

LEASBURG MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION
AGREED-UPON PROCEDURES
DECEMBER 31, 2015

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

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LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**OFFICIAL ROSTER
DECEMBER 31, 2015**

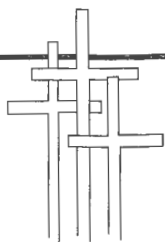
TOM AUSTIN, PRESIDENT

KATHY KASPAREK, VICE-PRESIDENT

MARY ANN OWEN, SECRETARY/TREASURER

ESTHER ARMIJO, DIRECTOR

JIM HARVEY, DIRECTOR



Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and New Mexico State Auditor
Tim Keller
Leasburg Mutual Domestic Water Consumers Association
Leasburg, New Mexico

We have performed the procedures shown in Exhibit A, attached to this report. The procedures were agreed to by Leasburg Mutual Domestic Water Consumers Association through the Office of the State Auditor, solely to assist you with respect to the compliance of the Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC of Leasburg Mutual Domestic Water Consumers Association as of December 31, 2015. Leasburg Mutual Domestic Water Consumers Association's management is responsible for the company'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 can be found on Exhibit A, attached to this report.

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. The accompanying Exhibit C – Statement of Budget vs. Actual (approved by DFA-LGD); Exhibit D – Statement of Assets, Liabilities, and Net Assets and Schedule of Revenues and Expenses – Modified Cash Basis for the year ended December 31, 2015 were not audited by us, and accordingly, we do not express 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 Consumers Association, the Department of Finance and Administration-Local Government Division, the NM State Legislature and New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Clifford, Ross & Cooper, LLC
Las Cruces, New Mexico
March 15, 2016

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT A- SCOPE OF WORK
AGREED UPON PROCEDURES

Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC

1)	CASH	
	a)	<p>The Contractor shall 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.</p> <p>Procedure: Obtained copies of all bank reconciliations and bank statements for the year. Verified that the banks were reconciled each month, reviewed the bank reconciliations.</p> <p>Finding: We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. The following are the Association's bank accounts and related reconciled cash balance at December 31, 2015: First National Rio Grande - Operating - \$63,715.28; First National Rio Grande - Reserve - \$44,941.99; Wells Fargo Bank - Investments - \$174,345.04. All bank reconciliations are performed on a timely basis and all were complete and on-hand.</p>
	b)	<p>The Contractor shall 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</p> <p>Procedure: Six months of bank reconciliations were recomputed to determine accuracy. The monthly bookkeeping is done by Mesilla Valley Accounting. Books are kept on QuickBooks and reconciled through QuickBooks. We compared the cash balances per bank reconciliations to the respective general ledger account balances. Monthly financial statements are presented to the Board of Directors by Mesilla Valley Accounting for approval. Noted Mesilla Valley Accounting provides monthly financials to DFA upon request. Noted year end financials provided to DFA.</p> <p>Finding: All bank reconciliations tested revealed no exceptions.</p>
	c)	<p>The Contractor shall 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</p> <p>Procedure: The bank statements for the entire fiscal year ending December 31, 2015 were reviewed for balances.</p> <p>Finding: Bank account balances did not exceed the uninsured limits during the year ended December 31, 2015 and, therefore, pledged collateral was not required for any bank account.</p>
2)	CAPITAL ASSETS	
		<p>The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978</p> <p>Procedure: Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting Noted additions to assets each year. Noted inventory was performed and certified by Board Member.</p> <p>Finding: Yearly inventory was performed and certified. No discrepancies noted.</p>
3)	REVENUE	
		<p>The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation</p> <p>a)</p>
		<p>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 the Association's management for explanation of all variances of budget to actual of more than 5%.</p>

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC

3)

REVENUE (continued)

The Contractor shall test based on auditor judgment the total amount of revenues for the following attributes:
 Select a sample of revenues based on auditor judgment (for purpose of procedures in 3(b) and 3(c), we selected a haphazard sample of recorded revenue transactions to achieve a minimum of 50% coverage) 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:

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue showed an under budget of total revenues at the end of the year as a result of lower water usage.

