

**STATE OF NEW MEXICO**  
**LA LUZ MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**TIER 6 - AGREED UPON PROCEDURES REPORT**  
**DECEMBER 31, 2014**

This page is intentionally left blank

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Office of the State Auditor Tier 6 Agreed-Upon Procedures**  
**Table of Contents**  
**December 31, 2014**

	<u>Page</u>
Table of Contents	3
Official Roster	4
Independent Accountants' Report on Applying Agreed-Upon Procedures	5
Schedule of Procedures and Results	7-9
Schedule of Revenue, Expenses, and Change in Net Position – Budget and Actual	11
Schedule of Findings and Responses	13-15
Exit Conference	17

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Office of the State Auditor Tier 6 Agreed-Upon Procedures**  
**Official Roster**  
**December 31, 2014**

**BOARD MEMBERS**

<u>Name</u>	<u>Title</u>
Reynaldo Duran	President
Edward Silva, Jr.	Vice-President
Cheri Moore	Secretary
Angelica Herrera- Lucero	Treasurer
Ray Sanchez	Works Supervisor

**ADMINISTRATION**

Edward Lueras	Systems Manager
Carol Garcia	Administrative Advisor
Rosalie Romero	Office Administrator
Richard DeLeon	Chief Water Operator



Accounting & Consulting Group, LLP  
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Tim Keller  
New Mexico State Auditor  
Board of Directors  
La Luz Mutual Domestic Water Consumers Association  
La Luz, New Mexico

We have performed the agreed-upon procedures which the Office of the State Auditor and La Luz Mutual Domestic Water Consumers Association (the Association) have specified, listed in the attached schedule, as required by Tier 6 of the Audit Act-Section 12-6-3B(6) NMSA 1978 and Section 2.2.2.16 NMAC for the year ended December 31, 2014 in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Association is the responsible party, and the subject matter is the responsibility of the Association. The sufficiency of the 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 findings related to the procedures in the schedule of procedures and results are presented in the accompanying schedule of findings and responses as listed in the table of contents.

We were not engaged to, and did not conduct, an audit, the objective of which would be the expression of an opinion on the accounting records. 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 within the Association, the 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 those specified parties.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Alamogordo, New Mexico  
April 2, 2015



**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Procedures and Results  
December 31, 2014

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.

**1. Cash**

- a. Determine whether bank reconciliations being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on hand. For purposes 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 accounts are all accounted for and reconciled by the Association.

*ACG performed a test of the reconciliations on the four Association bank accounts: First American checking account, First American operating reserve account, Wells Fargo operating reserve account, and Bank 34 Time Deposit for the months of March, June, September, and December. The tested reconciliations were all complete, accurate 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 DFA-Local Government Division. For the purpose of performing these procedures, "accuracy" means that reconciling items agree to deposit slip and subsequent bank statements.

*No exceptions were noted testing the attribute above.*

- 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.

*We determined that the average running balance is below \$250,000 in all accounts. Additional procedures were not performed.*

**2. Capital Assets**

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

*During testwork, it was noted that an annual physical inventory of capital assets was performed and the inventory was certified by the board.*

**3. Debt**

- 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.

*We obtained the annual debt statement and verified that all payments were made during the year. ACG also traced the monthly payment made to USDA to the First American checking account bank statement for the months of January, March, June and December. No reserves are required.*

**4. Revenues**

- a. Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation and 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 Association's management for explanations of all variances of budget to actual of more than 10% from the budgeted amount.

**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Procedures and Results  
December 31, 2014

**Revenues (continued)**

*We compared actual to budget for each type of revenue. Results are as follows:*

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<i>Water use fees</i>	\$274,000	\$257,318	(\$16,682)

- 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.
  - 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 basis, modified accrual basis, or accrual basis.

