



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
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**STATE OF NEW MEXICO**

**LUMBERTON MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended December 31, 2011

**STATE OF NEW MEXICO**

**LUMBERTON MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying  
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**STATE OF NEW MEXICO  
LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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December 31, 2011**

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

**Official Roster  
at December 31, 2011**

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



Macias, Gutierrez  
& Co., P.C.

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

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To: Elma Garcia, President  
Lumberton Mutual Domestic Water Consumers Association  
and  
Honorable Hector H. Balderas  
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, 2011 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 three checking accounts and utilizes excel spreadsheets to record cash transactions. All bank reconciliations are performed on a timely basis and all 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. However, the quarterly cash balances reports were not in the format required by DFA-LGD as they did not show beginning cash balance at January 1, 2011, summarized revenue and expenses for each of the three, six, nine or twelve month periods, actual cash balance for the four quarterly periods or show reconciling items (outstanding checks) and bank account balances for each of the four quarterly periods. Therefore, we could not trace quarterly revenue and expense totals to the quarterly budget reports. Also, the quarterly budget reports submitted do not show variances between budgeted and actual revenue and expenses but do show % of Budget Received or Spent.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any bank account.

## **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.

Test 50% of the total amount of revenues for 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) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) Amounts recorded on excel spreadsheets 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 and test at least 25 transactions and 50% of the total amount of expenditures for 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) 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 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 budget was approved by the Board and was submitted to DFA-LGD for approval. The LMDWCA made one internal subsequent 2011 budget increase adjustment that was not approved by DFA-LGD.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. However, the internal subsequent budget increase adjustment caused total budgeted expenses to exceed total budgeted revenue by \$2,054.
- c) The LMDWCA submitted a budget report for the year ended December 31, 2011 to DFA-LGD. A schedule of revenues and expenses – 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, or any internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to the Cash and Budget findings above.

\* \* \* \* \*

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 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 3, 2012



**STATE OF NEW MEXICO**  
**LUMBERTON MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Water Service & Fees	\$ 56,500	\$ 56,500	\$ 60,821	\$ 4,321
Membership & hook up fees	-	-	250	250
Taxes-Gross Receipts Tax	2,825	2,825	2,664	(161)
Taxes-Water Conserv. Fund	80	80	85	5
Total revenues	<u>59,405</u>	<u>59,405</u>	<u>63,820</u>	<u>4,415</u>
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	<u>59,405</u>	<u>59,405</u>	<u>63,820</u>	<u>4,415</u>
<b>Expenses:</b>				
USDA Loan	5,124	5,124	5,124	-
NMED RIP	2,917	2,917	2,917	-
Bank Checks, Charges & Fees	15	15	-	15
Bookkeeping/Billing/Secretarial	2,700	2,700	2,700	-
Professional services	-	2,160	2,160	-
Dues & Subscriptions (NMRWA)	123	123	123	-
Insurance	3,800	3,800	3,616	184
Office Equipment & Hall Rental	400	400	330	70
Office Supplies	50	50	47	3
Permits, Fees, Registration	10	10	10	-
Postage	375	375	538	(163)
Taxes-Gross Receipts	2,825	2,825	2,699	126
Taxes-Water Conservation Fee	160	160	168	(8)
Telephone & Internet	1,300	1,300	1,308	(8)
Contract Labor-Operator	19,000	19,000	17,798	1,202
Contract Labor-Meter Reader	3,000	3,000	2,960	40
Repairs & Maintenance	5,500	5,500	7,926	(2,426)
Supplies, Tools, Equip Rentals	2,000	2,000	1,205	795
Utilities: Electricity & Propane	8,000	8,000	7,623	377
Critical-Parts Reserve	2,000	2,000	809	1,191
Total expenses	<u>59,299</u>	<u>61,459</u>	<u>60,061</u>	<u>1,398</u>
<b>Excess revenues over (under) expenses</b>	<u>\$ 106</u>	<u>\$ (2,054)</u>	<u>\$ 3,759</u>	<u>\$ 5,813</u>

