



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
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**STATE OF NEW MEXICO**

**LA CIENEGA MUTUAL DOMESTIC  
WATER ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 5)

Year Ended December 31, 2015

**STATE OF NEW MEXICO**

**LA CIENEGA MUTUAL DOMESTIC  
WATER ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 5)**

**Year Ended December 31, 2015**

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**STATE OF NEW MEXICO  
LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**

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December 31, 2015**

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**STATE OF NEW MEXICO  
LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**

**Official Roster  
at December 31, 2015**

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<u>Name</u>	<u>Title</u>
<b><u>Board of Directors</u></b>	
Reynaldo Romero	President
Oliver C de Baca	Vice-President
Archie Perea	Treasurer
Robert Romero	Secretary
Teresa Trujillo	Member
<b><u>Staff</u></b>	
Ana M. Berry	Accounts Manager
Reynaldo Romero	Water Operator
Robert Romero	Meter Reader
Teresa Trujillo	Transcriber



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants  
Member AICPA, NMSCPA*

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 5)**

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To: Reynaldo Romero, President  
La Cienega Mutual Domestic Water Association  
and  
Honorable Timothy Keller  
New Mexico State Auditor

We have performed the procedures enumerated below for La Cienega Mutual Domestic Water Association (LCMDWA), for the year ended **December 31, 2015**. LCMDWA was determined to be a **Tier 5** entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978, as set forth in the accompanying Exhibits A through D. The procedures were agreed to by LCMDWA through the Office of the New Mexico State Auditor. La Cienega Mutual Domestic Water Association's management is responsible for the organization's accounting records. 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 those parties specified in the 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. 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.
- 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 Department of Finance and Administration-Local Government Division (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.

#### **Results of Procedures Performed**

- a) LCMDWA has one checking account, one savings account and one money market account and utilizes Quickbooks to record cash transactions. Sampled bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year.

- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the December 31, 2015 cash balances to the year-end Quick books balance sheet, without exception.
- c) Cumulative, single-institution bank account balances never exceeded uninsured limits and, therefore, pledged collateral was not required on uninsured balances at any time during the year.

## 2. Capital Assets

### Procedures

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

### Results of Procedures Performed

Although there are capital assets shown on the balance sheet, LCMDWA did not maintain a capital assets inventory listing and, therefore, did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978 (See Finding 2010-002 on page 13).

## 3. Revenue

### 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.

Select a sample of revenues based on auditor judgment and test using 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, cash basis, modified accrual basis, or accrual basis.

### Results of Procedures Performed

- a) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each revenue type revealed no exceptions.
- b) We requested supporting documentation for fifteen (15) deposits (33% of total revenue) from a total of 53 deposits for the year. For the sample selected, amounts recorded on Quickbooks general ledger agreed with deposit tickets, other supporting documentation provided and the bank statements, without exception.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

## 4. Expenditures

### Procedures

Select a sample of cash disbursements based on auditor judgment and test 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 check clearing amount (cancelled checks not returned), 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 13-1-99 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 Performed**

- a) We requested supporting documentation for thirty (30) disbursements (36% of total expenditures) from a total of 171 for the year. For the sample selected, our tests of transactions revealed that amounts recorded as disbursed agreed to supporting documentation, without exception. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and check clearing amount, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

### **5. 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.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

#### **Results of Procedures Performed**

LCMDWA utilizes Quickbooks to record cash transactions but the fee accountant prepares formal journal entries at the end of each month to record minor adjustments and reclassifications. The results of our tests are as follows:

- a) Journal entries are reasonable and have supporting documentation.
- c) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

### **6. 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 Performed**

- a) A review of Board minutes revealed that an original (interim) and final budget was approved by LCMDWA and the DFA-LGD. There was one subsequent budget adjustment approved by LCMDWCA and the DFA-LGD.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenses – budget and actual was prepared from LCMDWA records on the cash budgetary basis. This schedule is included herein as Exhibit A. Profit and Loss quarterly reports submitted during the year and at year-end (Exhibit D) included a budget to actual revenue and expenses comparison for each quarter. The DFA-LGD indicated that the LCMDWCA complied with all budget and quarterly reporting requirements for FY 2015.

### **Capital Outlay Appropriations**

The Contractor shall 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 year.

The Contractor shall test all capital outlay expenditures during the fiscal year to:

- 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 cancelled 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, the Contractor shall determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, the Contractor shall determine if there is unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay agreement.



- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

**Results of Procedures Performed**

- a) We determined that one (1) disbursement was made during the year. We determined that the amount recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled checks, as appropriate.
- b) We determined that the disbursement was properly authorized and approved in compliance with the capital outlay budget, legal requirements and established policies and procedures.
- c) We determined 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).
- d) Since the approved disbursement was for water system replacement parts only, we were unable to determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) There was one project authorized for 2015. The project was not intended to be funded in advance but on a reimbursement basis.
- g) The project was not complete at December 31, 2015.
- h) Since the project was approved on a reimbursement basis, no separate fund or bank account was required.
- i) There were two (2) reimbursement requests submitted during the year. We determined that reimbursement requests were properly supported by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement.

**Other**

**Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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 Performed**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to the procedures for Capital Assets (Finding 2010-002 on page 13).

\* \* \* \* \*

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or any part thereof including the accompanying Exhibits A through D. 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 La Cienega Mutual Domestic Water Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Española, New Mexico  
May 20, 2016

**STATE OF NEW MEXICO**  
**LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**  
**Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)**  
**Year Ended December 31, 2015**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Water Bills	\$ 57,840	\$ 57,840	\$ 55,327	\$ (2,513)
Membership Fees	450	450	-	(450)
New Service Installation Fees	-	-	-	-
Legislative Funds	34,174	7,800	7,744	(56)
Interest Earned	-	-	52	52
Water Sold	-	-	-	-
Refunds	-	-	-	-
Rental - Verizon	7,300	7,300	6,692	(608)
Total revenues	99,764	73,390	69,815	(3,575)
Cash balance budgeted	-	42,275	42,275	-
Total revenues and cash balance budgeted	99,764	115,665	112,090	(3,575)
<b>Expenses:</b>				
Accountant	649	649	541	108
Attorney	500	500	-	500
Audit	4,300	4,300	1,084	3,216
Capital Outlay Funds	34,174	4,700	4,625	75
Line Locates	320	320	285	35
Materials Purchased	3,000	3,000	878	2,122
PRC Report	20	20	20	-
System Maintenance	-	-	30	(30)
Quickbooks PR Yearly Update	-	-	378	(378)
NM RIP Loan 2011-01	3,860	3,860	3,860	-
Payroll Expenses	26,040	52,132	52,042	90
Reimbursement for Training	-	-	234	(234)
Annual Billing Software Updates	530	530	634	(104)
Bookkeeping	11,184	11,184	12,846	(1,662)
CCR Preparation	350	350	200	150
Dues and Subs	210	210	180	30
Land Lease	1,250	1,250	-	1,250
Backhoe Services	-	-	1,710	(1,710)
Water Testing	324	324	246	78
Storage Unit	-	-	200	(200)
P.O. Box Rental	78	78	101	(23)
Postage	1,176	1,176	1,029	147
Supplies	840	840	868	(28)
Training	550	550	395	155

STATE OF NEW MEXICO  
 LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION  
 Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)  
 Year Ended December 31, 2015

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	Budgeted Amounts		Actuals	Variance Favorable (Unfavorable)
	Original	Final		
<b>Expenses (cont'd):</b>				
Bank Charges	\$ -	\$ -	\$ 47	\$ (47)
Community Center Rental	25	25	25	-
Dishonesty Bond	-	-	818	(818)
Liability Insurance	3,200	3,200	3,328	(128)
Conservation Tax	360	360	263	97
Gross Receipts Tax	2,886	2,886	2,325	561
Payroll Tax	-	-	1,551	(1,551)
Well Repairs	1,200	1,200	121	1,079
Utilities	2,688	2,688	2,171	517
	<u>99,714</u>	<u>96,332</u>	<u>93,035</u>	<u>3,297</u>
<b>Total expenses</b>				
	<u>99,714</u>	<u>96,332</u>	<u>93,035</u>	<u>3,297</u>
<b>Excess revenues over (under) expenses</b>	<u>\$ 50</u>	<u>\$ 19,333</u>	<u>\$ 19,055</u>	<u>\$ (278)</u>

STATE OF NEW MEXICO  
 LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION  
 Projects Schedule - Summary  
 Year Ended December 31, 2015

Exhibit B

Grant No.	Pay Requests	Amount Awarded	2014/2015 Grant Amount Received	2012, 2013, 2014 and 2015 Grant Amount Expended	2015 Grant Remaining Balance	Actual Legislation	Effective Dates
12-1371-STB		\$ 50,000.00				Laws of 2012, Chapter 64, Section 11 Subsection 11, to the department of environment to plan, design and construct water system improvements, including water lines, for La Cienega mutual domestic water consumers and mutual sewer works association in Santa Fe county.	
Total Project	1-3	<u>\$ 50,000.00</u>	<u>\$ 22,523.92</u>	<u>\$ 22,523.92</u>	<u>\$ 27,476.08</u>		Through 6/30/2016