*We traced all revenues received by the Association for the months of March, May, July, September, and December to both general ledger and bank statement using the amounts provided by the client on the billing register and noted no exceptions. Also for the revenue tested above, we compared the general ledger posting to supporting documentation for correct classification, amount, and recording in the correct accounting period.*

**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 the vendor's invoice, purchase order, contract and canceled check, as appropriate.

*We performed the testwork above on 40 disbursements and noted no exceptions.*

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

*We performed the testwork above and noted three exceptions totaling \$1,412.07 in which disbursements were not properly authorized. This finding has been included in the Schedule of Findings and Responses as Finding #1.*

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

*It appears that there were no items that required bids, so no further testwork was performed.*

**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. For the purpose of performing this procedure, we defined non-routine journal entries as non-standard, non-recurring entries that were posted during or at the end of the accounting period.



**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Procedures and Results  
December 31, 2014

**Journal Entries (continued)**

- I. Journal entries appear reasonable and have supporting documentation.

*We reviewed the general ledger for the entire fiscal year and noted there appeared to be no non-routine journal entries.*

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

*We noted no non-routine journal entries.*

**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-LDG.

*We verified through a review of the minutes that the Board of Directors approved the original budget and amended budget. The original budget was approved by DFA-LDG but there was no evidence to support the approval of the Association's budgetary amendments by DFA-LDG for fiscal year 2014. This finding has been included in the Schedule of Findings and Responses as Finding #2.*

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

*We noted no exception. The actual expenditures did not exceed the budget.*

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

*See attached Statement of Revenues and Expenditures – Budget and Actual- General Fund.*

**8. Capital Outlay**

- 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.

*There were no capital outlay awards or expenditures in 2014.*

**9. 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.

*The Association failed to submit the completed required recommendation form and agreed upon procedures contract to the state auditor by the December 1<sup>st</sup> deadline. This finding has been included in the Schedule of Findings and Responses as Finding #3.*

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5700 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

RESEARCH REPORT

NO. 1000

BY

DR. J. H. GOLDSTEIN

AND

DR. R. M. WATSON

DEPARTMENT OF CHEMISTRY

UNIVERSITY OF CHICAGO

CHICAGO, ILLINOIS

1955

This page is intentionally left blank

RESEARCH REPORT

NO. 1000

BY

DR. J. H. GOLDSTEIN

AND

DR. R. M. WATSON

DEPARTMENT OF CHEMISTRY

UNIVERSITY OF CHICAGO

CHICAGO, ILLINOIS

**STATE OF NEW MEXICO**  
 La Luz Mutual Domestic Water Consumers Association  
 Schedule of Revenues, Expenditures, and Change in Net Position  
 Budget (GAAP Budgetary Basis) and Actual  
 December 31, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Water User Fees	\$ 274,000	\$ 257,318	\$ (16,682)
Interest income	-	395	395
<b>Total Revenues</b>	<u>274,000</u>	<u>257,713</u>	<u>(16,287)</u>
<b>Expenditures</b>			
Accounting	13,500	11,989	(1,511)
Advertising	2,000	67	(1,933)
Auto, Truck, Backhoe exp	3,600	2,811	(789)
Bank charges	100	10	(90)
Dues and sub	1,250	1,284	34
Employee benefit	3,500	3,502	2
Employee Pension plan	3,000	2,011	(989)
Eng Fees	1,000	-	(1,000)
Insurance, general	14,000	11,332	(2,668)
Interest exp	6,000	5,410	(590)
Legal	12,000	1,144	(10,856)
Misc	750	1,006	256
Office supplies	6,200	5,933	(267)
Postage	4,700	3,188	(1,512)
Repairs, Infrastructure	12,000	10,716	(1,284)
Repairs, Vehicles	2,000	789	(1,211)
Rent, equip	700	598	(102)
Small tools	5,000	1,995	(3,005)
Salaries and wages	115,400	111,858	(3,542)
Taxes employment	9,100	8,969	(131)
Taxes, other	2,500	2,346	(154)
Taxes, State conservation	1,500	1,135	(365)
Telephone	5,700	4,873	(827)
Travel, Lodging, and training	10,000	7,295	(2,705)
Health Insurance	12,000	-	(12,000)
Uniforms	1,000	814	(186)
Utilities	1,000	819	(181)
Water samples	500	544	44
Electricity	19,000	18,537	(463)
Chemical/Chlorine	3,000	2,651	(349)
Depreciation	25,000	33,082	8,082
Meter Replacement	4,000	3,880	(120)
<b>Total Expenses</b>	<u>301,000</u>	<u>260,588</u>	<u>(40,412)</u>
<b>Change in Net Position</b>	<u>\$ (27,000)</u>	<u>\$ (2,875)</u>	<u>\$ 24,125</u>
Net position, beginning		672,964	
Cash balance required to balance the budget	\$ 27,000		
Restatement		38,471	
Net position, ending	<u>\$ -</u>	<u>\$ 708,560</u>	