LMDWCA Check Register - Primary Account

Month	Date	Check No.	Vendor	Description	Expense	Deposit	Balance
<b>2009 Ending Balance</b>							<b>12,205.74</b>
Jan	1/4/2010	Draft	RUS	Loans	x 427.00		11,778.74
	1/8/2010	2235	Rural Infrastructure Program	Annual loan payment	x 2,916.58		8,862.16
	1/8/2010	2236	Coyote Creek Enterprises	Plant operation and maintenance, Dec	x 1,362.50		7,499.66
	1/11/2010	Deposit				1,778.58	9,278.24
	1/13/2010	2237	NORA	Electricity for plant	x 422.08		8,856.16
	1/13/2010	2238	Windstream	Plant telephone	x 45.18		8,810.98
	1/13/2010	2239	Alltel	Internet service	x 64.99		8,745.99
	1/13/2010	2240	Mary Jane Maestas	Secretarial work, Dec	x 25.00		8,720.99
	1/13/2010	2241	William A. Lindner	Bookkeeping, Dec	x 200.00		8,520.99
	1/15/2010	2242	Taxation and Revenue	GRT, Dec	x 250.45		8,270.54
	1/15/2010	2243	Taxation and Revenue	WCF, 4th qtr	x 40.09		8,230.45
	1/15/2010	2244	Bob's LP Gas		x 648.21		7,582.24
	1/15/2010	2245	USA Blue Book	Misc parts Inv 953368	x 85.30		7,496.94
	1/15/2010	2246	Public Regulation Commission	Annual fee	x 10.00		7,486.94
	1/15/2010	2247	NM Rural Water Users Assoc	Annual membership	x 117.00		7,369.94
	2/1/2010	2248	Steven Herrera	Meter reading, Jan	x 250.00		7,119.94
	2/3/2010	Deposit		January income		2,166.58	9,286.52
Feb	2/1/2010	Draft	RUS	Loans	x 427.00		8,859.52
	2/3/2010	2249	U. S. Postal Service	Stamps	x 88.00		8,771.52
	2/10/2010	2250	USA Blue Book	Keys and caps	x 121.11		8,650.41
	2/10/2010	2251	Coyote Creek Enterprises	Plant operation and maintenance, Jan	x 1,320.00		7,330.41
	2/10/2010	2252	NORA	Electricity for plant	x 446.72		6,883.69
	2/10/2010	2253	Windstream	Plant telephone	x 45.62		6,838.07
	2/10/2010	2254	Alltel	Internet service	x 70.00		6,768.07
	2/10/2010	2255	Mary Jane Maestas	Secretarial work, Jan	x 25.00		6,743.07
	2/10/2010	2256	William A. Lindner	Bookkeeping, Jan	x 200.00		6,543.07
	2/10/2010	2257	Taxation and Revenue	GRT, Jan	x 179.07		6,364.00
	2/10/2010	2258	Bob's LP	1/17 delivery	x 375.56		5,988.44
	2/17/2010	Deposit		Transfer from closed construction account		2,352.71	8,341.15
	2/17/2010	Deposit				16.17	8,357.32
	2/24/2010	2259	Steven Herrera		x 275.00		8,082.32
	2/18/2010	2260	Talamante Construction	Backhoe and repair work re broken meter	x 255.00		7,827.32
	2/26/2010	Deposit				1,854.74	9,682.06
	3/1/2010	Deposit		February income		1,083.58	10,565.64
Mar	3/1/2010	Draft	RUS	Loans	x 427.00		10,138.64
	3/10/2010	2261	Coyote Creek Enterprises	Plant operation and maintenance, Feb	x 1,360.00		8,778.64
	3/10/2010	2262	NORA	Electricity for plant	x 456.77		8,321.87
	3/10/2010	2263	Windstream	Plant telephone	x 44.23		8,277.64
	3/10/2010	2264	Alltel	Internet service	x 65.00		8,212.64
	3/10/2010	2265	Mary Jane Maestas	Secretarial work, Feb	x 25.00		8,187.64
	3/10/2010	2266	William A. Lindner	Bookkeeping, Feb	x 200.00		7,987.64
	3/10/2010	2267	Taxation and Revenue	GRT, Feb	x 173.66		7,813.98
	3/10/2010	2268	St. Francis School	Hall rental, March	x 30.00		7,783.98
	3/12/2010	Deposit				3,084.84	10,868.82
	3/31/2010	2269	Bob's LP	Propane to plant	x 844.80		10,024.02
	3/28/2010	2270	Steven Herrera	Meter reading	y 200.00		9,824.02