STATE OF NEW MEXICO  
 LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION  
 Projects Schedule - Detail  
 Year Ended December 31, 2015

Exhibit C

Grant No.	Pay Request	Request Date	Grant Amount Awarded	Grant Amount Received	Date Received	Check Date	Check Number	Grant Amount Expended	Vendor Paid
12-1371-STB			\$ 50,000.00						
						2/9/2012	1010	\$ 2,254.05	Baker Utilty
						4/12/2012	1044	1,412.60	Baker Utilty
						11/8/2012	1121	150.89	Baker Utilty
						12/13/2012	1132	1,128.27	Baker Utilty
						1/10/2013	1143	1,020.89	Baker Utilty
						2/6/2013	1158	351.78	Baker Utilty
						3/7/2013	1174	1,851.80	Baker Utilty
						5/8/2013	1197	392.59	Baker Utilty
						8/7/2013	1231	1,321.95	Baker Utilty
						10/10/2013	1254	2,715.76	Baker Utilty
						11/14/2013	1267	213.29	Baker Utilty
						12/6/2013	1278	1,471.17	Baker Utilty
	1	6/12/2014		\$ 14,780.28	8/28/2014	12/9/2013	1287	495.24	Baker Utilty
							Subtotal	14,780.28	
	2	1/8/2015		3,296.05	3/20/2015	9/11/2014	1380	1,046.78	Baker Utilty
						12/5/2014	1421	2,249.27	Baker Utilty
							Subtotal	3,296.05	
	3	4/10/2015		4,447.59	6/30/2015	4/9/2015	1466	4,447.59	Baker Utilty
Total Project			\$ 50,000.00	\$ 22,523.92				\$ 22,523.92	

**LA CIENEGA, MDWA**  
**Profit & Loss**  
 January through December 2015

	Jan - Dec 15
Ordinary Income/Expense	
Income	
Water bills	55,327.46
Total Income	55,327.46
Expense	
Accountant	541.19
Audit	1,084.00
Backhoe services	1,710.40
Bank charges	47.40
Capitol Outlay Funds	4,625.49
Community Center rental	25.00
COST OF OPERATIONS	
Line locates	284.88
Materials Purchased	877.61
Payroll Expenses	52,041.92
PRC report	20.00
System Maintenance	30.00
Water Testing	245.52
Total COST OF OPERATIONS	53,499.93
INSURANCE EXPENSE	
Dishonosty bond	818.00
Liability	3,328.00
Total INSURANCE EXPENSE	4,146.00
Loans	
NMED RIP 2011-01 principal	3,859.88
Total Loans	3,859.88
OFFICE EXPENSE	
Annual billing software updates	633.68
Bookkeeping	12,846.26
CCR preparation	200.00
Dues & Subs	180.00
P.O. Box Rental	101.00
Postage	1,029.00
Quickbooks PR yearly update	378.38
Supplies	867.67
Training	395.00
Total OFFICE EXPENSE	16,630.99
Reimbursement for training	234.00
Storage unit	200.00
TAX EXPENSE	
Conservation Tax	262.75
Gross Receipts	2,325.09
Payroll Tax	1,550.76
Total TAX EXPENSE	4,138.60
Utilities	2,170.92
Void	0.00
Well repairs	120.86
Total Expense	93,034.66
Net Ordinary Income	-37,707.20
Other Income/Expense	
Other Income	
Interest Earned	52.11
Legislative funds	7,743.64
Verizon	6,691.85
Total Other Income	14,487.60
Net Other Income	14,487.60