**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Findings and Responses  
December 31, 2014

**Finding #1 FS 2014-001 Expenditures Not Properly Authorized (Procedure 5)**

*Condition:* Three of the forty expenditures tested with a related dollar amount of \$1,412.07 did not contain proper authorization for disbursement.

*Criteria:* According to Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, disbursements are to be properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

*Effect:* Without proper authorization, the risk of misuse or unauthorized purchase is high.

*Cause:* The Association is not properly monitoring that all disbursements are being properly authorized according to the Association's policy.

*Auditors' Recommendations:* Management should follow and ensure that all staff follows the Association's documented internal control procedures. The body charged with governance should provide effective oversight of the internal control and financial reporting processes. The body charged with governance should emphasize the importance of protecting the Association's assets.

*Views of Responsible Officials and Planned Corrective Actions:* All expenses will be authorized prior to disbursements during 2015.

**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Findings and Responses  
December 31, 2014

**Finding #2 FS 2014-002 Budget Adjustment was not approved by DFA (Procedure 7)**

*Condition:* The Association did not receive approval from DFA-LGD for budgetary amendments prepared by the Association for fiscal year 2014.

*Criteria:* Section 6-6-2 NMSA 1978 requires local public bodies to submit subsequent budget adjustments to DFA-LGD and receive approval.

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

*Cause:* The Association submitted the amended budget but did not receive approval from DFA-LGD.

*Auditors' Recommendation:* The Association should receive approval of amended budgets from DFA-LGD.

*Views of Responsible Officials and Planned Corrective Actions:* The Association will receive approval of the amended budgets in the future.

**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Schedule of Findings and Responses  
December 31, 2014

**Finding #3 FS 2014-003 Late Submission of IPA Recommendation Form and Agreed-Upon Procedures Contract (Other)**

*Condition:* The Association failed to submit the completed IPA recommendation form and agreed upon procedures contract to the State Auditor by the December 1<sup>st</sup> deadline.

*Criteria:* NMSA 1978, Section 2.2.2.8(G)(6)(c), requires local public bodies that qualify for the tiered system pursuant to Subsections A and B of 2.2.2.16 NMAC to follow the procedures at Subsection D of 2.2.2.16 NMAC, and submit the required recommendation form for tiered system local public bodies and the completed signed agreed upon procedures contract to the state auditor by December 1<sup>st</sup>.

*Effect:* The submission of the form and contract to the State Auditor was late.

*Cause:* The Association did not submit their IPA Recommendation and Agreed-Upon Procedures Contract until after December 1<sup>st</sup>.

*Auditors' Recommendation:* Submit the required form and contract to the State Auditor by the December 1<sup>st</sup> deadline.

*Views of Responsible Officials and Planned Corrective Actions:* The Association will submit the required recommendation form and completed contract to the State Auditor by the December 1<sup>st</sup> deadline.