	3/28/2010	Credit		Check 2270 credited on account		200.00	10,024.02
	3/31/2010	Deposit				1,824.98	11,849.01
	3/31/2010	2271	U.S. Postal Service	200 stamps and reg mail/RRR to Marino T	x 93.54		11,855.47
Apr	4/1/2010	Draft	RUS	Loans	x 427.00		11,428.47
	4/6/2010	2272	Coyote Creek Enterprises	Plant operation and maintenance, Mar	x 1,754.90		9,673.57
	4/14/2010	2273	NORA	Electricity for plant	x 440.98		9,232.59
	4/14/2010	2274	Windstream	Plant telephone	x 44.74		9,187.85
	4/14/2010	2275	Alltel	Internet service	x 65.00		9,122.85
	4/14/2010	2276	Mary Jane Maestas	Secretarial work, Mar	x 25.00		9,097.85
	4/14/2010	2277	William A. Lindner	Bookkeeping, Mar	x 200.00		8,897.85
	4/14/2010	2278	Taxation and Revenue	GRT, Mar	x 226.92		8,670.93
	4/14/2010	2279	Taxation and Revenue	WCF, 1st qtr	x 27.87		8,643.06
	4/14/2010	2280	St. Francis School	Hall rental, April	x 30.00		8,613.06
	4/14/2010	2281	Bob's LP	Propane to plant	x 482.16		8,130.90
	4/14/2010	2282	Talamante Construction	Repair leak at Stephanie Vigil	x 510.00		7,620.90
	4/14/2010	Deposit				898.65	8,519.55
	4/19/2010	Deposit				1,394.48	9,914.03
	4/21/2010	2283	Steven Herrera	Meter reading and turn-offs	x 250.00		9,664.03
	5/4/2010	Deposit		April income		1,366.02	11,029.05
May	5/1/2010	Draft	RUS	Loans	x 427.00		10,602.05
	5/6/2010	2284	Coyote Creek Enterprises	Plant operation and maintenance, Apr	x 1,621.12		8,980.93
	5/11/2010	Deposit				1,203.33	10,184.26
	5/12/2010	2285	NORA	Electricity for plant	x 367.48		9,816.78
	5/12/2010	2286	Windstream	Plant telephone	x 44.44		9,772.34
	5/12/2010	2287	Alltel	Internet service	x 65.01		9,707.33
	5/12/2010	2288	Mary Jane Maestas	Secretarial work, Apr	x 25.00		9,682.33
	5/12/2010	2289	William A. Lindner	Bookkeeping, Apr	x 200.00		9,482.33
	5/12/2010	2290	Taxation and Revenue	GRT, Apr	x 145.24		9,337.09
	5/12/2010	2291	St. Francis School	Hall rental, May	x 30.00		9,307.09
	5/12/2010	2292	Bob's LP	Propane to plant 5/4	x 388.80		8,940.49
	5/12/2010	2293	USA Blue Book	Pump - Goulds SSH, safety eqpt	x 1,722.74		7,217.75
	5/21/2010	Deposit				1,703.84	8,921.59
	5/25/2010	2294	Steven Herrera	Meter reading and turn-off	x 225.00		8,696.59
	6/4/2010	Deposit		May income		540.23	9,236.82
June	6/1/2010	Draft	RUS	Loans	x 427.00		8,809.82
	6/4/2010	Deposit				1,237.18	10,047.00
	6/7/2010	2295	SG Plumbing	Settlement arranged by USDA	x 62,436.09		72,483.09
	6/8/2010	2296	Coyote Creek Enterprises	Plant operation and maintenance, May	x 1,615.22		10,047.00
	6/9/2010	2297	NORA	Electricity for plant	x 66.35		8,431.78
	6/9/2010	2298	Windstream	Plant telephone	x 44.36		8,387.42
	6/9/2010	2299	Alltel	Internet service	x 65.01		8,322.41
	6/9/2010	2300	Mary Jane Maestas	Secretarial work, May	x 25.00		8,297.41
	6/9/2010	2301	William A. Lindner	Bookkeeping, May	x 200.00		8,097.41
	6/9/2010	2302	Taxation and Revenue	GRT, May	x 156.10		7,941.31
	6/9/2010	2303	St. Francis School	Hall rental, June	x 30.00		7,911.31
	6/9/2010	2304	Millennium Insurance Agency	Annual premium	x 3,616.00		4,295.31
	6/30/2010	2305	Steven Herrera	Meter reading and turn-off	x 250.00		3,975.31

