports an accounts receivable balance of \$4,692.46.

Cause

The Association's contract bookkeeper does not completely understand the process to accurately classify, record and reconcile these transactions.

Recommendation

The Association should record the gross receipts taxes received as revenues and the gross receipts tax payments to the NMTRD as expenses.

The Association should record the returned checks to the water revenue account.

Furthermore, the Association should take the necessary action to correct the inaccurate account balances in its balance sheet. The account balances in the Quickwater billing system need to agree with the corresponding balances in the Association's general ledger.

Management's Response

Within the next 60 days, the bookkeeper will be trained on how to import Quickwater in to Quick Book Pro. Once this is done, the revenue and expenditure transactions will be properly classified and recorded.

Finding 2015-001. Bank Reconciliations Not Performed Timely

Condition

The bank account reconciliations for the months of August and September 2016 weren't performed until 10/13/16 and 11/15/2016, respectively. Also, the bank account reconciliations for the months of October and November 2016 weren't performed until 1/30/17.

The Association did not take any action in 2016 to correct this finding.

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Criteria

It is a prudent business practice to perform monthly bank accounts reconciliations to verify that all monetary transactions are accurately recorded and accounted for by the bank and the Association.

Effect

Without timely bank account reconciliations, recording errors or irregularities could have gone undetected and uncorrected.

Cause

The Association's Board of Directors neglected to ensure that monthly bank account reconciliations were being performed by the contract bookkeeper in a timely manner.

Recommendation

The Board of Directors should implement a policy requiring the contract bookkeeper to perform and document a monthly bank account reconciliation of all bank accounts shortly after the bank statements are received. The Board of Directors should ensure that the bank reconciliations are performed in a timely and accurate manner.

Management's Response

The bookkeeper will continue to balance the checking and savings accounts by the twentieth of the next month. If that becomes impossible for any reason, she will notify the Board Treasurer.

Finding 2015-002. Differences Between Water System Production and Sales

Condition

The Association's Meter Reader provided water production and sales reports to the Board of Directors at the monthly board meetings. The following was reported during 2016:

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Month of 2016	Gallons Produced	Gallons Sold	Unaccounted For Gallons (Shortage)
January	(114,110)	305,760	191,650
February	(609,280)	282,610	(326,670)
March	(304,780)	299,460	(5,320)
April	(334,920)	333,170	(1,750)
May	(497,110)	496,080	(1,030)
June	(556,640)	552,290	(4,350)
July	(504,100)	502,040	(2,060)
August	(586,570)	502,100	(84,470)
September	(346,220)	383,610	37,390
October	(464,270)	391,210	(73,060)
November	(342,180)	244,200	(97,980)
December	(534,140)	308,090	(226,050)
Total	(5,194,320)	4,600,620	(593,700)

Corrective action taken in 2016: The Association purchased 30 new water meters on November 23, 2016 and is in the process of installing them to help alleviate this problem.

Criteria

Section 3-12-3 (A) NMSA 1978 states that the powers and duties of the governing body are to manage and control the finances and all property, real and personal, belonging to the Association.

Effect

A total of 593,700 gallons were unaccounted for during 2016.

Cause

The Association's Meter Reader disclosed that the master water valve was not functioning correctly. Also, the Association suspects that the old water meters at each property may be another reason for the discrepancies.

Recommendation

The Association's Board of Directors should continue to analyze and test the water system to determine the reasons for the discrepancies between the water produced and sold to the

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016

customers. The Board of Directors should establish and implement a policy that sets limits on the amount of unaccountable water production before requiring an investigation into the differences and action to repair and correct the problems uncovered.

Management's Response

The Board of Directors will continue to investigate the unaccounted for water by checking for leaks and replacing aging meters. This is something we look at each month and will continue to investigate. Should we have unaccounted for water in excess of 100,000 gallons again, we will consult with the New Mexico Rural Water Association on a course of action.

Finding 2016-001. Non-compliance with Budget Laws and Regulations

Condition

The Association adopted its FY16 budget in a board resolution dated June 15, 2016. Therefore, the Association did not submit its FY16 annual budget to the NM Department of Finance & Administration's Local Government Division (DFA-LGD) for approval by the required due date of December 1, 2015.

Also, the final 4th quarter financial report submitted to DFA-LGD only reported the revenues and expenditures for the 4th quarter but not the cumulative totals for the entire fiscal year, and did not report the loan principal and interest payments.