STATE OF TEXAS  
COUNTY OF [ ]  
I, [ ]  
[ ]

THIS PAGE IS INTENTIONALLY LEFT BLANK

[ ]

[ ]

[ ]

[ ]

[ ]

[ ]

This page is intentionally left blank



**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Office of the State Auditor Tier 6 Agreed-Upon Procedures  
Exit Conference  
December 31, 2014

**Exit Conference**

The contents of this report were discussed on April 21, 2015. The following individuals were in attendance:

**Representing the La Luz Mutual Domestic Water Consumers Association**

Rey Duran	President
Ed Silva	Vice President
Cheri Moore	Secretary
Ray Sanchez	Works Supervisor
Carol Garcia	Administrative Advisor
Edward Lueras	Systems Manager

**Representing Accounting & Consulting Group, LLP**

Alissandra Atkins, CPA	In-charge Senior Accountant
------------------------	-----------------------------



**STATE OF NEW MEXICO**  
**LA LUZ MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**ANNUAL COMPILED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

This page is intentionally left blank

THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5780 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

1

RECEIVED AT THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5780 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

RECEIVED AT THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5780 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

RECEIVED AT THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5780 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

RECEIVED AT THE UNIVERSITY OF CHICAGO  
DEPARTMENT OF CHEMISTRY  
5780 SOUTH CAMPUS DRIVE  
CHICAGO, ILLINOIS 60637

### INTRODUCTORY SECTION

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Table of Contents**  
**December 31, 2014**

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Table of Contents	4
Official Roster	5
<b>FINANCIAL SECTION</b>	
Independent Accountants' Compilation Report	9
	<u>Exhibits</u>
<b>BASIC FINANCIAL STATEMENTS</b>	
Statement of Net Position	A-1      12
Statement of Revenues, Expenses, and Change in Net Position	A-2      13
Statement of Cash Flows	A-3      14
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	15-22

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Official Roster**  
**December 31, 2014**

**BOARD MEMBERS**

<u><b>Name</b></u>	<u><b>Title</b></u>
Reynaldo Duran	President
Edward Silva, Jr.	Vice President
Cheri Moore	Secretary
Angelica Herrera-Lucero	Treasurer
Ray Sanchez	Works Supervisor

**ADMINISTRATION**

Edward Lueras	Systems Manager
Carol Garcia	Administrative Advisor
Rosalie Romero	Office Administrator
Richard DeLeon	Water Operator

10/10/2020  
10/10/2020  
10/10/2020

### RESULTS

10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020

10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020

### CONCLUSIONS

10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020

10/10/2020  
10/10/2020  
10/10/2020  
10/10/2020

This page is intentionally left blank



**FINANCIAL SECTION**

This page is intentionally left blank



Accounting & Consulting Group, LLP  
Certified Public Accountants

## INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Tim Keller  
New Mexico State Auditor  
Board of Directors  
La Luz Mutual Domestic Water Consumers Association  
La Luz, New Mexico

We have compiled the accompanying financial statements of the business-type activities of the La Luz Mutual Domestic Water Consumers Association (the "Association") as of and for the year ended December 31, 2014, which collectively comprise the Association's basic financial statements as listed in the table of contents. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As explained in Note I C to the financial statements, management has not recorded a liability for compensated absences in business-type activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenditures of the business-type activities. The amount by which this departure would affect the liabilities and expenses of the enterprise activities is not reasonably determinable.

Management has omitted the *Management's Discussion and Analysis* that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a 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 for placing the basic financial statements in an appropriate operational, economic, or historical context.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Alamogordo, New Mexico  
April 2, 2015

STATE OF TEXAS, COUNTY OF DALLAS

My commission expires \_\_\_\_\_  
My term of office \_\_\_\_\_  
My office \_\_\_\_\_

I, \_\_\_\_\_, County Clerk of Dallas County, Texas, do hereby certify that \_\_\_\_\_ is the true and correct copy of the \_\_\_\_\_ as the same appears on the records of the County Clerk of Dallas County, Texas.