	6/10/2010	2306	U.S. Postal Service	200 stamps + Cert-RR to Marino T.	x	94.66		3,884.30	
	6/11/2010	2307	William A. Lindner/Office Depot	Reimburse for return-address stamp	x	23.45		3,860.85	
	6/14/2010	Deposit			x		2,308.81	6,169.66	
	6/25/2010	Deposit			x		1,598.79	7,768.45	Reconciled with statement
July	7/12/2010	Deposit		June Inc, 829.12; July Inc, 267.95	x		1,097.07	8,865.52	
	7/12/2010	Draft	RUS	Loans	x	427.00		8,438.52	
	7/11/2010	2308	Coyote Creek Enterprises	Plant operation and maintenance, June	x	1,427.96		7,010.56	
	7/19/2010	2309	NORA	Electricity for plant	x	436.03		6,574.53	
	7/19/2010	2310	Windstream	Plant telephone	x	44.36		6,530.17	
	7/19/2010	2311	Alltel	Internet service	x	118.50		6,411.67	
	7/19/2010	2312	Mary Jane Maestas	Secretarial work, June	y	25.00		6,386.67	
	7/19/2010	2313	William A. Lindner	Bookkeeping, June	x	200.00		6,186.67	
	7/19/2010	2314	Taxation and Revenue	GRT, June	x	197.96		5,988.71	
	7/19/2010	2315	Taxation and Revenue	WCF, second quarter	x	38.14		5,950.57	
	7/19/2010	2316	Bob's LP Gas	Tank rental	x	60.00		5,890.57	
	7/26/2010	2317	Steven Herrera	Meter reading and turn-off	y	200.00		5,690.57	
	7/26/2010	Income		Steven Herrera sign over Check 2317	y		200.00	5,890.57	
	7/16/2010	Deposit			x		1,329.88	7,220.45	
	7/13/2010	NSF	NSF check-Renee Mares		x	70.00		7,150.45	
	7/13/2010	WF fee	NSF fee-Renee Mares		x	12.00		7,138.45	
	7/19/2010	Deposit		from Richard Talamante/Renee Ma \$70 redeposit, \$80 new	x		150.00	7,288.45	
	7/15/2010	Deposit		from USDA for TLC final payment and Briham invoice	x		46,230.94	53,519.39	
	7/22/2010	2318	Not used - Voided		x			53,519.39	
	7/22/2010	2319	TLC Plumbing and Utility	Final payment on construction	x	46,170.94		7,348.45	
	7/22/2010	2320	Briham Engineering	Phone calls	x	60.00		7,288.45	
	7/27/2010	Deposit			x		2,781.18	10,069.63	
	7/27/2010	2321	Talamante Construction	Repair break in main line near Carol Gorn	x	340.00		9,729.63	Reconciled with statement
Aug	8/1/2010	Draft	RUS	Loans	x	427.00		9,302.63	
	8/6/2010	2322	Coyote Creek Enterprises	Plant operation and maintenance, July +	x	1,614.12		7,688.51	
	8/9/2010	Deposit			x		3,094.30	10,782.81	
	8/9/2010	2323	NORA	Electricity for plant	x	266.51		10,516.30	
	8/9/2010	2324	Windstream	Plant telephone	x	46.42		10,469.88	
	8/9/2010	2325	Mary Jane Maestas	Secretarial work, July	y	25.00		10,444.88	
	8/9/2010	2326	William A. Lindner	Bookkeeping, July	x	200.00		10,244.88	
	8/14/2010	2327	Taxation and Revenue	GRT, July	x	207.27		10,037.61	
	8/12/2010	Income		Mary Jane Maestas sign over Checks 2312 and 2325	y		50.00	10,087.61	
	8/19/2010	Deposit			x		1,773.98	11,861.59	
	8/27/2010	2328	Steven Herrera	Meter reading and turn-off	x	250.00		11,611.59	
	8/30/2010	2329	Steven Herrera	Additional turn-ons	x	50.00		11,561.59	
	9/1/2010	Deposit		August Income	x		2,578.96	14,140.55	Reconciled with statement
Sept	9/1/2010	Draft	RUS	Loans	x	427.00		13,713.55	
	9/7/2010	2330	Coyote Creek Enterprises	Plant operation and maintenance, Aug	x	1,697.06		12,016.49	
	9/7/2010	2331	NORA	Electricity for plant	x	289.88		11,726.61	
	9/7/2010	2332	Windstream	Plant telephone	x	45.09		11,681.52	
	9/7/2010	2333	Mary Jane Maestas	Secretarial work, Aug	y	25.00		11,656.52	
	9/7/2010	2334	William A. Lindner	Bookkeeping, Aug	x	200.00		11,456.52	
	9/7/2010	2335	Taxation and Revenue	GRT, Aug	x	312.95		11,143.57	
	9/7/2010	2336	U.S. Postal Service	Stamps	x	88.00		11,055.57	
	9/15/2010	Deposit			x		2,418.69	13,474.26	
	9/24/2010	2337	Steven Herrera	Meter reading and turn-off	x	275.00		13,197.26	
