

**Leasburg Mutual Domestic
Water Association**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
for the Year Ended December 31, 2012**

**STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER ASSOCIATION**

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**STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER ASSOCIATION**

**OFFICIAL ROSTER
DECEMBER 31, 2012**

Board of Directors

Tom Austin	President
James Zabriskie	Vice President
Mary Anne Owen	Secretary/Treasurer
John McGaw	Director
Ian Leslie	Director

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hector H. Balderas, State Auditor
and the Board of Directors of the
Leasburg Mutual Domestic Water Association
Organ, New Mexico

We have performed the procedures enumerated below, which were agreed to by Leasburg Mutual Domestic Water Association, (the Association), for the year ended December 31, 2012. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The Leasburg Mutual Domestic Water Association's management is responsible for the Association'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 DFA-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.

Observations

- a) All bank and investment reconciliations are performed on a timely basis and all were complete and on-hand.
- b) All bank reconciliations tested did not reveal any exceptions.
- c) Bank account balances did not exceed the uninsured limits during the year ended December 31, 2012 and therefore, pledged collateral was not required for any bank account.

2. Capital Assets

Procedure

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

Observation

Leasburg Mutual Domestic Water Association performed an inventory of capital assets for the year ended December 31, 2012.

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:

- a) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- b) 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.

Observations

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed an under budget of total revenues at the end of the year as the result of higher water usage.
- b) Amounts recorded in the general ledger agreed with supporting documentation and the bank statements.
- 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 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.

- 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.

Observations

- a) A review of Board minutes indicated that the budget was approved by the Board and was submitted to DFA-LGD for approval.
- b) Total actual expenditures did not exceed the final budget approved for the Association.
- c) A schedule of revenues and expenses – budget and actual was prepared from the Association records on the cash budgetary basis.

7. Other

Procedure

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.

Observation

No indication of any fraud, illegal acts, noncompliance, or any internal control deficiencies were noted during the agreed-upon procedures testwork.

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 Leasburg Mutual Domestic Water Association, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

El Paso, Texas
April 30, 2013

**STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER ASSOCIATION**

**SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
Operating Income				
Water revenue	\$ 123,530	\$ 123,530	\$ 133,148	\$ 9,618
Other income	3,980	3,980	3,662	(318)
Total operating income	<u>127,510</u>	<u>127,510</u>	<u>136,810</u>	<u>9,300</u>
Operating Expenses				
Accounting/Legal	47,100	47,100	38,125	8,975
Interest expense	15,600	15,600	15,790	(190)
Depreciation	99,200	99,200	95,333	3,867
Office expenses	5,460	5,460	4,265	1,195
System supplies and maintenance	13,400	20,100	18,110	1,990
Salaries/contractors	28,600	28,600	25,639	2,961
Taxes and insurance	9,780	9,780	9,211	569
Utilities	15,600	15,600	14,010	1,590
Total operating expenses	<u>234,740</u>	<u>241,440</u>	<u>220,483</u>	<u>20,957</u>
Excess (deficiency) of revenues over expenditures	<u>(107,230)</u>	<u>(113,930)</u>	<u>(83,673)</u>	<u>30,257</u>
Nonoperating revenues (expenses)				
Grants	373,923	373,923	12,863	(361,060)
Interest	20	20	127	107
Rebates	-	-	1,786	1,786
Capital improvements	<u>(373,923)</u>	<u>(373,923)</u>	<u>-</u>	<u>373,923</u>
Total nonoperating revenues (expenses)	<u>20</u>	<u>20</u>	<u>14,776</u>	<u>14,756</u>
Revenues over (under) expenses	<u>\$ (107,210)</u>	<u>\$ (113,910)</u>	<u>\$ (68,897)</u>	<u>\$ 45,013</u>

**STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER ASSOCIATION**

**SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

PRIOR FINDINGS	Current status
2011-01 Capital Assets (Compliance Finding)	Resolved
2011-02 Submission of Reports to the Department of Finance and Administration (Compliance Finding)	Resolved
2011-03 Late Submission of Report (Compliance Finding)	Resolved

**STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER ASSOCIATION**

**EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2012**

The report contents were discussed at an exit conference held on May 2, 2013 with the following individuals in attendance:

Leasburg Mutual Domestic Water Association

Mary Anne Owen	Secretary/Treasurer
Doug Joens	Accountant

White + Samaniego + Campbell, LLP

Gloria Mejia	Staff
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