Witness my hand and the seal of the County Clerk of Dallas County, Texas, at Dallas, Texas, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
County Clerk of Dallas County, Texas

This page is intentionally left blank

I, \_\_\_\_\_, County Clerk of Dallas County, Texas, do hereby certify that \_\_\_\_\_ is the true and correct copy of the \_\_\_\_\_ as the same appears on the records of the County Clerk of Dallas County, Texas.

Witness my hand and the seal of the County Clerk of Dallas County, Texas, at Dallas, Texas, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
County Clerk of Dallas County, Texas

My commission expires \_\_\_\_\_  
My term of office \_\_\_\_\_  
My office \_\_\_\_\_

STATE OF TEXAS

COMPTROLLER OF PUBLIC ACCOUNTS  
 DEPARTMENT OF AGRICULTURE  
 1100 NORTH BRASS

2011

STATE OF TEXAS  
 COMPTROLLER OF PUBLIC ACCOUNTS  
 DEPARTMENT OF AGRICULTURE  
 1100 NORTH BRASS  
 AUSTIN, TEXAS 78701  
 TEL: 512/463-1000  
 FAX: 512/463-1001  
 WWW.AG.TX.GOV

STATE OF TEXAS  
 COMPTROLLER OF PUBLIC ACCOUNTS  
 DEPARTMENT OF AGRICULTURE  
 1100 NORTH BRASS  
 AUSTIN, TEXAS 78701  
 TEL: 512/463-1000  
 FAX: 512/463-1001  
 WWW.AG.TX.GOV

BASIC FINANCIAL STATEMENTS

**BASIC FINANCIAL STATEMENTS**

STATE OF TEXAS  
 COMPTROLLER OF PUBLIC ACCOUNTS  
 DEPARTMENT OF AGRICULTURE  
 1100 NORTH BRASS  
 AUSTIN, TEXAS 78701  
 TEL: 512/463-1000  
 FAX: 512/463-1001  
 WWW.AG.TX.GOV

STATE OF TEXAS  
 COMPTROLLER OF PUBLIC ACCOUNTS  
 DEPARTMENT OF AGRICULTURE  
 1100 NORTH BRASS  
 AUSTIN, TEXAS 78701  
 TEL: 512/463-1000  
 FAX: 512/463-1001  
 WWW.AG.TX.GOV

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Statement of Net Position**  
**December 31, 2014**

Exhibit A-1

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 247,099
Customer receivables	25,964
Prepays	9,811
Total current assets	282,874
Noncurrent assets:	
Capital assets	1,148,726
Accumulated depreciation	(582,789)
Total noncurrent assets	565,937
Total assets	\$ 848,811

**LIABILITIES AND NET POSITION**

Liabilities:	
Current liabilities:	
Accounts payable	\$ 1,642
Accrued payroll, taxes, and benefits	5,370
Unearned revenue	7,197
Loans payable	2,430
Total current liabilities	16,639
Noncurrent liabilities:	
Loans payable	123,612
Total liabilities	140,251
Net position:	
Net investment in capital assets	439,895
Unrestricted net position	268,665
Total net position	708,560
Total liabilities and net position	\$ 848,811

See accompanying notes and independent accountants' review report.

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Year Ended December 31, 2014**

Exhibit A-2

<b>Operating revenues:</b>	
Charges for services	<u>\$ 257,318</u>
Total operating revenues	<u>257,318</u>
<b>Operating expenses:</b>	
Personnel services	137,672
Depreciation	33,082
Utilities	24,229
Postage and supplies	13,767
Contractual services	13,133
Repairs and maintenance	15,385
Travel	7,295
Miscellaneous	4,323
Taxes	3,481
Auto Expense	<u>2,811</u>
Total operating expenses	<u>255,178</u>
Operating income	<u>2,140</u>
<b>Non-operating revenues (expenses):</b>	
Interest income	395
Interest expense	<u>(5,410)</u>
Total non-operating revenues (expenses)	<u>(5,015)</u>
Change in net position	<u>(2,875)</u>
Net position, beginning of year	672,964
Restatement (Note 6)	<u>38,471</u>
Net position, beginning as restated	<u>711,435</u>
Net position, end of year	<u>\$ 708,560</u>

See accompanying notes and independent accountants' review report.