	9/7/2010	2338	St Francis School	Hall rental - Aug and Sept	x	60.00		13,137.26	
	9/7/2010	Income		Mary Jane Maestas sign over Check 2333	y		25.00	13,162.26	
	9/29/2010	2339	Talamante Construction	Repair leak near water treatment plant	x	510.00		12,652.26	
	9/30/2010	Deposit			x		1,504.55	14,156.81	
	9/30/2010	2340	Cross Chemicals	Chlorine	x	913.75		13,243.06	Reconciled with statement
Oct	10/1/2010	Draft	RUS	Loans	x	427.00		12,816.06	
	10/6/2010	2341	Coyote Creek Enterprises	Plant operation and maintenance, Sept	x	1,568.35		11,247.71	
	10/8/2010	Deposit			x		1,003.55	12,251.26	
	10/13/2010	2342	NORA	Electricity for plant	x	300.33		11,950.93	
	10/13/2010	2343	Windstream	Plant telephone	x	79.45		11,871.48	
	10/13/2010	2344	Mary Jane Maestas	Secretarial work, Sept	y	25.00		11,846.48	
	10/13/2010	2345	William A. Lindner	Bookkeeping, Sept	x	200.00		11,646.48	
	10/13/2010	2346	Taxation and Revenue	GRT, Sept	x	176.24		11,470.24	
	10/13/2010	2347	St Francis School	Hall rental - Oct	x	30.00		11,440.24	
	10/13/2010	2348	Taxation and Revenue	WCF, 3rd quarter	x	52.03		11,388.21	
	10/13/2010	Income		Mary Jane Maestas sign over Check 2344	y		25.00	11,413.21	
	10/27/2010	Deposit		Consolidated with \$52.19 Alltel refund. Income deposited was \$3136.71.	x		3,188.90	14,602.11	
	10/29/2010	2349	Steven Herrera	Meter reading	x	200.00		14,402.11	
	10/26/2010	2350	USA Blue Book	Hach equipment	x	159.93		14,242.18	Reconciled with statement
Nov	11/1/2010	Draft	RUS	Loans	x	427.00		13,815.18	
	11/10/2010	2351	Coyote Creek Enterprises	Plant operation and maintenance, Oct	x	1,811.54		12,003.64	
	11/15/2010	Deposit		\$445.33 is Oct income.	x		3,360.10	15,363.74	
	11/10/2010	2352	NORA	Electricity for plant	x	270.64		15,093.10	
	11/10/2010	2353	Windstream	Plant telephone	x	47.00		15,046.10	
	11/10/2010	2354	Mary Jane Maestas - VOID Not Us	Secretarial work, Oct	w			15,046.10	
	11/10/2010	2355	William A. Lindner	Void - replaced by Check 2382	x			15,046.10	
	11/10/2010	2356	Taxation and Revenue	GRT, Oct	x	180.04		15,066.06	
	11/10/2010	2357	St Francis School	Hall rental - Nov	x	30.00		15,036.06	
	11/22/2010	Deposit			x		1,753.38	16,789.44	
	11/26/2010	2358	Steven Herrera	Meter reading and turn-off	y	200.00		16,589.44	
	11/26/2010	Income		Steven Herrera check applied to water bill	y		200.00	16,789.44	
	12/9/2010	Deposit		November income	x		838.99	17,628.43	Reconciled with statement
Dec	12/1/2010	Draft	RUS	Loans	x	427.00		17,199.43	
	12/8/2010	2359	Coyote Creek Enterprises	Plant operation and maintenance, Nov	x	1,200.00		15,999.43	
	12/8/2010	2360	Dennis Martinez	Shipping charge for sample	x	128.42		15,871.01	
	12/8/2010	2361	NORA	Electricity for plant	x	232.77		15,638.24	
	12/8/2010	2362	Windstream	Plant telephone	x	44.48		15,593.76	
	12/8/2010	2363	Mary Jane Maestas - VOID Not Us	Secretarial work, Nov	w			15,593.76	
	12/8/2010	2364	William A. Lindner	Bookkeeping, Nov	x	200.00		15,393.76	
	12/8/2010	2365	Taxation and Revenue	GRT, Nov	x	246.44		15,147.32	
	12/8/2010	2366	St Francis School	Hall rental - Dec	x	30.00		15,117.32	
	12/8/2010	2367	Bob's LP Gas	Fill-up	x	659.90		14,457.42	
	12/8/2010	2368	USA Blue Book	Stenner pump, tubing	x	428.77		14,028.65	
	12/15/2010	Deposit			x		1,690.83	15,719.48	
	12/27/2010	2369	Steven Herrera	Meter reading and turn-off	x	225.00		15,494.48	
	12/28/2010	Deposit			x		2,246.85	17,741.33	
	12/15/2010	2370	Talamante Construction	Work at gallery	x	425.00		17,316.33	
	1/13/2011	Deposit		December income	x		461.49	17,777.82	Reconciled with statement

