

LEASBURG MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION
AGREED-UPON PROCEDURES
DECEMBER 31, 2016

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

TABLE OF CONTENTS
DECEMBER 31, 2016

Table of Contents.....	1
Official Roster.....	2
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	3
Exhibit A-Scope of Work and Related Results.....	4-8
Exhibit B - Schedule of Capital Outlay Projects.....	9
Exhibit C - Statement of Revenues and Expenditures - Budget and Actual- Modified Cash Basis.....	10
Exhibit D - Statement of Budget vs. Actual (approved by DFA) (generated internally).....	11-13
Exhibit E - Copy of Year-End Financial Report Submitted to Board.....	14-16
Schedule of Findings and Responses.....	17
Schedule of Summary of Prior Findings and Responses.....	18
Exit Conference	19

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**OFFICIAL ROSTER
DECEMBER 31, 2016**

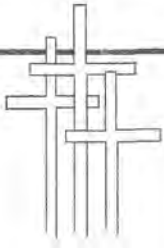
TOM PHILLIPS, PRESIDENT

KATHY KASPAREK, VICE-PRESIDENT

MARY ANNE 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, 2016. Leasburg Mutual Domestic Water Consumers Association's management is responsible for the company's accounting records. 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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the accounting records. Accordingly, we do not express such an opinion or conclusion. 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, CPAs, LLC
Las Cruces, New Mexico
May 2, 2017

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

Finding: No discrepancies noted.

2) **CASH**

a) 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.

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.

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, 2016: First National Rio Grande - Operating - \$64,497.97; First National Rio Grande - Reserve - \$47,365.06; Wells Fargo Bank - Investments - \$187,243.89. All bank reconciliations are performed on a timely basis and all were complete and on-hand.

b) 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

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.

Finding:

All bank reconciliations tested revealed no exceptions.

c) The Contractor shall determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all insured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable

Procedure:

The bank statements for the entire fiscal year ending December 31, 2016 were reviewed for balances.

Finding:

Bank account balances did not exceed the uninsured limits during the year ended December 31, 2016 and, therefore, pledged collateral was not required for any bank account.

3) **CAPITAL ASSETS**

The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978

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.

Finding:

Yearly inventory was performed and certified. No discrepancies noted.

4) **REVENUE**

The Contractor shall 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. 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%.

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) 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	\$ 130,000	\$ 123,644	\$ (6,356)	-5%
Connection Fees	\$ 1,000	\$ 1,050	\$ 50	5%
Damage/Service Calls	\$ 750	\$ 1,208	\$ 458	61%
Installation Fees	\$ 830	\$ 1,330	\$ 500	60%
Membership Fees	\$ 300	\$ 600	\$ 300	100%
Parity Fees	\$ 1,000	\$ 1,500	\$ 500	50%
Delinquency Charges	\$ 3,800	\$ 3,720	\$ (80)	-2%
Unclaimed Refunds	\$ 100	\$ -	\$ (100)	-100%
Interest income	\$ 750	\$ 1,043	\$ 293	39%