**STATE OF NEW MEXICO**  
**La Luz Mutual Water Consumers Association**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2014**

Exhibit A-3

<i>Cash flows from operating activities:</i>	
Cash received from user charges	\$ 255,054
Cash payments to suppliers for goods and services	(77,668)
Cash payments to employees for services	(136,508)
<i>Net cash provided (used) by operating activities</i>	<u>40,878</u>
<i>Cash flows from capital and related financing activities:</i>	
Principal paid on capital debt	(2,330)
Interest paid on capital debt	(5,410)
Acquisition of capital assets	(39,566)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(47,306)</u>
<i>Cash flows from investing activities:</i>	
Interest income	395
<i>Net cash provided (used) by investing activities</i>	<u>395</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(6,033)
<i>Cash and cash equivalents - beginning of year</i>	<u>253,132</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 247,099</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>	
Operating income (loss)	\$ 2,140
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
Depreciation	33,082
<i>Changes in assets and liabilities</i>	
Bonds	5,970
Unearned revenue	1,470
Accounts payable	1,327
Accrued payroll, taxes, and benefits	1,164
Prepaid expenses	(541)
Customer receivables	(3,734)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 40,878</u>

See accompanying notes and independent accountants' review report.



**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Notes to the Financial Statements  
December 31, 2014

**NOTE 1. Summary of Significant Accounting Policies**

La Luz 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 in 1952 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 700 members. The water service delivery area is restricted to La Luz 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.

**A. 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, and is not a component unit of another governmental agency.

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.

**STATE OF NEW MEXICO**  
La Luz Mutual Domestic Water Consumers Association  
Notes to the Financial Statements  
December 31, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**B. Measurement focus, basis of accounting, and financial statement presentation**

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) are 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.

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 its proprietary fund as a major fund. The proprietary fund includes:

The *La Luz Mutual Domestic Water Consumers Association 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.

**C. Assets, Liabilities and Net Positions 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 value. Fair 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.

**Prepaid Items:** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

**Restricted Assets:** Restricted assets consist of those funds expendable for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be expended.

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Notes to the Financial Statements**  
**December 31, 2014**

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets 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. Water rights and land are not subject to depreciation and are carried at their historical costs. 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. The Association does not develop any software. The Association annually reviews the impairment of all water rights and adjusts the carrying values as necessary.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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>
Furniture and fixtures (including software)	5-10
Automobiles	10
Plant and water system	5-40
Wells	40

**Accrued Expenses:** Accrued expenses are comprised of payroll expenditures based on amounts earned by the employees through December 31, 2014, along with applicable payroll taxes.

**Long-term Obligations:** In the financial statements, long-term debt and other long-term obligations are reported as liabilities. For bonds issued after the Association implemented GASB 34, bond premiums and discounts, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**Compensated Absences:** Management has not recorded a liability for compensated absences in business-type activities and, accordingly, has not recorded an expense for the current period change in that liability. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenditures of the business-type activities. The amount by which this departure would affect the liabilities and expenses of the enterprise activities is not reasonably determinable.

**Equity Classifications:**

Equity is classified as net positions and displayed in three components:

- a. Net investment in capital assets:  
Capital assets, net of accumulated depreciation is 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.

STATE OF NEW MEXICO  
La Luz Mutual Domestic Water Consumers Association  
Notes to the Financial Statements  
December 31, 2014

**NOTE 1. Summary of Significant Accounting Policies (continued)**

**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.

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

**NOTE 2. Stewardship, Compliance and Accountability**

Annual budgets of the Association are prepared prior to December 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. 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 December 31, 2014.