9:55 AM  
01/14/16  
Cash Basis

LA CIENEGA, MDWA  
**Profit & Loss**  
January through December 2015

Exhibit D  
Page 2 of 7

	<u>Jan - Dec 15</u>
Net Income	<u><u>-23,219.60</u></u>



**LA CIENEGA, MDWA**  
**Profit & Loss**  
 October through December 2015

	Oct - Dec 15
Ordinary Income/Expense	
Income	
Water bills	12,870.56
Total Income	12,870.56
Expense	
Accountant	433.00
Bank charges	11.85
<b>COST OF OPERATIONS</b>	
Line locates	68.97
Materials Purchased	155.82
Payroll Expenses	11,811.98
Total COST OF OPERATIONS	12,036.77
<b>INSURANCE EXPENSE</b>	
Dishonosty bond	409.00
Total INSURANCE EXPENSE	409.00
Loans	
NMED RIP 2011-01 principal	3,859.88
Total Loans	3,859.88
<b>OFFICE EXPENSE</b>	
Bookkeeping	2,808.75
Dues & Subs	180.00
P.O. Box Rental	101.00
Postage	294.00
Supplies	183.03
Total OFFICE EXPENSE	3,566.78
Storage unit	160.00
<b>TAX EXPENSE</b>	
Conservation Tax	54.28
Gross Receipts	241.98
Payroll Tax	165.03
Total TAX EXPENSE	461.29
Utilities	326.04
Well repairs	120.86
Total Expense	21,385.47
Net Ordinary Income	-8,514.91
Other Income/Expense	
Other Income	
Interest Earned	6.62
Verizon	1,825.05
Total Other Income	1,831.67
Net Other Income	1,831.67
Net Income	-6,683.24

**LA CIENEGA, MDWA**  
**Profit & Loss Budget vs. Actual**  
**October through December 2015**

	Oct 15	Budget	\$ Over ...	Nov 15	Budget	\$ Over ...	Dec 15
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
Membership fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water bills	5,081.66	6,865.00	-1,783.34	4,348.25	4,819.00	-470.75	3,440.65
<b>Total Income</b>	<u>5,081.66</u>	<u>6,865.00</u>	<u>-1,783.34</u>	<u>4,348.25</u>	<u>4,819.00</u>	<u>-470.75</u>	<u>3,440.65</u>
<b>Expense</b>							
Accountant	0.00	0.00	0.00	433.00	649.00	-216.00	0.00
Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Audit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bank charges	3.95			3.95			3.95
Capitol Outlay Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Community Center rental	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>COST OF OPERATIONS</b>							
Line locates	68.97	80.00	-11.03	0.00	0.00	0.00	0.00
Materials Purchased	0.00	250.00	-250.00	155.82	250.00	-94.18	0.00
Payroll Expenses	3,989.33	4,000.00	-10.67	3,496.33	4,000.00	-503.67	4,326.32
PRC report	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Water Testing	0.00	81.00	-81.00	0.00	0.00	0.00	0.00
<b>Total COST OF OPERATIONS</b>	<u>4,058.30</u>	<u>4,411.00</u>	<u>-352.70</u>	<u>3,652.15</u>	<u>4,250.00</u>	<u>-597.85</u>	<u>4,326.32</u>
<b>INSURANCE EXPENSE</b>							
Dishonosty bond	0.00			0.00			409.00
Liability	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total INSURANCE EXPENSE</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>409.00</u>
<b>Loans</b>							
NMED RIP 2011-01 interest	0.00	0.00	0.00	0.00	3,859.88	-3,859.88	0.00
NMED RIP 2011-01 principal	0.00			3,859.88			0.00
<b>Total Loans</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,859.88</u>	<u>3,859.88</u>	<u>0.00</u>	<u>0.00</u>
<b>OFFICE EXPENSE</b>							
Annual billing software updates	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bookkeeping	936.25	932.00	4.25	936.25	932.00	4.25	936.25
CCR preparation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dues & Subs	0.00	0.00	0.00	0.00	0.00	0.00	180.00
Land Lease	0.00	0.00	0.00	0.00	0.00	0.00	0.00
P.O. Box Rental	101.00	78.00	23.00	0.00	0.00	0.00	0.00
Postage	98.00	98.00	0.00	98.00	98.00	0.00	98.00
Supplies	0.00	70.00	-70.00	183.03	70.00	113.03	0.00
Training	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total OFFICE EXPENSE</b>	<u>1,135.25</u>	<u>1,178.00</u>	<u>-42.75</u>	<u>1,217.28</u>	<u>1,100.00</u>	<u>117.28</u>	<u>1,214.25</u>
Storage unit	40.00			40.00			80.00
<b>TAX EXPENSE</b>							
Conservation Tax	0.00	30.00	-30.00	54.28	30.00	24.28	0.00
Gross Receipts	0.00	343.00	-343.00	241.98	240.00	1.98	0.00
Payroll Tax	0.00			0.00			165.03
<b>Total TAX EXPENSE</b>	<u>0.00</u>	<u>373.00</u>	<u>-373.00</u>	<u>296.26</u>	<u>270.00</u>	<u>26.26</u>	<u>165.03</u>
Utilities	186.85	224.00	-37.15	0.00	224.00	-224.00	139.19
Well repairs	0.00	100.00	-100.00	120.86	100.00	20.86	0.00
<b>Total Expense</b>	<u>5,424.35</u>	<u>6,286.00</u>	<u>-861.65</u>	<u>9,623.38</u>	<u>10,452.88</u>	<u>-829.50</u>	<u>6,337.74</u>
<b>Net Ordinary Income</b>	<u>-342.69</u>	<u>579.00</u>	<u>-921.69</u>	<u>-5,275.13</u>	<u>-5,633.88</u>	<u>358.75</u>	<u>-2,897.09</u>
<b>Other Income/Expense</b>							
<b>Other Income</b>							
Interest Earned	2.84			2.02			1.76
Legislative funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Verizon	608.35	608.35	0.00	608.35	608.35	0.00	608.35
<b>Total Other Income</b>	<u>611.19</u>	<u>608.35</u>	<u>2.84</u>	<u>610.37</u>	<u>608.35</u>	<u>2.02</u>	<u>610.11</u>