### LMDWCA Check Register - USDA Reserve Account

<i>Date</i>	<i>Check No.</i>	<i>Vendor</i>	<i>Description</i>	<i>Expense</i>	<i>Deposit</i>	<i>Balance</i>
<b>2007 Ending Balance</b>						<b>3,000.59</b>
1/31/2008	Interest	Wells Fargo Bank		x	0.35	3,000.94
2/29/2008	Interest	Wells Fargo Bank		x	0.24	3,001.18
3/31/2008	Interest	Wells Fargo Bank		x	0.26	3,001.44
4/30/2008	Interest	Wells Fargo Bank		x	0.24	3,001.68
5/30/2008	Interest	Wells Fargo Bank		x	0.26	3,001.94
6/30/2008	Interest	Wells Fargo Bank		x	0.24	3,002.18
7/31/2008	Interest	Wells Fargo Bank		x	0.26	3,002.44
8/31/2008	Interest	Wells Fargo Bank		x	0.25	3,002.69
9/30/2008	Interest	Wells Fargo Bank		x	0.25	3,002.94
10/31/2008	Interest	Wells Fargo Bank		x	0.25	3,003.19
11/30/2008	Interest	Wells Fargo Bank		x	0.18	3,003.37
12/31/2008	Interest	Wells Fargo Bank		x	0.13	3,003.50
1/31/2009	Interest	Wells Fargo Bank		x	0.13	3,003.63
2/28/2009	Interest	Wells Fargo Bank		x	0.09	3,003.72
3/31/2009	Interest	Wells Fargo Bank		x	0.11	3,003.83
4/30/2009	Interest	Wells Fargo Bank		x	0.09	3,003.92
5/31/2009	Interest	Wells Fargo Bank		x	0.11	3,004.03
6/30/2009	Interest	Wells Fargo Bank		x	0.09	3,004.12
7/31/2009	Interest	Wells Fargo Bank		x	0.11	3,004.23
8/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.33
9/30/2009	Interest	Wells Fargo Bank		x	0.10	3,004.43
10/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.53
11/30/2009	Interest	Wells Fargo Bank		x	0.10	3,004.63
12/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.73
1/31/2010	Interest	Wells Fargo Bank		x	0.10	3,004.83
2/28/2010	Interest	Wells Fargo Bank		x	0.10	3,004.93
3/31/2010	Interest	Wells Fargo Bank		x	0.10	3,005.03
4/30/2010	Interest	Wells Fargo Bank		x	0.10	3,005.13
5/31/2010	Interest	Wells Fargo Bank		x	0.10	3,005.23
6/30/2010	Interest	Wells Fargo Bank		x	0.10	3,005.33
7/30/2010	Interest	Wells Fargo Bank		x	0.10	3,005.43
8/31/2010	Interest	Wells Fargo Bank		x	0.10	3,005.53
9/30/2010	Interest	Wells Fargo Bank		x	0.10	3,005.63
10/31/2010	Interest	Wells Fargo Bank		x	0.10	3,005.73
11/30/2010	Interest	Wells Fargo Bank		x	0.10	3,005.83
12/31/2010	Interest	Wells Fargo Bank		x	0.10	3,005.93