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

Receipts Date	Payer	Description	Amount
2/10/2016	Client fees	Revenue-Water	\$ 1,085.05
2/17/2016	Client fees	Revenue-Water	\$ 874.20
2/24/2016	Client fees	Revenue-Water	\$ 2,479.19
2/29/2016	Client fees	Revenue-Water	\$ 2,610.54
3/7/2016	Client fees	Revenue-Water	\$ 2,825.27
4/13/2016	Client fees	Revenue-Water	\$ 939.59
4/20/2016	Client fees	Revenue-Water	\$ 1,943.09
4/27/2016	Client fees	Revenue-Water	\$ 2,560.58
5/5/2016	Client fees	Revenue-Water	\$ 5,222.38
6/15/2016	Client fees	Revenue-Water	\$ 2,369.75
6/22/2016	Client fees	Revenue-Water	\$ 3,691.66
6/29/2016	Client fees	Revenue-Water	\$ 2,631.47
7/7/2016	Client fees	Revenue-Water	\$ 5,161.52
8/10/2016	Client fees	Revenue-Water	\$ 1,218.54
8/17/2016	Client fees	Revenue-Water	\$ 2,040.48
8/24/2016	Client fees	Revenue-Water	\$ 4,381.31
8/31/2016	Client fees	Revenue-Water	\$ 4,528.89
9/7/2016	Client fees	Revenue-Water	\$ 4,432.79
10/12/2016	Client fees	Revenue-Water	\$ 1,560.35
10/19/2016	Client fees	Revenue-Water	\$ 2,830.69
10/26/2016	Client fees	Revenue-Water	\$ 3,905.28
11/4/2016	Client fees	Revenue-Water	\$ 5,546.99
12/14/2016	Client fees	Revenue-Water	\$ 856.32
12/21/2016	Client fees	Revenue-Water	\$ 2,608.53
12/28/2016	Client fees	Revenue-Water	\$ 2,893.78
1/6/2017	Client fees	Revenue-Water	\$ 3,018.80

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)	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.							
5)	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 Mileage 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:								
	Check Date	Check Number	Payee	Description	Check Amount				
	1/11/2016	3073	NM Tax & Revenue (H20)	Water Conservation Fee	\$ 52.80				
	1/11/2016	3076	Ted Reyes	Operations & Maintenance	\$ 2,181.45				
	2/8/2016	3078	NM Mutual Casualty	Insurance	\$ 235.00				
	2/8/2016	3079	Wells Fargo Advisors	Transfer to Investments	\$ 1,000.00				
	2/8/2016	3084	RPC, LLC	AUP Fees	\$ 1,600.00				
	3/14/2016	3087	HD Supply Waterworks, Ltd	Supplies	\$ 1,372.14				
	3/14/2016	3090	Advanced Testing & Malls	Operations & Maintenance	\$ 319.52				
	3/14/2016	3091	R2 Contractors Specialty	Operations & Maintenance	\$ 137.99				
	4/11/2016	3096	Daniel Ortega	Refund	\$ 26.44				
	4/13/2015	2994	Ted Reyes	Operations & Maintenance	\$ 2,173.79				
	5/9/2016	3107	Mesilla Valley Accounting PC	Accounting services	\$ 3,014.34				
	5/9/2016	3108	Ted Reyes	Operations & Maintenance	\$ 2,181.45				
	5/9/2016	3110	Johnston's Ace Hardware	Supplies	\$ 73.95				
	6/13/2016	3113	NM Mutual Casualty	Insurance	\$ 235.00				
	6/13/2016	3114	NM Taxation & Revenue	Water Conservation Fee	\$ 120.69				
	6/13/2016	3118	Clifford, Ross & Cooper, LLC	AUP Fees	\$ 2,437.03				
	7/11/2016	3129	HD Supply Waterworks, Ltd	Supplies	\$ 732.94				
	7/11/2016	3131	Mesilla Valley Accounting PC	Accounting services	\$ 2,616.46				
	8/8/2016	3136	Verizon Wireless	Cell phone - Ted Reyes	\$ 147.85				
	9/12/2016	3146	Ted Reyes	Operations & Maintenance	\$ 2,181.45				
	9/12/2016	3148	New Mexico 811	Dues	\$ 95.84				
	10/10/2016	3150	Robert Wynne	Refund	\$ 50.00				
	10/10/2016	3153	Johnston's Ace Hardware	Supplies	\$ 124.75				
	11/14/2016	3158	Garland Realty	Refund	\$ 50.00				
	11/14/2016	3159	Leavitt Group SW, Inc	Insurance	\$ 5,749.00				
	11/14/2016	3162	Elephant Butte Irrigation District	water rights	\$ 279.25				
	11/14/2016	3168	DAC Treasurer	property taxes	\$ 627.36				
	12/12/2016	3175	Richard Gloria	Refund	\$ 29.00				
	12/12/2016	3182	HD Supply Waterworks, Ltd	Operations & Maintenance	\$ 769.95				
	1/11/2016	ACH	El Paso Electric	Utilities	\$ 762.15				