	Budgeted Amount	Actual Amount	Variance	Percentage
Water Usage Fees	\$ 135,000	\$ 121,037	\$ (13,963)	-10%
Connection Fees	\$ 1,000	\$ 1,150	\$ 150	15%
Damage/Service Calls	\$ 1,000	\$ 849	\$ (151)	-15%
Installation Fees	\$ 830	\$ 415	\$ (415)	-50%
Membership Fees	\$ 250	\$ 275	\$ 25	10%
Parity Fees	\$ 1,000	\$ 1,000	\$ -	100%
Delinquency Charges	\$ 4,550	\$ 4,254	\$ (296)	100%
Unclaimed Refunds	\$ 100	\$ 29	\$ (71)	100%
Interest income	\$ 750	\$ 815	\$ 65	100%
Rebates	\$ 250	\$ -	\$ (250)	100%

The following items were selected for procedures 3(b)-3(c):

Receipts Date	Payer	Description	Amount
2/6/2015	Client fees	Revenue-Water	\$ 3,861.45
2/11/2015	Client fees	Revenue-Water	\$ 693.06
2/18/2015	Client fees	Revenue-Water	\$ 2,434.58
2/24/2015	Client fees	Revenue-Water	\$ 1,516.73
4/9/2015	Client fees	Revenue-Water	\$ 734.29
4/15/2015	Client fees	Revenue-Water	\$ 1,994.39
4/21/2015	Client fees	Revenue-Water	\$ 1,571.50
4/27/2015	Client fees	Revenue-Water	\$ 2,754.58
6/4/2015	Client fees	Revenue-Water	\$ 3,443.68
6/10/2015	Client fees	Revenue-Water	\$ 1,860.22
6/17/2015	Client fees	Revenue-Water	\$ 2,162.52
6/24/2015	Client fees	Revenue-Water	\$ 3,063.32
6/30/2015	Client fees	Revenue-Water	\$ 2,180.11
8/7/2015	Client fees	Revenue-Water	\$ 1,951.61
8/12/2015	Client fees	Revenue-Water	\$ 1,118.44
8/19/2015	Client fees	Revenue-Water	\$ 1,676.92
8/26/2015	Client fees	Revenue-Water	\$ 3,150.61
8/31/2015	Client fees	Revenue-Water	\$ 2,985.75
10/6/2015	Client fees	Revenue-Water	\$ 2,704.37
10/14/2015	Client fees	Revenue-Water	\$ 1,826.58
10/21/2015	Client fees	Revenue-Water	\$ 2,657.57
10/28/2015	Client fees	Revenue-Water	\$ 2,814.49
12/4/2015	Client fees	Revenue-Water	\$ 2,834.35
12/9/2015	Client fees	Revenue-Water	\$ 735.91
12/16/2015	Client fees	Revenue-Water	\$ 1,318.31
12/23/2015	Client fees	Revenue-Water	\$ 3,044.93
12/30/2015	Client fees	Revenue-Water	\$ 2,755.68

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC

3) REVENUE (continued)

Finding:

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

The Contractor shall 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. (For purposes of performing these procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.)

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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Milage Act (2.42.2 NMAC).

Note: The sample must be representative of the population.

The following cash disbursements were selected and the procedures described in 4(a) - 4(c) above were performed:

<u>Check Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Description</u>	<u>Check Amount</u>
1/12/2015	2962	NM Tax & Revenue (H20)	Water Conservation Fee	\$ 61.18
1/12/2015	2966	Ted Reyes	Operations & Maintenance	\$ 2,173.66
1/22/2015	2970	NM Water & Wastewater Assoc	Workshop	\$ 150.00
2/9/2015	2974	Wells Fargo Advisors	Transfer to Investments	\$ 1,000.00
3/9/2015	2978	Thomas Salopek	Refund	\$ 50.00
3/9/2015	2981	NM Water & Wastewater Assoc	Water Conservation Fee	\$ 58.76
3/9/2015	2986	Johnston's True Value	Supplies	\$ 33.98
4/13/2015	2989	NM Mutual Casualty	Insurance	\$ 204.00
4/13/2015	2994	Ted Reyes	Operations & Maintenance	\$ 2,173.79
5/11/2015	2999	South Plains Implement	Operations & Maintenance	\$ 1,998.29
5/11/2015	3002	Mesilla Valley Accounting PC	Accounting services	\$ 2,668.26
6/8/2015	3007	HD Supply Waterworks, Ltd	Supplies	\$ 640.57
6/8/2015	3010	Mesilla Valley Accounting PC	Accounting services	\$ 2,637.63
7/13/2015	3014	Ana Chavez	Refund	\$ 5.89
7/13/2015	3018	Ted Reyes	Operations & Maintenance	\$ 2,173.79
7/13/2015	3022	Wells Fargo Advisors	Transfer to Investments	\$ 1,000.00
8/10/2015	3026	HD Supply Waterworks, Ltd	Supplies	\$ 1,133.37
8/10/2015	3030	Edwin J. Alberson	Refund	\$ 30.05
9/14/2015	3034	Dora Marlow	Refund	\$ 38.05
9/14/2015	3039	Mesilla Valley Accounting PC	Accounting services	\$ 2,612.46
10/12/2015	3043	Curtis Flores	Refund	\$ 29.00
10/12/2015	3047	NM Tax & Revenue (H20)	Water Conservation Fee	\$ 102.28
11/9/2015	3051	Elephant Butte Irrigation District	Operations & Maintenance	\$ 635.25
11/9/2015	3054	HD Supply Waterworks, Ltd	Supplies	\$ 121.74
11/9/2015	3058	Mesilla Valley Accounting PC	Accounting services	\$ 2,768.39
12/14/2015	3063	Verizon Wireless	Cell phone - Ted Reyes	\$ 150.43
12/14/2015	3067	Ted Reyes	Operations & Maintenance	\$ 2,181.45
1/25/2015	ACH	USDA/Rural Development	Loan Payment	\$ 1,877.00
2/9/2015	ACH	NM Taxation & Revenue	Gross receipts tax	\$ 406.06
3/9/2015	ACH	El Paso Electric	Utility	\$ 909.82

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC

4) EXPENDITURES (continued)						
	4/25/2015	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	4/13/2015	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 405.26
	5/11/2005	ACH	El Paso Electric	Utility		\$ 1,079.21
	6/25/2015	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	7/13/2015	ACH	El Paso Electric	Utility		\$ 1,404.13
	7/13/2015	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 541.32
	10/12/2015	ACH	El Paso Electric	Utility		\$ 1,294.29
	11/9/2015	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 538.04
	11/25/2015	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	12/14/2015	ACH	El Paso Electric	Utility		\$ 798.86
Results of Procedures 4(a) - 4(c):						
a)	Tested 40 out of 144 total population of cash disbursements from the operating account. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee, date and description agreed with the vendor's invoice, purchase invoice, purchase order, contract and cancelled check, as appropriate.					
b)	Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements.					
c)	The bid process (or request for proposal process, if applicable), purchase order, 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).					
Finding:	No discrepancies were noted.					
5) JOURNAL ENTRIES						
If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, the Contractor shall test significant items for the following attributes:						
a)	Journal entries appear reasonable and have supporting documentation. (A journal entry is considered reasonable if: the explanation is consistent with the nature of the adjustment and the general ledger accounts affected and supporting documentation agrees with the journal entry details.)					
b)	The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed					
The following journal entries were selected and the procedures described 5(a) - 5(b) above were performed:						
Date	Description		Account Number		Debit	Credit
2/1/2015	Reverse of GJE 477 Deposits in Transit		Water Customers		\$ 3,861.45	
	Reverse of GJE 477 Deposits in Transit		Deposits in transit			\$ 3,861.45
4/30/2015	Deposits in transit		Deposits in Transit		\$ 3,435.68	
	Deposits in transit		Water Customers			\$ 3,435.68
5/30/2015	Quarterly EBID Assessment		Licenses/Other Taxes		\$ 149.07	
	Quarterly EBID Assessment		Prepaid expenses			\$ 149.07
8/31/2015	Monthly Sales Activity		Water Customers		\$ 13,455.98	
	Monthly Sales Activity		Cert. Letter Fees			\$ 187.00
	Monthly Sales Activity		Membership fees			\$ 25.00
	Acct. 425		Membership Service Deposits			\$ 50.00
	Monthly Sales Activity		Late Fees			\$ 287.29
	Monthly Sales Activity		Connection Fees			\$ 100.00
	Monthly Sales Activity		Gross receipts tax payable			\$ 608.08
	Monthly Sales Activity		Water Usage Fees			\$ 12,198.61
10/31/2015	Monthly Depreciation Expense		Depreciation Expense		\$ 9,195.26	
	Monthly Depreciation Expense		Accumulated Depreciation			\$ 9,195.26