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LA CIENEGA, MDWA  
**Profit & Loss Budget vs. Actual**  
October through December 2015

Exhibit D  
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	<u>Oct 15</u>	<u>Budget</u>	<u>\$ Over ...</u>	<u>Nov 15</u>	<u>Budget</u>	<u>\$ Over ...</u>	<u>Dec 15</u>
Net Other Income	611.19	608.35	2.84	610.37	608.35	2.02	610.11
Net Income	<u>268.50</u>	<u>1,187.35</u>	<u>-918.85</u>	<u>-4,664.76</u>	<u>-5,025.53</u>	<u>360.77</u>	<u>-2,286.98</u>

**LA CIENEGA, MDWA**  
**Profit & Loss Budget vs. Actual**  
**October through December 2015**

	TOTAL				
	Budget	\$ Over ...	Oct - De...	Budget	\$ Over ...
Ordinary Income/Expense					
Income					
Membership fees	0.00	0.00	0.00	0.00	0.00
Water bills	4,819.00	-1,378.35	12,870.56	16,503.00	-3,632.44
<b>Total Income</b>	<b>4,819.00</b>	<b>-1,378.35</b>	<b>12,870.56</b>	<b>16,503.00</b>	<b>-3,632.44</b>
Expense					
Accountant	0.00	0.00	433.00	649.00	-216.00
Attorney	0.00	0.00	0.00	0.00	0.00
Audit	0.00	0.00	0.00	0.00	0.00
Bank charges			11.85		
Capitol Outlay Funds	0.00	0.00	0.00	0.00	0.00
Community Center rental	0.00	0.00	0.00	0.00	0.00
<b>COST OF OPERATIONS</b>					
Line locates	0.00	0.00	68.97	80.00	-11.03
Materials Purchased	250.00	-250.00	155.82	750.00	-594.18
Payroll Expenses	4,000.00	326.32	11,811.98	12,000.00	-188.02
PRC report	0.00	0.00	0.00	0.00	0.00
Water Testing	0.00	0.00	0.00	81.00	-81.00
<b>Total COST OF OPERATIONS</b>	<b>4,250.00</b>	<b>76.32</b>	<b>12,036.77</b>	<b>12,911.00</b>	<b>-874.23</b>
<b>INSURANCE EXPENSE</b>					
Dishonosty bond Liability	0.00	0.00	409.00	0.00	0.00
<b>Total INSURANCE EXPENSE</b>	<b>0.00</b>	<b>409.00</b>	<b>409.00</b>	<b>0.00</b>	<b>409.00</b>
Loans					
NMED RIP 2011-01 interest	0.00	0.00	0.00	3,859.88	-3,859.88
NMED RIP 2011-01 principal			3,859.88		
<b>Total Loans</b>	<b>0.00</b>	<b>0.00</b>	<b>3,859.88</b>	<b>3,859.88</b>	<b>0.00</b>
<b>OFFICE EXPENSE</b>					
Annual billing software updates	0.00	0.00	0.00	0.00	0.00
Bookkeeping	932.00	4.25	2,808.75	2,796.00	12.75
CCR preparation	0.00	0.00	0.00	0.00	0.00
Dues & Subs	0.00	180.00	180.00	0.00	180.00
Land Lease	0.00	0.00	0.00	0.00	0.00
P.O. Box Rental	0.00	0.00	101.00	78.00	23.00
Postage	98.00	0.00	294.00	294.00	0.00
Supplies	70.00	-70.00	183.03	210.00	-26.97
Training	0.00	0.00	0.00	0.00	0.00
<b>Total OFFICE EXPENSE</b>	<b>1,100.00</b>	<b>114.25</b>	<b>3,566.78</b>	<b>3,378.00</b>	<b>188.78</b>
Storage unit			160.00		
<b>TAX EXPENSE</b>					
Conservation Tax	30.00	-30.00	54.28	90.00	-35.72
Gross Receipts	240.00	-240.00	241.98	823.00	-581.02
Payroll Tax			165.03		
<b>Total TAX EXPENSE</b>	<b>270.00</b>	<b>-104.97</b>	<b>461.29</b>	<b>913.00</b>	<b>-451.71</b>
Utilities	224.00	-84.81	326.04	672.00	-345.96
Well repairs	100.00	-100.00	120.86	300.00	-179.14
<b>Total Expense</b>	<b>5,944.00</b>	<b>393.74</b>	<b>21,385.47</b>	<b>22,682.88</b>	<b>-1,297.41</b>
<b>Net Ordinary Income</b>	<b>-1,125.00</b>	<b>-1,772.09</b>	<b>-8,514.91</b>	<b>-6,179.88</b>	<b>-2,335.03</b>
Other Income/Expense					
Other Income					
Interest Earned			6.62		
Legislative funds	0.00	0.00	0.00	0.00	0.00
Verizon	608.35	0.00	1,825.05	1,825.05	0.00
<b>Total Other Income</b>	<b>608.35</b>	<b>1.76</b>	<b>1,831.67</b>	<b>1,825.05</b>	<b>6.62</b>