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 of 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 Authority'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 December 31, 2014, none of the Association's bank balances of \$247,212 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**  
 La Luz Mutual Domestic Water Consumers Association  
 Notes to the Financial Statements  
 December 31, 2014

**NOTE 3. Deposits and Investments (continued)**

	First American Bank	Wells Fargo	Bank 34	Totals
Amount of deposits	\$ 190,253	\$ 8,777	\$ 48,182	\$ 247,212
FDIC Coverage	(190,253)	(8,777)	(48,182)	(247,212)
Total uninsured public funds	-	-	-	-
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Association's name	-	-	-	-
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ -	\$ -
Pledged collateral	-	-	-	-
Over (under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 December 30, 2014.

**Reconciliation of Cash and Cash Equivalents**

Reconciliation to the Statement of Net Position

Cash and cash equivalents	<u>\$ 247,099</u>
Total cash and cash equivalents	247,099
Add: outstanding checks	213
Less: petty cash	<u>(100)</u>
Bank balance of deposits	<u>\$ 247,212</u>

**NOTE 4. Receivables**

Receivables from water billing activities as of December 31, 2014, are as follows:

Customer receivables	<u>Total</u>
	<u>\$ 25,964</u>

All of the above receivables are deemed by the Association to be fully collectible.

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Notes to the Financial Statements**  
**December 31, 2014**

**NOTE 5. Capital Assets**

A summary of capital assets and changes occurring during the year ended December 31, 2014, including those changes pursuant to the implementation of GASB Statement No. 34, follow. Land and water rights are not subject to depreciation.

	Balance, December 31, 2013	Adjustments	Additions	Deletions	Balance, December 31, 2014
<b>Capital assets not being depreciated:</b>					
Land	\$ 26,282	\$ -	\$ -	\$ -	\$ 26,282
Water rights	1,200	-	-	-	1,200
<b>Total</b>	<b>27,482</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,482</b>
<b>Capital assets being depreciated:</b>					
Furniture and fixtures	19,042	-	4,260	-	23,302
Automobiles	34,901	-	-	-	34,901
Wells	57,767	-	-	-	57,767
Plant and water system	969,968	-	35,306	-	1,005,274
<b>Total</b>	<b>1,081,678</b>	<b>-</b>	<b>39,566</b>	<b>-</b>	<b>1,121,244</b>
<b>Less accumulated depreciation:</b>					
Furniture and fixtures	6,529	(1,631)	3,155	-	8,053
Automobiles	31,358	(14,598)	3,491	-	20,251
Wells	-	47,657	1,444	-	49,101
Plant and water system	550,291	(69,899)	24,992	-	505,384
<b>Total</b>	<b>588,178</b>	<b>(38,471)</b>	<b>33,082</b>	<b>-</b>	<b>582,789</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 520,982</b>	<b>\$ 38,471</b>	<b>\$ 6,484</b>	<b>\$ -</b>	<b>\$ 565,937</b>

Depreciation expense for the year ended December 31, 2014 was \$33,082.

**NOTE 6. Restatements**

The Association has restated net position due to the correction of errors in the presentation of the prior year financial statement's accumulated depreciation as follows:

Fund Name	Net Position 12/31/13	Prior Year Accumulated Depreciation Adjustment	Net Position Restated 12/31/14
Business-type Activities	\$ 672,964	\$ 38,471	\$ 711,435

**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Notes to the Financial Statements**  
**December 31, 2014**

**NOTE 7. Unearned Revenue**

Unearned revenue represents revenues collected but not earned and totals \$7,197 as of December 31, 2014. This is composed of customer payments received before the end of the year but for services for the next fiscal year.