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC

5)	JOURNAL ENTRIES (continued)							
	12/31/2015	Deposit in Transit		Deposits in transit	\$ 2,364.47			
		Deposit in Transit		Water Customers		\$ 2,364.47		
	Results of Procedures 4(a) - 4(c):							
	a)	Journal entries appear reasonable and have supporting documentation.						
	b)	The Association has a review process for journal entries and the journal entries tested have evidence of review.						
	Finding:							
	No discrepancies noted.							
6)	BUDGET							
	The Contractor shall 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 4(a) - 4(c):							
	a)	Obtained copy of overall budget for the local public body. Obtained Minutes of the Board and reviewed for approval of budget and budget adjustments. Noted the overall budget was approved by the Board.						
	b)	Total actual expenditures did not exceed the final budget approved for the Association Budget was sent to DFA, noted approval letter from DFA						
	c)	A schedule of revenues and expenses - budget and actual was prepared from the Association record on the cash budgetary basis.						
	Finding:							
	No discrepancies noted.							
	OTHER							
	If information comes to the Contractor'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(1)(3)(C) NMAC.							
	Finding:							
	No indication of any fraud, illegal acts, noncompliance, or any internal control deficiencies were noted during the agreed-upon procedures test work.							

STATE OF NEW MEXICO
LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT B
BUDGET AND ACTUAL - Modified Cash Basis

Statement of Revenues and Expenditures
Budget and Actual
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
REVENUES				
Water usage fees	\$ 135,000	\$ 135,000	\$ 121,037	\$ (13,963)
Connection fees	1,000	1,000	1,150	150
Damanges/service calls	1,000	1,000	849	(151)
Installation fees	830	830	415	(415)
Membership fees	250	250	275	25
Parity fees	1,000	1,000	1,000	-
Certified letter fees	1,500	1,500	1,441	(59)
Late fees	3,000	3,000	2,814	(186)
Returned check fees	50	50	-	(50)
Unclaimed customer refunds	100	100	29	(71)
Total revenues	143,730	143,730	129,010	(14,720)
EXPENDITURES				
Bad debt expense	500	500	526	(26)
Bank service charges	100	100	-	100
Board expenses	1,000	1,000	300	700
Contract services	1,500	1,500	100	1,400
Depreciation expense	112,000	112,000	110,343	1,657
Dues and subscriptions	500	500	699	(199)
Equipment rental	500	500	-	500
Insurance	7,500	7,500	7,624	(124)
Interest expense	15,100	15,100	15,101	(1)
Licenses/other taxes	1,000	1,000	1,229	(229)
Office expense	250	250	128	122
Professional fees	35,000	35,000	33,370	1,630
Repairs and maintenance	1,500	1,500	1,998	(498)
System operator	27,000	27,000	26,131	869
System supplies and chemicals	12,000	12,000	4,748	7,252
Telephone	2,500	2,500	1,971	529
Tools and equipment	3,500	3,500	183	3,317
Utilities	17,000	17,000	13,438	3,562
Water conservaton fees	1,500	1,500	1,072	428
Water lab/testing	250	250	-	250
Total expenditures	240,200	240,200	218,961	21,239
Excess (deficiency) of revenues over expenditures	(96,470)	(96,470)	(89,951)	6,519
NONOPERATING REVENUES AND EXPENDITURES				
Interest	750	750	815	65
Rebates	250	250	-	(250)
Sale of Irrigation Water	-	-	261	261
Capital Improvements	(15,000)	(15,000)	-	15,000
Total nonoperating revenues & expenditures	(14,000)	(14,000)	1,076	76
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(110,470)	(110,470)	\$ (88,875)	\$ 6,595
Budgeted cash carryover	110,470	110,470		
	<u>\$ -</u>	<u>\$ -</u>		