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LA CIENEGA, MDWA  
**Profit & Loss Budget vs. Actual**  
October through December 2015

Exhibit D  
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			TOTAL		
	<u>Budget</u>	<u>\$ Over ...</u>	<u>Oct - De...</u>	<u>Budget</u>	<u>\$ Over ...</u>
Net Other Income	608.35	1.76	1,831.67	1,825.05	6.62
Net Income	<u>-516.65</u>	<u>-1,770.33</u>	<u>-6,683.24</u>	<u>-4,354.83</u>	<u>-2,328.41</u>

**STATE OF NEW MEXICO  
LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2015**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Capital Assets Inventory	D	2010-002	2010-002
<b>Follow-up on Prior Year Findings:</b>			
Quarterly Financial Reports	D	2010-1	Resolved
Capital Assets Inventory	D	2010-002	2010-002
Late Report	D	2010-3	Resolved
Supporting Documentation Unavailable/Inadequate and Lack of Approvals	C	2010-4	Resolved
Payments to Board Members	D	2010-5	Resolved

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO  
LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2015**

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**2010-002**

**Capital Assets Inventory**

**Criteria**

Section 12-6-10 NMSA, 1978 requires each local public body to, at the end of each fiscal year, conduct a physical inventory of capital assets costing more than five thousand dollars (\$5,000) and under control of the governing authority. The inventory shall list all capital assets and the date and cost of acquisition. Upon completion, the inventory shall be certified by the governing authority as to correctness. Each local public body shall maintain one copy in its files.

**Condition**

La Cienega Mutual Domestic Water Association (LCMDWA) has not maintained a capital asset listing or performed a yearly inventory as required by Section 12-6-10 NMSA 1978. The five agreed-upon procedures reports for FY 2010 through FY 2014 were all completed on June 16, 2015. LCMDWA did not take any measures to resolve this finding from that date through the end of the year, December 31, 2015.

**Cause**

LCMDWA did not take measures to resolve the prior-year finding.

**Effect**

LCMDWA has not complied with Section 12-6-10 NMSA 1978.

**Recommendation**

We again recommend that LCMDWA develop a capital asset inventory listing and perform a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Entity Response and Corrective Action Plan**

"The La Cienega MDWCA was aware that a year-end capital assets inventory was to be completed; however, it was not completed.

The capital assets inventory will be completed by the water operator by the end of FY 2016."

**STATE OF NEW MEXICO  
LA CIENEGA MUTUAL DOMESTIC WATER ASSOCIATION**

**Exit Conference  
Year Ended December 31, 2015**

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**EXIT CONFERENCE**

The report contents were discussed in a telephonic exit conference held on May 31, 2016 with the following:

La Cienega Mutual Domestic Water Association

By telephone:

Archie Perea, Board Treasurer  
Ana Berry, Accounts Manager

Accounting Firm

James R. (Jim) Macias, CPA