



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
[www.mgandc.com](http://www.mgandc.com)

---

**STATE OF NEW MEXICO**

**LUMBERTON MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended December 31, 2014

**STATE OF NEW MEXICO**

**LUMBERTON MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

**Year Ended December 31, 2014**

---

**STATE OF NEW MEXICO  
LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Table of Contents  
December 31, 2014**

---

		<b><u>Page</u></b>
Title Page		i
Table of Contents		ii
Official Roster		iii
Independent Accountants' Report on Applying Agreed-Upon Procedures		iv-vii
	<b><u>Exhibit</u></b>	
Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis)	A	1
Cash Report Submitted to DFA – LGD	B	2
Actual vs. Budget Report Submitted to DFA – LGD	C	3
Schedule of Findings and Responses		4
Exit Conference		5

**STATE OF NEW MEXICO  
LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster  
at December 31, 2014**

---

<u>Name</u>		<u>Title</u>
<b><u>Board of Directors</u></b>		
Joey Valdez		President
Richard Talamante		Vice-President
Mary Jane Maestas		Secretary
Manuel Montoya		Director
Ray Tafoya		Director
<b><u>Staff</u></b>		
Edward Ainsworth		Bookkeeper
Dennis Martinez		Operator
Steven Herrera		Meter Reader



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants  
Member AICPA, NMSCPA*

1302 Calle De La Merced, Suite A  
Española, New Mexico 87532  
505.747.4415  
Fax 505.747.4417

## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

---

To: Joey Valdez, President  
Lumberton Mutual Domestic Water Consumers Association  
and  
Honorable Timothy Keller  
New Mexico State Auditor

We have performed the procedures enumerated below for the Lumberton Mutual Domestic Water Consumers Association (LMDWCA), for the year ended December 31, 2014 solely to assist LMDWCA in demonstrating compliance with a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978, as set forth in the accompanying Exhibits A, B and C. The procedures were agreed to by the LMDWCA through the Office of the New Mexico State Auditor. The Lumberton Mutual Domestic Water Consumers Association's management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

### **1. Cash**

#### **Procedures**

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to the Department of Finance and Administration-Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

#### **Findings**

- a) The LMDWCA has one checking and two savings accounts and utilizes excel spreadsheets to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand.

- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. Ending balances agree with required quarterly financial reports submitted to DFA-LGD and at year-end.
- c) The three bank accounts described in a) above are in one financial institution. Cumulative bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any uninsured deposits.

## **2. Capital Assets**

### **Procedures**

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

### **Findings**

The LMDWCA performed a yearly inventory as required by Section 12-6-10 NMSA 1978.

## **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 revenue based on auditor judgment 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.

### **Findings**

- a) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) We requested supporting documentation for ten (10) deposits (33% of total revenue) from a total of 29 deposits for the year. For the sample selected, amounts recorded on excel spreadsheets agreed with supporting documentation and the bank statements without exception.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation without exception.

## **4. Expenditures**

### **Procedures**

Select a sample of cash disbursements based on auditor judgment 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.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

### **Findings**

- a) We requested supporting documentation for 28 disbursements (25 original and three additional, 28% of total expenditures) from a total of 146 disbursements for the year. For the sample selected, amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and photocopied cancelled check, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) The bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

## **5. Journal Entries**

### **Procedures**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

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

### **Findings**

The LMDWCA does not have a general ledger accounting system but utilizes excel spreadsheets to record cash transactions only and does not prepare journal entries.

## **6. Budget**

### **Procedures**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

## **Findings**

- a) A review of Board minutes indicated that the 2014 budget was approved by the Board and was submitted to DFA-LGD for approval. There were no subsequent budget adjustments.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) The LMDWCA submitted an actual revenue and expenditures compared to budgeted revenues and expenditures report for the year ended December 31, 2014 to DFA-LGD (herein Exhibit C). A schedule of revenues and expenditures – budget and actual was prepared from that report and other LMDWCA records on the cash budgetary basis. This schedule is included herein as Exhibit A.