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)	EXPENDITURES (continued)					
	2/25/2016	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	5/25/2016	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 517.68
	6/13/2016	ACH	El Paso Electric	Utility		\$ 1,105.24
	6/25/2016	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	7/11/2016	ACH	El Paso Electric	Utility		\$ 1,443.05
	7/11/2016	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 602.10
	10/10/2016	ACH	El Paso Electric	Utility		\$ 1,244.60
	11/14/2016	ACH	NM Taxation & Revenue	Gross receipts tax		\$ 504.19
	11/25/2016	ACH	USDA/Rural Development	Loan Payment		\$ 1,877.00
	12/12/2016	ACH	El Paso Electric	Utility		\$ 766.49

Results of Procedures 4(a) - 4(c):

- a) Tested 40 out of 150 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.

6) **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
2/1/2016	Reverse of GJE 477 Deposits in Transit	Water Customers	\$ 4,094.02	
	Reverse of GJE 477 Deposits in Transit	Deposits in transit		\$ 4,094.02
4/30/2016	Deposits in transit	Deposits in Transit	\$ 5,222.38	
	Deposits in transit	Water Customers		\$ 5,222.38
6/30/2016	Quarterly EBID Assessment	Licenses/Other Taxes	\$ 158.81	
	Quarterly EBID Assessment	Prepaid expenses		\$ 158.81
8/31/2016	Monthly Sales Activity	Water Customers	\$16,394.92	
	Monthly Sales Activity	Water Usage Fees		\$ 14,139.95
	Monthly Sales Activity	Late Fees		\$ 249.49
	Monthly Sales Activity	Installation Fees		\$ 415.00
	Monthly Sales Activity	Party Fees		\$ 500.00
	Monthly Sales Activity	Membership Fees		\$ 75.00
	Acct #345	Member Service Deposits		\$ 50.00
	Acct #367	Member Service Deposits		\$ 50.00
	Acct #144	Member Service Deposits		\$ 50.00
	Monthly Sales Activity	Connection Fees		\$ 50.00
	Monthly Sales Activity	Certified Letter Fees		\$ 110.00
	Monthly Sales Activity	Gross Receipts Tax Payable		\$ 705.48

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

	10/31/2016	Monthly Depreciation Expense	Depreciation Expense	\$ 9,195.26	
		Monthly Depreciation Expense	Accumulated Depreciation		\$ 9,195.26
6)	JOURNAL ENTRIES (continued)				
	12/31/2016	Deposit in Transit	Deposits in transit	\$ 3,018.90	
		Deposit in Transit	Water Customers		\$ 3,018.90
	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.				
7)	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(I)(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.				