EXHIBIT C

Leasburg MDWCA Budget vs. Actual

	Jan - Dec 15	Budget	% of Budget
Ordinary Income/Expense			
Income			
Operating Income			
Water Usage Fees	121,037.32	135,000.00	89.7%
Connection Fees	1,150.00	1,000.00	115.0%
Damages/Service Calls	849.35	1,000.00	84.9%
Installation Fees	415.00	830.00	50.0%
Membership Fees	275.00	250.00	110.0%
Parity Fees	1,000.00	1,000.00	100.0%
Total Operating Income	124,726.67	139,080.00	89.7%
Delinquency Charges			
Certified Letter Fees	1,441.00	1,500.00	96.1%
Late Fees	2,813.40	3,000.00	93.8%
Returned Check Fees	0.00	50.00	0.0%
Total Delinquency Charges	4,254.40	4,550.00	93.5%
Unclaimed Customer Refunds	29.00	100.00	29.0%
Total Income	129,010.07	143,730.00	89.8%
Gross Profit	129,010.07	143,730.00	89.8%
Expense			
Bad Debt Expense	526.15	500.00	105.2%
Bank Service Charges	0.00	100.00	0.0%
Board Expenses	300.00	1,000.00	30.0%
Contract Services	100.00	1,500.00	6.7%
Depreciation Expense	110,343.12	112,000.00	98.5%
Dues and Subscriptions	699.12	500.00	139.8%
Equipment Rental	0.00	500.00	0.0%
Insurance	7,624.02	7,500.00	101.7%
Interest Expense	15,101.21	15,100.00	100.0%
Licenses/Other Taxes	1,228.60	1,000.00	122.9%
Office Expense	126.00	250.00	50.4%
Professional Fees			
Accounting/Administrative	33,370.22	34,000.00	98.1%
Engineering	0.00	500.00	0.0%
Legal	0.00	500.00	0.0%
Total Professional Fees	33,370.22	35,000.00	95.3%
Repairs and Maintenance	1,998.29	1,500.00	133.2%
System Operator	26,131.44	27,000.00	96.8%
System Supplies & Chemicals	4,747.84	12,000.00	39.6%
Telephone	1,971.22	2,500.00	78.8%
Tools & Equipment (Non-Asset)	183.21	3,500.00	5.2%
Utilities	13,438.23	17,000.00	79.0%
Water Conservation Fees	1,072.34	1,500.00	71.5%
Water Lab/Testing	0.00	250.00	0.0%
Total Expense	218,961.01	240,200.00	91.2%
Net Ordinary Income	-89,950.94	-96,470.00	93.2%
Other Income/Expense			
Other Income			
Interest Income	814.89	750.00	108.7%
Rebates	0.00	250.00	0.0%
Sale of Irrigation Water	261.30	0.00	100.0%
Total Other Income	1,076.19	1,000.00	107.6%

EXHIBIT C

Leasburg MDWCA
Budget vs. Actual

	<u>Jan - Dec 15</u>	<u>Budget</u>	<u>% of Budget</u>
Other Expense Capital Improvements	<u>0.00</u>	<u>15,000.00</u>	<u>0.0%</u>
Total Other Expense	<u>0.00</u>	<u>15,000.00</u>	<u>0.0%</u>
Net Other Income	<u>1,076.19</u>	<u>-14,000.00</u>	<u>-7.7%</u>
Net Income	<u>-88,874.75</u>	<u>-110,470.00</u>	<u>80.5%</u>