## **Other**

### **Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I) (3) (C) NMAC.

### **Findings**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

\* \* \* \* \*

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

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

Macias, Gutierrez & Co., CPAs, P. C.  
Espanola, New Mexico  
May 11, 2015



**STATE OF NEW MEXICO**  
**LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)**  
**Year Ended December 31, 2014**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Water Service & Fees	\$ 56,000	\$ 56,000	\$ 55,487	\$ (513)
Taxes-Gross Receipts Tax	2,330	2,330	2,350	20
Taxes-Water Conserv. Fund	90	90	93	3
Interest	-	-	5	5
	<u>58,420</u>	<u>58,420</u>	<u>57,935</u>	<u>(485)</u>
Total revenues	58,420	58,420	57,935	(485)
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	<u>58,420</u>	<u>58,420</u>	<u>57,935</u>	<u>(485)</u>
<b>Expenditures:</b>				
USDA Loan	5,125	5,125	5,124	1
NMED RIP	2,925	2,925	2,917	8
Bank Checks, Charges & Fees	50	50	12	38
Bookkeeping/Billing/Secretarial	5,200	5,200	5,050	150
Professional services	2,725	2,725	2,705	20
Dues & Subscriptions (NMRWA)	250	250	197	53
Insurance	3,800	3,800	3,638	162
Office Equipment and Hall Rental	400	400	330	70
Office Supplies	800	800	347	453
Permits, Fees, Registration	75	75	20	55
Postage	500	500	104	396
Printing and Copying	200	200	-	200
Taxes-Gross Receipts	2,300	2,300	2,435	(135)
Taxes-Water Conservation Fee	175	175	148	27
Telephone & Internet	1,500	1,500	1,361	139
Contract Labor-Operator	16,250	16,250	14,482	1,768
Contract Labor-Meter Reader	3,000	3,000	2,500	500
Lab Tests	500	500	297	203
Repairs & Maintenance	7,000	7,000	2,260	4,740
Utilities: Electricity & Propane	8,500	8,500	7,326	1,174
Critical-Parts Reserve	4,750	4,750	1,684	3,066
Miscellaneous	500	500	489	11
	<u>66,525</u>	<u>66,525</u>	<u>53,426</u>	<u>13,099</u>
Total expenditures	66,525	66,525	53,426	13,099
<b>Excess revenues over (under) expenditures</b>	<u>\$ (8,105)</u>	<u>\$ (8,105)</u>	<u>\$ 4,509</u>	<u>\$ 12,614</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU  
**SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT**

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER  
 THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER.  
 I HEREBY CERTIFY THAT THE CONTENTS IN THIS  
 REPORT ARE TRUE AND CORRECT TO THE BEST OF  
 MY KNOWLEDGE.  
 X \_\_\_\_\_

Special District: Lumberton MDWCA  
 Period Ending: 31-Dec-14  
 Prepared by: Edward Ainsworth

YEAR TO DATE TRANSACTIONS PER BOOKS

Fund #	FUND (1)	CASH BALANCE PER BOOKS December 31, 2013 (3)	REVENUES TO DATE (4)	NET TRANSFERS (5)	EXPENDITURES TO DATE (6)	BOOK BALANCE END OF PERIOD (7)	ADD: OUTSTANDING CHECKS (8)	LESS: DEPOSITS IN TRANSIT (9)	ADJUSTMENTS (10)	ADJUSTED BALANCE END OF PERIOD (11)	BALANCE PER BANK STATEMENTS (12)	DIFFERENCE (13)
101	GENERAL					0.00				0.00		0.00
	Primary Checking	18,861.69	57,930.32		53,425.75	23,366.26	1,774.38	1,757.69		23,382.95	23,382.95	0.00
	USDA Reserve	5,111.34	1.66			5,113.00				5,113.00	5,113.00	0.00
	Fund Reserve	10,016.32	3.27			10,019.59				10,019.59	10,019.59	0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
	SUB-TOTAL	33,989.35	57,935.25	0.00	53,425.75	38,498.85	1,774.38	1,757.69	0.00	38,515.54	38,515.54	0.00
												0.00
	INVESTMENTS					0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
						0.00				0.00		0.00
	SUB-TOTAL INVESTMENTS	0.00	0.00	0.00	0.00	0.00						
	<b>GRAND TOTAL</b>	\$33,989.35	\$57,935.25	\$0.00	\$53,425.75	\$38,498.85	\$1,774.38	\$1,757.69	\$0.00	\$38,515.54	\$38,515.54	\$0.00