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 EXHIBIT B - SCHEDULE OF CAPITAL OUTLAY PROJECTS
 DECEMBER 31, 2016

	<u>Award Amount</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Received</u>	<u>Remaining Balance</u>
<u>For the Year Ended 2016</u>					
None	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2016**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
REVENUES				
Water usage fees	\$ 130,000	\$ 130,000	\$ 123,644	\$ (6,356)
Connection fees	1,000	1,000	1,050	50
Damanges/service calls	750	750	1,208	458
Installation fees	830	830	1,330	500
Membership fees	300	300	600	300
Parity fees	1,000	1,000	1,500	500
Certified letter fees	1,250	1,250	1,363	113
Late fees	2,500	2,500	2,356	(144)
Returned check fees	50	50	-	(50)
Unclaimed customer refunds	100	100	-	(100)
Total revenues	137,780	137,780	133,051	(4,729)
EXPENDITURES				
Bad debt expense	500	500	188	312
Bank service charges	-	-	125	(125)
Board expenses	1,000	1,000	538	462
Contract services	-	-	-	-
Depreciation expense	110,500	110,500	110,343	157
Dues and subscriptions	750	750	653	97
Equipment rental	-	-	-	-
Insurance	8,500	8,500	7,829	671
Interest expense	14,900	14,900	14,898	2
Licenses/other taxes	1,000	1,000	1,322	(322)
Office expense	250	250	126	124
Professional fees	36,000	36,000	34,727	1,273
Repairs and maintenance	2,500	2,500	1,127	1,373
System operator	26,500	26,500	26,177	323
System supplies and chemicals	12,000	12,000	3,944	8,056
Telephone	2,000	2,000	1,793	207
Tools and equipment	500	500	279	221
Utilities	15,000	15,000	13,469	1,531
Water conservaton fees	1,500	1,500	1,124	376
Water lab/testing	-	-	-	-
Total expenditures	233,400	233,400	218,662	14,738
Excess (deficiency) of revenues over expenditures	(95,620)	(95,620)	(85,611)	10,009
NONOPERATING REVENUES AND EXPENDITURES				
Interest	750	750	1,043	293
Rebates	-	-	-	-
Sale of Irrigation Water	-	-	-	-
Capital Improvements	(15,000)	(15,000)	-	15,000
Total nonoperating revenues & expenditures	(14,250)	(14,250)	1,043	15,293
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(109,870)	(109,870)	\$ (84,568)	\$ 25,302
Budgeted cash carryover	109,870	109,870		
	<u>\$ -</u>	<u>\$ -</u>		

Leasburg MDWCA Budget vs. Actual

	Jan - Dec 16	Budget	% of Budget
Ordinary Income/Expense			
Income			
Operating Income			
Water Usage Fees	123,643.67	130,000.00	95.1%
Connection Fees	1,050.00	1,000.00	105.0%
Damages/Service Calls	1,207.56	750.00	161.0%
Installation Fees	1,330.00	830.00	160.2%
Membership Fees	600.00	300.00	200.0%
Parity Fees	1,500.00	1,000.00	150.0%
Total Operating Income	129,331.23	133,880.00	96.6%
Delinquency Charges			
Certified Letter Fees	1,364.00	1,250.00	109.1%
Late Fees	2,355.57	2,500.00	94.2%
Returned Check Fees	0.00	50.00	0.0%
Total Delinquency Charges	3,719.57	3,800.00	97.9%
Unclaimed Customer Refunds	0.00	100.00	0.0%
Total Income	133,050.80	137,780.00	96.6%
Gross Profit	133,050.80	137,780.00	96.6%
Expense			
Bad Debt Expense	188.28	500.00	37.7%
Bank Service Charges	125.00	0.00	100.0%
Board Expenses	537.50	1,000.00	53.8%
Dues and Subscriptions	653.03	750.00	87.1%
Insurance	7,829.32	8,500.00	92.1%
Interest Expense	14,898.28	14,900.00	100.0%
Licenses/Other Taxes	1,321.95	1,000.00	132.2%
Office Expense	126.00	250.00	50.4%
Professional Fees			
Accounting/Administrative	34,726.84	35,000.00	99.2%
Engineering	0.00	500.00	0.0%
Legal	0.00	500.00	0.0%
Total Professional Fees	34,726.84	38,000.00	96.5%
Repairs and Maintenance	1,126.93	2,500.00	45.1%
System Operator	26,177.40	26,500.00	98.8%
System Supplies & Chemicals	3,943.58	12,000.00	32.9%
Telephone	1,793.32	2,000.00	89.7%
Tools & Equipment (Non-Asset)	278.82	500.00	55.8%
Utilities	13,489.15	15,000.00	89.8%
Water Conservation Fees	1,124.32	1,500.00	75.0%
Total Expense	108,319.72	122,900.00	88.1%
Net Ordinary Income	24,731.08	14,880.00	166.2%
Other Income/Expense			
Other Income			
Interest Income	1,042.77	750.00	139.0%
Total Other Income	1,042.77	750.00	139.0%