### LMDWCA Check Register - Fund Reserve Account

<i>Date</i>	<i>Check No.</i>	<i>Vendor</i>	<i>Description</i>	<i>Expense</i>	<i>Deposit</i>	<i>Balance</i>
2007 Ending Balance						3,000.59
1/31/2008	Interest	Wells Fargo Bank		x	0.35	3,000.94
2/29/2008	Interest	Wells Fargo Bank		x	0.24	3,001.18
3/31/2008	Interest	Wells Fargo Bank		x	0.26	3,001.44
4/30/2008	Interest	Wells Fargo Bank		x	0.24	3,001.68
5/30/2008	Interest	Wells Fargo Bank		x	0.26	3,001.94
6/30/2008	Interest	Wells Fargo Bank		x	0.24	3,002.18
7/31/2008	Interest	Wells Fargo Bank		x	0.26	3,002.44
8/31/2008	Interest	Wells Fargo Bank		x	0.25	3,002.69
9/30/2008	Interest	Wells Fargo Bank		x	0.25	3,002.94
10/31/2008	Interest	Wells Fargo Bank		x	0.25	3,003.19
11/30/2008	Interest	Wells Fargo Bank		x	0.18	3,003.37
12/31/2008	Interest	Wells Fargo Bank		x	0.13	3,003.50
1/31/2009	Interest	Wells Fargo Bank		x	0.13	3,003.63
2/28/2009	Interest	Wells Fargo Bank		x	0.09	3,003.72
3/31/2009	Interest	Wells Fargo Bank		x	0.11	3,003.83
4/30/2009	Interest	Wells Fargo Bank		x	0.09	3,003.92
5/31/2009	Interest	Wells Fargo Bank		x	0.11	3,004.03
6/30/2009	Interest	Wells Fargo Bank		x	0.09	3,004.12
7/31/2009	Interest	Wells Fargo Bank		x	0.11	3,004.23
8/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.33
9/30/2009	Interest	Wells Fargo Bank		x	0.10	3,004.43
10/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.53
11/30/2009	Interest	Wells Fargo Bank		x	0.10	3,004.63
12/31/2009	Interest	Wells Fargo Bank		x	0.10	3,004.73
1/31/2010	Interest	Wells Fargo Bank		x	0.10	3,004.83
2/28/2010	Interest	Wells Fargo Bank		x	0.10	3,004.93

## Lumberton MDWCA Budget Comparison Report for December 2011

	Annual Budget	Monthly Budget	Dec-11	Prior Months 2011	Total YTD 2011	% of Budget Received or Spent	Comments
1 Water Service and Fees	56,500.00	4,708.33	3,353.65	57,467.79	60,821.44	108%	
2 Membership & hook up fees	-	-	150.00	100.00	250.00	0%	
3 Taxes - Gross Receipts Tax	2,825.00	235.42	140.99	2,522.93	2,663.92	94%	
4 Taxes - Water Conserv. Fee	60.00	6.67	8.35	76.15	84.50	106%	
5 Total Operating Income	59,405.00	4,950.42	3,652.99	60,166.87	63,819.86	107%	
6 Annual Expenses							
7 USDA Loan	5,124.00	427.00	427.00	4,697.00	5,124.00	100%	
8 NMED RIP	2,916.58	243.05		2,916.58	2,916.58	100%	Annual payment
9 Loan Related Expenses Total:	8,040.58	670.05	427.00	7,613.58	8,040.58	100%	
10 Bank Checks, Charges & Fees	15.00	1.25			-	0%	
11 Bookkeeping/Billing/Secretarial	2,700.00	225.00	225.00	2,475.00	2,700.00	100%	
Professional services	2,160.00	180.00		2,160.00	2,160.00	100%	
12 Dues and Subscriptions (NMRWA)	123.00	10.25		123.00	123.00	100%	
13 Insurance	3,800.00	316.67		3,616.00	3,616.00	95%	Annual premium
14 Office Equipment and Hall Rental	400.00	33.33		330.00	330.00	83%	
15 Office Supplies	50.00	4.17		47.05	47.05	94%	
16 Permits, Fees, registration	10.00	0.83		10.00	10.00	100%	
17 Postage	375.00	31.25	133.68	404.40	538.08	143%	
18 Printing and copying	-	-			-	0%	
19 Taxes-Gross Receipts	2,825.00	235.42	196.86	2,502.08	2,698.94	96%	
20 Taxes -Water Conservation Fee	160.00	13.33		168.06	168.06	105%	
21 Telephone and Internet	1,300.00	108.33	108.86	1,199.04	1,307.90	101%	
22 Contract Labor-Operator	19,000.00	1,583.33	1,200.00	16,598.10	17,798.10	94%	
23 Contract Labor-Meter Reader	3,000.00	250.00	210.00	2,750.00	2,960.00	99%	
24 Repairs & Maintenance	5,500.00	458.33		7,925.52	7,925.52	144%	
25 Supplies, tools, equip. rentals	2,000.00	166.67	1,106.25	99.00	1,205.25	60%	Chlorine
26 Utilities: Electricity and Propane	8,000.00	666.67	1,121.11	6,502.32	7,623.43	95%	
27 Critical-Parts Reserve	2,000.00	166.67		809.16	809.16	40%	
28	-	-			-	0%	
29 Operating Expenses Total:	53,418.00	4,451.50	4,301.76	47,718.73	52,020.49	97%	
30 Loan Reserve - USDA required							
31 Operating Reserve							
32							
33							
34							
35 Non-Debt Related Reserves Accounts Total:	-	-	-	-	-		
36 Total ALL Expenses:	61,458.58	5,121.55	4,728.76	55,332.31	60,061.07	88%	
37 Other Income: Reserves							
38 Interest income from Wells Fargo			0.47	0.43	0.90		
39 Total Other Income	-	-	0.47	0.43	0.90		
40 Net Revenue: Operating Income minus All Expenses plus Other Income	\$ (2,053.58)	\$ (171.13)	\$ (1,075.30)	\$ 4,834.99	\$ 3,759.69		