**NOTE 8. Long-term Debt**

During the year ended December 31, 2014, the following changes occurred in the liabilities reported in the statement of net position:

	Balance, December 31, 2013	Additions	Retirements	Balance, December 31, 2014	Due Within One Year
USDA, Rural Development	128,372	\$ -	\$ 2,330	126,042	\$ 2,430
Totals	<u>\$ 128,372</u>	<u>\$ -</u>	<u>\$ 2,330</u>	<u>\$ 126,042</u>	<u>\$ 2,430</u>

**Loans Payable**

On August 13, 2003, the Association borrowed \$148,400 from the United States Department of Agriculture, Rural Development for the purpose of the Phase II construction project for water systems. The loan is payable in monthly installments of \$645 and matures on August 13, 2043. The annual interest rate on the loan is 4.25%.

**Debt Service Requirements**

Debt service requirements for the next five years and thereafter are as follows:

Fiscal Year Ending December 31,	Principal Payment	Interest Payment	Total Debt Service
2015	\$ 2,430	\$ 5,310	\$ 7,740
2016	2,535	5,205	7,740
2017	2,645	5,095	7,740
2018	2,760	4,980	7,740
2019	2,880	4,860	7,740
2020-2024	16,382	22,318	38,700
2025-2029	20,253	18,447	38,700
2030-2034	25,039	13,661	38,700
2035-2039	30,955	7,745	38,700
2040-2043	20,163	1,240	21,403
Total	<u>\$ 126,042</u>	<u>\$ 88,861</u>	<u>\$ 214,903</u>

**NOTE 9. Joint Powers Agreements and Memorandums of Understanding**

As of the year ended December 31, 2014, the Association was not involved in any Joint Powers Agreements or Memorandums of Understanding.

**NOTE 10. Construction and Other Significant Commitments**

As of the year ended December 31, 2014, the Association had no construction or other significant commitments in progress.

STATE OF NEW MEXICO  
La Luz Mutual Domestic Water Consumers Association  
Notes to the Financial Statements  
December 31, 2014

**NOTE 11. Retirement Plan**

The Association offers a retirement plan in the form of a SIMPLE IRA through Edward Jones. The Association matches up to 3% of the employee's contributions. The employees are allowed to contribute up to 6%. The Association's Board of Directors has the authority to amend the terms and conditions of the retirement plan annually in accordance with guidelines established by the Internal Revenue Service. At December 31, 2014, there were 2 participants in the plan.

**NOTE 12. Contingent Liabilities**

There is no pending litigation that would warrant disclosure in the notes to the financial statements. In the normal course of operations the Association receives grant funds from various federal and state agencies. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not expected to be material.

**NOTE 13. Risk Management**

The Association is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Association purchases commercial liability insurance.

The Association has not filed any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Association which exceeds the insurance coverage, the Association would not be responsible for a loss in excess of the coverage amounts. As claims are filed, commercial liability insurance company assesses and estimates the potential for loss and handles all aspects of the claim. Insurance coverages have not changed significantly from prior years and coverages are expected to be continued.

At December 31, 2014 no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Association.

The commercial liability insurance company has not provided information on an entity by entity basis that would allow for a reconciliation of changes in the aggregate liabilities for claims for the current fiscal year and the prior fiscal year.

**NOTE 14. Subsequent Pronouncements**

In June 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68 *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The Association is analyzing the effects that this pronouncement will have on their financial statements.

In January 2013 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Association is analyzing the effects that this pronouncement will have on their financial statements.

In November 2013 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date- an Amendment of GASB Statement No. 68*, effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Association is analyzing the effects that this pronouncement will have on their financial statements.



**STATE OF NEW MEXICO**  
**La Luz Mutual Domestic Water Consumers Association**  
**Notes to the Financial Statements**  
**December 31, 2014**

**NOTE 15. Subsequent events**

The date to which events occurring after December 31, 2014, the most recent balance sheet, have been evaluated for possible adjustment to the financial statement or disclosures is April 2, 2015, which is the date on which the financial statements were issued.