EXHIBIT D
Leasburg MDWCA
Budget vs. Actual

	<u>Jan - Dec 16</u>	<u>Budget</u>	<u>% of Budget</u>
Other Expense			
Capital Improvements	0.00	15,000.00	0.0%
Depreciation Expense	<u>110,343.12</u>	<u>110,500.00</u>	<u>99.9%</u>
Total Other Expense	<u>110,343.12</u>	<u>125,500.00</u>	<u>87.9%</u>
Net Other Income	<u>-109,300.35</u>	<u>-124,750.00</u>	<u>87.6%</u>
Net Income	<u><u>-84,589.27</u></u>	<u><u>-109,870.00</u></u>	<u><u>77.0%</u></u>

SUSANA MARTINEZ
GOVERNOR



THOMAS E. CLIFFORD, PH.D.
CABINET SECRETARY

RICK LOPEZ
DIRECTOR

BILL R. GARCIA
Deputy Director

STATE OF NEW MEXICO
DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION
Bataan Memorial Building ♦ 407 Galisteo St. ♦ Suite 202 ♦ Santa Fe, NM 87501
PHONE (505) 827-4950 ♦ FAX (505) 827-4948

May 6, 2016

Tom Austin
President
Leasburg MDWCA
C/O Mesilla Valley Accounting, P.C.
2990 N. Main ST., Suite 2D
Las Cruces, NM 88001

Dear Mr. Austin:

The final budget for your local government entity ("entity") for Calendar Year 2016, as approved by your governing body, has been examined and reviewed. The Department of Finance and Administration, Local Government Division (LGD) finds it has been developed in accordance with applicable statutes and budgeting guidelines, and sufficient resources appear to be available to cover budgeted expenditures. In addition, the *Budget Certification of Local Public Bodies* rule, 2.2.3 NMAC, requires that your entity's "Agreed Upon Procedures" (as specified in 2.2.2.16 NMAC) for Calendar Year 2014 should have submitted to the Office of the State Auditor as of this time. The LGD's information indicates that you are in compliance with this requirement. Therefore, in accordance with NMSA 1978, Section 6-6-2 (E) (2011), the LGD certifies your entity's final Calendar Year 2016 budget.

Please take note that state statute requires all revenue sources be expended only for public purposes, and if applicable, in accordance with the Procurement Code, Chapter 13, Article 1, NMSA 1978. Use of public revenue is governed by Article 9, Section 14 of the Constitution of the State of New Mexico, commonly referred to as the anti-donation clause.

Budgets approved by the LGD are required to be made a part of the minutes of your governing body according to NMSA 1978, Section 6-6-5 (1957). In addition, NMSA 1978, Section 6-6-6 (2001) provides that the approved budget is binding on local officials and governing authorities; and any official or governing authority approving claims or paying warrants in excess of the approved budget or available funds will be liable for the excess amounts.

Finally, as required by NMSA 1978, Section 6-6-2 (H) (2011), LGD is required to approve all transfers between line items and revised budgets for expenditures not included in the final approved budget.

If you have questions regarding this matter, please call Anita Medina of my staff at 505-827-8062.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Lopez".