Balance in Fund Res. Chkg Acct	Reserve	\$10,008.30	as of 12/30/11	per statement
Balance in USDA Res.Chkg Acct	Reserve	\$5,107.24	as of 12/30/11	per statement
Balance in Operating Chkg Acct	Regular	\$12,276.74	as of 12/30/11	per statement

Prepared by: William A. Lindner  
Report date: 3/6/2012

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

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Budget Increase Adjustment Approval and Quarterly Financial Reports	D	2010-1	2010-1
<b>Follow-up on Prior Year Findings:</b>			
Budget Submission/Approval and Quarterly Financial Reports	D	2010-1	Revised, Repeated

**\* 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**

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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**2010-1**

**Budget Increase Adjustment Approval and Quarterly Financial Reports**

**Criteria**

Section 6-6-2 (A) NMSA, 1978 requires each local public body to furnish and file with the DFA-LGD, on or before December 1, of each year, a proposed budget for the next fiscal year. Budget adjustments are required to be submitted to the DFA-LGD for approval. Section 6-6-2 (B) NMSA, 1978 requires each local public body to submit periodic financial reports, at least quarterly, to the DFA-LGD. Section 6-6-3 NMSA, 1978 Compilation states that every local public body shall make all reports as may be required by the Department of Finance and Administration-Local Government Division (DFA-LGD) and conform to the rules and regulations adopted by the DFA-LGD.

**Condition**

The Lumberton Mutual Domestic Water Consumers Association (LMDWCA) submitted a 2011 budget for DFA-LGD approval. However, the LMDWCA made an internal budget increase adjustment, which was not approved by DFA-LGD, and caused total budgeted expenses to exceed total budgeted revenues by \$2,054. Quarterly cash balances and budget financial reports were submitted to the DFA-LGD during the year; however, they were not in the format required. The quarterly cash balances reports did not show beginning cash balance at January 1, 2011, summarized revenue and expenses for each of the three, six, nine or twelve month periods, actual cash balance for each of the four quarterly periods or show reconciling items (outstanding checks) and bank account balances for each of the four quarterly periods. Also, the quarterly budget reports did not show variances between budgeted and actual revenue and expenses but do show % of Budget Received or Spent.

**Cause**

The LMDWCA was not aware that budget increase adjustments needed DFA approval and submitted quarterly financial reports generated by excel spreadsheets not in the required format.

**Effect**

The LMDWCA has not complied with Sections 6-6-2 and 6-6-3 NMSA 1978.

**Recommendation**

We recommend that the LMDWCA submit proposed budget adjustments to DFA-LGD for approval. We further recommend that the LMDWCA submit quarterly cash and budget financial reports in the required format.

**Entity Response**

“LMDWCA does not dispute that the quarterly reports were not submitted in the prescribed format. We appreciate and wish to acknowledge the professional and efficient work completed by the



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

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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**2010-1 (cont'd)**

**Budget Increase Adjustment Approval and Quarterly Financial Reports (cont'd)**

**Entity Response (cont'd)**

auditor, Macias, Gutierrez & Co., P.C. While the form of our submissions may have been incorrect, LMDWCA wishes to emphasize that sufficient and accurate financial information was provided to assess its financial well-being. Until the results of the audit were furnished LMDWCA had not been notified by the Department of Finance and Administration-Local Government Division that the information being furnished was not satisfactory. Our intent is to achieve compliance with the Audit Act, Section 6-6-2 (A) NMSA 1978, and in that regard the audit recommendations are currently under review. The board is committed to making the necessary changes to improve our compliance regarding the submission of modified budgets, to improve the format of our quarterly reports, and to provide the summarized revenue and expense for each reporting period.”

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

**Exit Conference  
Year Ended December 31, 2011**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on May 17, 2012 with the following in attendance:

Lumberton Mutual Domestic Water Consumers Association

Elma Garcia, Board President  
Edward Ainsworth, Bookkeeper

Accounting Firm

James R. (Jim) Macias, CPA