RECAP

FUND	CURRENT QUARTER	TO DATE	APPROVED BUDGET	% OF BUDGET
REVENUES:				#DIV/0!
SALES (i.e. trees, seed)	14123.08	55487.38	56000	0.990846071
EQUIP RENTAL				#DIV/0!
APPROPRIATIONS				#DIV/0!
GRANTS				#DIV/0!
INTEREST	1.14	4.93	0	#DIV/0!
OTHER				#DIV/0!
Taxes-Gross receipts	611.03	2350.03	2330	1.008596567
Taxes-Water Conservation Fee	21.93	92.91	90	1.032333333
				#DIV/0!
TOTAL REVENUE	14757.18	57935.25	58420	0.991702328
TRANSFERS: IN/(OUT)				#DIV/0!
				#DIV/0!
NET TRANSFERS	0	0	0	#DIV/0!
EXPENDITURES:				
USDA Loans	1281.00	5124.00	5125	0.999804878
NMED Loans		2916.58	2925	0.997121368
Bank Checks, Charges & Fees		12.00	50	0.24
Bookkeeping/Billing/Secretarial	1275.00	5050.00	5,200	0.971153846
Professional services: CPA		2704.69	2,725	0.992546789
Dues and Subscriptions (NMRWA)	175.24	197.24	250	0.78896
Insurance		3638.00	3,800	0.957368421
Office Equipment and Hall Rental	60.00	330.00	400	0.825
Office Supplies	209.50	346.97	800	0.4337125
Permits, Fees, registration		20	75	0.266666667
Postage	92.58	103.78	500	0.20756
Printing and copying			200	0
Taxes-Gross Receipts	633.03	2435.03	2,300	1.058708696
Taxes -Water Conservation Fee	37.20	148.08	175	0.846171429
Telephone and Internet	339.82	1360.89	1,500	0.90726
Contract Labor-Operator	3600.00	14482.58	16,250	0.891235692
Contract Labor-Meter Reader	700.00	2500.00	3,000	0.833333333
Lab Tests	204.57	296.88	500	0.59376
Repairs & Maintenance	1000.00	2260.26	7,000	0.322894286
Utilities: Electricity and Propane	1702.84	7325.72	8,500	0.861849412
Critical-Parts/Checrcimals	424.49	1683.94	4,750	0.354513684
Miscellaneous	348.18	489.11	500	0.97822
Grant funds expended				#DIV/0!
				#DIV/0!
TOTAL EXPENDITURES	12083.45	53425.75	66525	0.803092822

**STATE OF NEW MEXICO  
LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2014**

---

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b> None	N/A	N/A	N/A
<b>Follow-up on Prior Year Findings:</b> None	N/A	N/A	N/A

**\* Legend for Findings:**

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

**STATE OF NEW MEXICO  
LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference  
Year Ended December 31, 2014**

---

**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on May 14, 2015 with the following in attendance:

Lumberton Mutual Domestic Water Consumers Association

Joey Valdez, President  
Chris Romnes, Treasurer  
Edward Ainsworth, Bookkeeper

Accounting Firm

James R. (Jim) Macias, CPA