Leasburg MDWCA
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis

	Dec 31, 15
ASSETS	
Current Assets	
Checking/Savings	
First Natl Rio Grande-Operating	63,715.26
First Natl Rio Grande-Reserve	44,941.99
Wells Fargo-Investment	174,345.04
Total Checking/Savings	283,002.29
Accounts Receivable	
Water Customers	130.30
Total Accounts Receivable	130.30
Other Current Assets	
Deposits in Transit	2,364.47
Prepaid Expenses	5,843.21
Total Other Current Assets	8,207.68
Total Current Assets	291,340.27
Fixed Assets	
Buildings	180,345.70
Furniture, Fixtures & Equipment	42,058.62
Land	59,955.06
Tools	650.00
Water System/Infrastructure	2,654,570.77
Accumulated Depreciation	-1,407,151.78
Total Fixed Assets	1,530,428.37
Other Assets	
Water Rights	66,263.19
Total Other Assets	66,263.19
TOTAL ASSETS	1,888,031.83
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Operating	7,366.28
Total Accounts Payable	7,366.28
Other Current Liabilities	
Gross Receipts Tax Payable	394.19
Total Other Current Liabilities	394.19
Total Current Liabilities	7,760.47
Long Term Liabilities	
Member Service Deposits	9,920.00
Note Payable-USDA/RD	460,624.99
Total Long Term Liabilities	470,544.99
Total Liabilities	478,305.46

EXHIBIT D

Leasburg MDWCA
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis

	<u>Dec 31, 15</u>
Equity	
Restricted Net Assets	
Board Designed Reserve	27,000.00
USDA/RD Reserve	44,941.99
	<hr/>
Total Restricted Net Assets	71,941.99
Unrestricted Net Assets	1,426,659.13
Net Income	-88,874.75
	<hr/>
Total Equity	1,409,726.37
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TOTAL LIABILITIES & EQUITY	1,888,031.83
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Leasburg MDWCA
Statement of Revenue and Expenses
Modified Cash Basis

	Oct - Dec 15	Jan - Dec 15
Ordinary Income/Expense		
Income		
Operating Income		
Water Usage Fees	27,909.68	121,037.32
Connection Fees	350.00	1,150.00
Damages/Service Calls	244.00	849.35
Installation Fees	0.00	415.00
Membership Fees	0.00	275.00
Parity Fees	0.00	1,000.00
Total Operating Income	28,503.68	124,726.67
Delinquency Charges		
Certified Letter Fees	352.00	1,441.00
Late Fees	820.64	2,813.40
Total Delinquency Charges	1,172.64	4,254.40
Unclaimed Customer Refunds	29.00	29.00
Total Income	29,705.32	129,010.07
Gross Profit	29,705.32	129,010.07
Expense		
Bad Debt Expense	260.44	526.15
Board Expenses	0.00	300.00
Contract Services	100.00	100.00
Depreciation Expense	27,585.78	110,343.12
Dues and Subscriptions	95.84	699.12
Insurance	2,051.75	7,624.02
Interest Expense	3,742.53	15,101.21
Licenses/Other Taxes	306.61	1,228.60
Office Expense	0.00	126.00
Professional Fees		
Accounting/Administrative	7,547.87	33,370.22
Total Professional Fees	7,547.87	33,370.22
Repairs and Maintenance	0.00	1,998.29
System Operator	6,544.35	26,131.44
System Supplies & Chemicals	1,092.62	4,747.84
Telephone	490.34	1,971.22
Tools & Equipment (Non-Asset)	149.23	183.21
Utilities	2,578.41	13,438.23
Water Conservation Fees	187.13	1,072.34
Total Expense	52,732.90	218,961.01
Net Ordinary Income	-23,027.58	-89,950.94
Other Income/Expense		
Other Income		
Interest Income	226.53	814.89
Sale of Irrigation Water	0.00	261.30
Total Other Income	226.53	1,076.19
Net Other Income	226.53	1,076.19
Net Income	-22,801.05	-88,874.75

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

CURRENT YEAR FINDINGS:

None

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS
DECEMBER 31, 2015**

PRIOR-YEAR FINDINGS:

2014-001 Late Submission of Report (Noncompliance). Closed not repeated in current year.

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**EXIT CONFERENCE
DECEMBER 31, 2015**

Exit Conference:

The exit conferences were held on April 27, 2016 with the following persons:

Tom Austin, President

Denise S. Cooper, Partner, Clifford, Ross & Cooper, LLC

These agreed-upon procedures were prepared by Clifford, Ross & Cooper, LLC from the books and records of Leasburg Mutual Domestic Water Consumers Association with the assistance of management.