Criteria

Pursuant to Section 6-6-2.A NMSA 1978, each local public body is required to furnish and file with DFA-LGD, on or before June 1 of each year, a proposed budget for the next fiscal year. Since the Association's fiscal year end is December 31, the Association is required to submit its proposed budget to DFA-LGD by December 1 of each year.

As required by Section 6-6-2.F NMSA 1978, the Association should submit accurate quarterly financial reports to DFA-LGD.

Effect

For the first half of FY16, the Association was operating without a State approved budget. Inaccurate quarterly reports can mislead the Board of Directors and DFA-LGD.

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Cause

At the beginning of the fiscal year, the Association experienced turnover on the Board of Directors including a new President, Treasurer and Board Member. It took a few months for the new Board of Directors to organize and adopt the annual budget.

The contract bookkeeper misunderstood the quarterly reporting requirements to DFA-LGD and the Treasurer did not review them for accuracy.

Recommendation

The Association should adopt and submit its annual budget for the next fiscal year to DFA-LGD by December 1. As required by Section 6-6-5 NMSA 1978, upon receipt of any budget approved by DFA-LGD, the local public body shall cause such budget to be made a part of the minutes of such body. After the Association receives the budget certification letter from DFA-LGD, the Association's Board of Directors should make record of the approval in the minutes of its meetings.

If the Association adjusts its budget during the fiscal year, the budget adjustments should be submitted to DFA-LGD for approval as required by Section 6.6.2.G NMSA 1978.

Furthermore, the Association should submit its quarterly financial reports to DFA-LGD that report cumulative totals for revenues and expenditures in the manner prescribed by DFA-LGD. The Treasurer should review the financial reports for accuracy before they are submitted to DFA-LGD.

Management's Response

Going forward, the bookkeeper and treasurer will have a budget prepared for approval at the November board meeting.

Finding 2016-002 - Actual Expenses Exceeded the Approved Budget

Condition

For the fiscal year ending December 31, 2016, total expenses exceeded the approved budget by \$2,543.

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016

Criteria

According to state law, Section 6-6-6 NMSA 1978, "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials."

Effect

Excessive spending will eventually create financial problems for the Association. Claims against the officials of the Association could occur for future non-compliance with Section 6-6-6 NMSA 1978.

Cause

Management of the Association did not adequately monitor its actual expenses against the approved budget to ensure that it was not overspent.

Recommendation

To avoid overspending the approved budget, management of the Association should monitor its actual expenses throughout the fiscal year. The bookkeeper should submit budget status reports to the Board of Directors on a quarterly basis. If there is the possibility that actual expenses will exceed the budget at the total fund level during the fiscal year, management should prepare a budget adjustment request for the Board's review and approval. If the Board adjusts the original budget, the Board should submit the budget adjustment request to DFA-LGD for approval.

Management's Response

Going forward, the bookkeeper and Board Treasurer will have a budget prepared for approval at the November board meeting.

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016

Finding 2016-003. No Written Procurement Policies and Procedures

Condition

The Association does not have any written procurement policies and procedures to control the purchase of goods and services and ensure compliance with the State Procurement Code.

Criteria

Adequate procurement policies and procedures provide for the fair and equal treatment of all persons involved in public procurement, maximize the purchasing value of public funds and provide safeguards for maintaining a procurement system of quality and integrity.

Effect

Without adequate procurement policies and procedures, there is a lack of internal control over cash disbursements and the Association is at risk of noncompliance with the State Procurement Code.

Cause

The Association's Board of Directors has neglected to establish written procurement policies and procedures.

Recommendation

The Board of Directors should establish and implement written procurement policies and procedures to ensure compliance with the State Procurement Code (Sections 13-1-28 through 13-1-199 NMSA 1978). For the purchase of all goods and services, the Association should consider adopting the State Procurement Code Regulations (1.4.1 NMAC). The procurement policy should include a record retention policy whereas all procurement documentation shall be filed, retained and safeguarded for at least five years after the end of the fiscal year in which the procurement occurred.

Management's Response

At the next board meeting, the board will discuss this finding and establish written procurement policies and procedures.