Rick Lopez, Director
Local Government Division

xc: file

EXHIBIT E
Leasburg MDWCA
Statement of Assets, Liabilities, and Equity
Modified Cash Basis

	Dec 31, 16
ASSETS	
Current Assets	
Checking/Savings	
First Natl Rio Grande-Operating	64,497.97
First Natl Rio Grande-Reserve	47,365.06
Wells Fargo-Investment	187,239.74
Total Checking/Savings	299,102.77
Accounts Receivable	
Water Customers	614.57
Total Accounts Receivable	614.57
Other Current Assets	
Deposits in Transit	3,018.90
Prepaid Expenses	5,814.89
Total Other Current Assets	8,833.79
Total Current Assets	308,551.13
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	-1,517,494.90
Total Fixed Assets	1,420,085.25
Other Assets	
Water Rights	66,263.19
Total Other Assets	66,263.19
TOTAL ASSETS	1,794,899.57
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Operating	5,855.10
Total Accounts Payable	5,855.10
Other Current Liabilities	
Gross Receipts Tax Payable	426.10
Total Other Current Liabilities	426.10
Total Current Liabilities	6,281.20
Long Term Liabilities	
Member Service Deposits	10,462.00
Note Payable-USDA/RD	452,999.27
Total Long Term Liabilities	463,461.27
Total Liabilities	469,742.47

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

	<u>Dec 31, 16</u>
Equity	
Restricted Net Assets	
Capital Improvement Reserve	24,841.06
Debt Reserve	22,524.00
Emergency Reserve	39,000.00
Operating Reserve	<u>24,000.00</u>
Total Restricted Net Assets	110,365.06
Unrestricted Net Assets	1,299,361.31
Net Income	<u>-84,569.27</u>
Total Equity	<u>1,325,157.10</u>
TOTAL LIABILITIES & EQUITY	<u><u>1,794,899.57</u></u>

EXHIBIT E

Leasburg MDWCA
Statement of Revenue and Expenses
Modified Cash Basis

	Oct - Dec 16	Jan - Dec 16
Ordinary Income/Expense		
Income		
Operating Income		
Water Usage Fees	28,356.84	123,643.67
Connection Fees	400.00	1,050.00
Damages/Service Calls	435.00	1,207.56
Installation Fees	0.00	1,330.00
Membership Fees	175.00	600.00
Parity Fees	0.00	1,500.00
Total Operating Income	29,366.84	129,331.23
Delinquency Charges		
Certified Letter Fees	319.00	1,364.00
Late Fees	626.95	2,355.57
Total Delinquency Charges	945.95	3,719.57
Total Income	30,312.79	133,050.80
Gross Profit	30,312.79	133,050.80
Expense		
Bad Debt Expense	0.00	188.28
Bank Service Charges	0.00	125.00
Board Expenses	0.00	537.50
Dues and Subscriptions	101.51	653.03
Insurance	1,855.38	7,829.32
Interest Expense	3,681.08	14,898.28
Licenses/Other Taxes	320.91	1,321.95
Office Expense	0.00	126.00
Professional Fees		
Accounting/Administrative	7,985.98	34,726.84
Total Professional Fees	7,985.98	34,726.84
Repairs and Maintenance	0.00	1,126.93
System Operator	6,544.35	26,177.40
System Supplies & Chemicals	1,242.93	3,943.58
Telephone	447.64	1,793.32
Tools & Equipment (Non-Asset)	74.96	278.82
Utilities	2,649.11	13,469.15
Water Conservation Fees	208.76	1,124.32
Total Expense	25,112.61	108,319.72
Net Ordinary Income	5,200.18	24,731.08
Other Income/Expense		
Other Income		
Interest Income	281.10	1,042.77
Total Other Income	281.10	1,042.77
Other Expense		
Depreciation Expense	27,585.78	110,343.12
Total Other Expense	27,585.78	110,343.12
Net Other Income	-27,304.68	-109,300.35
Net Income	-22,104.50	-84,569.27

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES
DECEMBER 31, 2016**

CURRENT YEAR FINDINGS:

None

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS
DECEMBER 31, 2016**

PRIOR-YEAR FINDINGS:

None

LEASBURG MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**EXIT CONFERENCE
DECEMBER 31, 2016**

Exit Conference:

The exit conferences were held on May 2, 2017 with the following persons:

Tom Phillips, President

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

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