El Vadito De Los Cerrillos MDWCA
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Cash Basis)
For the Fiscal Year Ending December 31, 2016

Exhibit 1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Membership Fees	\$ 70,000	\$ 70,000	\$ 74,786	\$ 4,786
Hauler Income	1,500	1,500	1,459	(41)
Interest	34	34	39	5
New Membership Fees	1,000	1,000	-	(1,000)
Miscellaneous - Contributions	100	100	21	(79)
Total Revenues	\$ 72,634	\$ 72,634	\$ 76,306	\$ 3,672
Expenditures:				
Current:				
Equipment	\$ 1,500	\$ 1,500	\$ 4,761	\$ (3,261)
Maintenance	3,000	3,000	1,850	1,150
Office Supplies	1,000	1,000	833	167
Insurance	5,000	5,000	4,480	520
Postage	1,000	1,000	1,257	(257)
Other Operating Costs	700	700	244	456
Dues and Subscriptions	235	235	124	111
Electricity	470	470	486	(16)
Equipment Rental/Repair	200	200	-	200
Personnel Costs/Contract Labor	30,000	30,000	29,337	663
Professional Services	6,000	6,000	5,632	368
Bank Charges	180	180	162	18
Mileage Reimbursement	2,735	2,735	3,003	(268)
Water Sampling	600	600	585	15
Administrative Costs	115	115	200	(85)
Water Conservation Fees	230	230	318	(88)
Federal Taxes	50	50	50	-
Miscellaneous	100	100	2,339	(2,239)
Debt Service - Principal	6,294	6,294	6,294	(0)
Debt Service - Interest	666	666	663	3
Total Expenditures	\$ 60,075	\$ 60,075	\$ 62,618	\$ (2,543)

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Copy of Year-End Financial Report Submitted to DFA-LGD
For the Fiscal Year Ending December 31, 2016

Revenue	Budget	1Q	2Q	3Q	4Q	YTD Totals
Membership Income	\$70,000	\$20,511	\$15,823	\$23,456	\$14,996	\$74,786
Token Income	\$1,500	\$327	\$342	\$780	\$11	\$1,459
Interest Income	\$34	\$9	\$10	\$10	\$10	\$39
New Membership Fees	\$1,000	\$0	\$0		\$0	\$0
Miscellaneous (contributions)	\$100	\$0	\$21	\$0	\$0	\$21
Total Revenue	\$72,634	\$20,848	\$16,196	\$24,245	\$15,017	\$76,306

Expenditures						
Equipment	\$1,500	\$0	\$700	\$454	\$1,868	\$3,021
Maintenance	\$3,000	\$0	\$10	\$0	\$458	\$468
Office Supplies	\$1,000	\$107	\$459	\$109	\$159	\$833
Insurance	\$5,000	\$0	\$4,032	\$448	\$0	\$4,480
Postage	\$1,000	\$649	\$18	\$524	\$66	\$1,257
Operating Costs other (clorox)	\$700	\$6,114	\$185	\$0	\$244	\$6,542
Subscription/Dues	\$235	\$0	\$0	\$0	\$124	\$124
Electricity	\$470	\$0	\$103	\$107	\$175	\$385
Equipment Rental /Repair	\$200	\$0	\$0	\$0	\$0	\$0
Personnel Costs	\$30,000	\$9,049	\$6,665	\$6,941	\$6,682	\$29,337
Professional Services	\$6,000	\$3,190	\$2,442	\$0	\$0	\$5,632
Debt Service-Principal	\$6,294	\$0	\$0	\$0	\$0	\$0
Debt Service-Interest	\$666	\$0	\$0	\$0	\$0	\$0
Bank Charges	\$180	\$42	\$30	\$80	\$11	\$162
Mileage Reimbursement	\$2,735	\$0	\$709	\$797	\$768	\$2,273
Water Samplung (Indepth)	\$600	\$0	\$146	\$146	\$146	\$439
Administrative Costs/ Community _						
Employee Relations	\$115	\$190	\$0	\$0	\$0	\$190
Water Conservation Fees	\$230	\$24	\$32	\$44	\$217	\$318
Federal Taxes	\$50	\$50	\$0	\$0	\$0	\$50
Miscellaneous (Fowler Land Lease)	\$100	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$60,075	\$19,414	\$15,530	\$9,651	\$10,918	\$ 55,513
						Net \$20,793

**El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association
Exit Conference
Fiscal Year Ending December 31, 2016**

On March 8, 2017, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

El Vadito De Los Cerrillos Mutual Domestic Water Consumers Association

Todd Brown, President
Patricia Brown, Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA