

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Upper Des Montes Mutual Domestic Water Consumers Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2015

**Upper Des Montes Mutual Domestic Water Consumers Association
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Fiscal Year Ending December 31, 2015**

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**Upper Des Montes Mutual Domestic Water Consumers Association
Official Roster
For the Fiscal Year Ending December 31, 2015**

Board of Directors

Dan Romero, President

Palemon Martinez, Vice-President

Anysia Fernandez, Board Member

Jose Rodriguez, Board Member

Vacant, Secretary

Administrative Staff

None

Independent Accountant's Report on Applying Agreed-Upon Procedures

Dan Romero, President
Upper Des Montes Mutual Domestic Consumers Association
and
Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the Upper Des Montes Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2015, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 4 entity per Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor. The Association's management is responsible for its accounting records and the subject matter. 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 the parties specified in this 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. 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."

Based on a review of the Association's general ledger, total revenues for the fiscal year ending December 31, 2015 were \$56,630 and the Association did not receive a capital outlay appropriation. Based on this information, the Association was properly determined to be a Tier 4 entity for FY15 since their total revenues were between \$50,000 and \$250,000 and they did not receive a capital outlay appropriation.

2. Cash
 - 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.

The Association has two checking accounts and a savings account at the Centinel Bank of Taos, NM. All bank statements for the fiscal year were complete and on hand. However, several of the monthly bank reconciliations were not performed in a timely manner. See Finding 2014-001 on p. 12.

- b. Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

The randomly selected bank reconciliations were accurate, and the ending balances on the bank reconciliations agreed with the general ledger and supporting documentation. The ending cash balance on the bank reconciliation for December 2015 was traced to the final financial report submitted to DFA.

- 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.

The bank account balances of the Association were fully insured by the FDIC. Pledged collateral was not required since the Association's bank balances were well below \$250,000 during the fiscal year.

3. Capital Assets

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

At the end of the fiscal year, the Association did not have any movable chattels and equipment costing more than \$5,000. No capital asset purchases during the fiscal year were noted during the agreed-upon procedures.

4. Revenues

- a. Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation and perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

The revenue sources of the Association consist of water fees, new membership fees and interest income. The variances between the actual FY14 revenue and the FY15 revenue were adequately explained by the Association's bookkeeper; no unusual or unexplained variances were noted.

Tests of the actual revenue compared to budgeted revenue could not be performed since the Association did not prepare an official budget for FY15. See Finding No. 2011-002 on p. 9.

- b. Select a sample of revenues based on auditor judgment and test using the following attributes:

- i. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

A sample of cash receipts was judgmentally selected and tested which amounted to 57% of total revenues. The amount recorded in the general ledger agreed with the supporting documentation and the bank statement.

- ii. 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.

The cash receipts tested were properly classified and recorded in the general ledger on the cash basis of accounting.

5. Expenditures

- a. Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

- i. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to vendor's invoice, purchase order, contract and canceled check, as appropriate.

A sample of 25 cash disbursements were tested which amounted to 39% of total expenditures. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

- ii. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in compliance with legal requirements and established policies and procedures. It could not be determined if the cash disbursements were authorized and approved in compliance with the budget since the Association did not prepare an official budget for FY15. See Finding 2011-002 on p. 9.

It could not be determined if the cash disbursements were authorized and approved in compliance with established policies and procedures since the

Association has not established written procurement policies and procedures. See Finding 2011-003 on p. 10.

- iii. 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), State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

None of the cash disbursements tested exceeded the amounts requiring sealed bids or requests for proposals. The cash disbursements tested were processed in accordance with applicable provisions of the State Procurement Code, State Purchasing Regulations and the Per Diem and Mileage Act.

6. Journal Entries

- a. If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:
 - i. Journal entries appear reasonable and have supporting documentation.

The Association's bookkeeper posted a journal entry to the Association's general ledger on 12/31/15 to record depreciation expense of \$21,115 for 2015, and on 12/28/15 to record the accounts receivable balance of \$2,387 per the water billing system. The journal entries appeared accurate based on the supporting documentation. No other non-routine journal entries were noted during the agreed-upon procedures.

- ii. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

The Association has not established a review procedure for non-routine journal entries. See Finding 2009-003 on p. 8.

7. Budgets

- a. Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:
 - i. 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.

This procedure could not be performed since the Association did not prepare an official budget for FY15. See Finding 2011-002 on p. 9.

- ii. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

This procedure could not be performed since the Association did not prepare an official budget for FY15. See Finding 2011-002 on p. 9.

- iii. 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.

See Exhibit 1 on p. 14. The original and final budget amounts are not presented on this schedule since the Association did not prepare an official budget for FY15. See Finding 2011-002 on p. 9.

8. Other

- a. If information comes to the IPA'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.

The Association did not submit the IPA Recommendation Form, Agreed-Upon Procedures contract, and this agreed-upon procedures report to the NM Office of the State Auditor by the required due dates. See Finding No. 2009-001 on p. 6.

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, respectively, on the subject matter. 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 management and others with the Association, the New Mexico State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

June 12, 2017

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Status of Prior Year Findings

Finding 2009-001. Late Report – Revised and Repeated.

Finding 2009-003. Proper Oversight and Segregation of Duties – Repeated.

Finding 2011-002. Non-compliance with Budget Laws and Regulations - Revised and Repeated

Finding 2011-003. No Written Procurement Policies and Procedures – Repeated.

Finding 2014-001. Untimely Bank Reconciliations - Revised and Repeated.

Current Year Findings

Finding 2009-001. Late Agreed-Upon Procedures Contract and Report

Condition

For the fiscal year ending December 31, 2015, the Association did not submit the Recommendation Form for Tiered System Local Public Bodies and the signed agreed-upon procedures contract to the New Mexico Office of the State Auditor (OSA) until May 11, 2017. Also, the agreed-upon procedures report for the fiscal year ending December 31, 2015 was not submitted to the OSA by the due date of June 1, 2016.

Since the agreed-upon procedures for the fiscal years ending December 31, 2011 through 2015 were performed in 2017, the Association did not make any progress towards implementing the prior year corrective action plan for this finding and has not submitted an agreed-upon procedures contract to the NM Office of the State Auditor for the fiscal year ending December 31, 2016.

Criteria

According to the State Audit Rule, Section 2.2.2.16.D (6) NMAC, the Association should have submitted the completed Recommendation Form for Tiered System Local Public Bodies and the completed and signed agreed-upon procedures contract to the State Auditor by December 1, 2014.

According to the State Audit Rule, Section 2.2.2.16.G (1) NMAC, “Local public bodies with a fiscal year-end other than June 30 must submit the agreed-upon procedures report no later than 5 months after the fiscal year-end.”

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Effect

Since the recommendation form and contract were submitted late, the agreed-upon procedures report was not submitted to the State Auditor by the required due date of June 1, 2016.

If the report is late, users of the report are not receiving timely information about the results of the agreed-upon procedures.

Cause

The Association did not have the money to hire and pay a CPA firm to perform the agreed-upon procedures.

Recommendation

The Board of Directors should read Section 2.2.2.16 NMAC of State Audit Rule 2017 to understand the specific requirements and due dates for agreed-upon procedures. For future fiscal years, the Association shall determine its total revenues and state funded capital outlay award expenditures and apply the criteria noted in Section 2.2.2.16.B NMAC to determine what agreed-upon procedures or audits are required for the fiscal year. Since the Association's current fiscal year-end is December 31, the Association should take the necessary steps to ensure that contracts are submitted to the State Auditor by December 1, and the agreed-upon procedures report by the following June 1.

If the Association does not have the money to pay for the agreed-upon procedures in the future, the Association should apply for grant funds that may be available from the NM Office of the State Auditor for this purpose.

Management's Response

The Bookkeeper will determine the Association's reporting tier per the NM OSA Tiered System for Local Public Bodies for each calendar year in October of that year. The Bookkeeper will inform the Board of Directors of the Association's tier and what steps need to be taken to be in compliance with the Audit Rule in October of each year. The Bookkeeper will also make every effort to submit the appropriate contracts and reports, whether certificate or AUP, to NM OSA by its due date.

Because the Association has cash flow difficulties, it will apply for assistance funding from NM OSA to help pay for AUPs whenever assistance funds are available. If no funds are available from NM OSA, the Association will consider other options to raise the funds needed for the AUPs.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Finding 2009-003. Lack of Proper Oversight and Segregation of Duties

Condition

The Association does not have any segregation of duties and board oversight is limited. The contract bookkeeper handles all of the cash receipts and disbursements and records all transactions in the accounting system.

Also, the Association does not have a procedure in effect to review and approve non-standard journal entries that are posted by the contract bookkeeper.

Since the agreed-upon procedures for the fiscal years ending December 31, 2011 through 2015 were performed in 2017, the Association did not make any progress towards implementing the prior year corrective action plan for this finding.

Criteria

Good accounting procedures include the segregation of the physical custody of assets from the recording and recordkeeping associated with the assets. When an organization is small and is unable to segregate duties it should compensate for this lack of controls with oversight and review procedures performed by members of the board.

Effect

The Association has an increased risk of recording errors and the loss of assets by defalcation or theft.

Cause

The Association has a new contract bookkeeper that handles all of the aspects of the day to day business of the Association. Members of the board are volunteers and have full time work in other capacities. The physical locations of the Association, the bank, the bookkeeper and the board members are not in close proximity.

Recommendation

The Association's Board of Directors should implement some reasonable and workable procedures to review checks written, deposits made, journal entries and financial reports prepared by the contract bookkeeper on a timely and regular basis.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Management's Response

The Board of Directors will designate two board members to review bank statements and reconciliation reports, all checks written and deposits made, as well as all non-routine journal entries with the Bookkeeper once a month just prior to the Board's regular monthly meeting. The two designated board members will report whether or not they approve the information they have reviewed and any other pertinent information to the rest of the Board members during the meeting immediately following their review. This policy will begin April 25, 2017.

Finding 2011-002. Non-compliance with Budget Laws and Regulations

Condition

The Association did not prepare and submit its FY15 annual budget to the NM Department of Finance & Administration's Local Government Division (DFA-LGD) for review and approval by December 1, 2014. Also, the Association did not submit its first three quarterly financial reports for FY15 to DFA-LGD as required.

The Association made progress towards implementing the prior year corrective action plan for this finding since they submitted its final financial report for FY15 and its FY16 budget and quarterly reports to DFA-LGD.

Criteria

Pursuant to Section 6-6-2.A NMSA 1978, each local public body is required to furnish and file with DFA-LGD, on or before June 1 of each year, a proposed budget for the next fiscal year. Since the Association's fiscal year end is December 31, the Association is required to submit its proposed budget to DFA-LGD by December 1 of each year. Also, each local public body is required to submit quarterly financial reports and budget adjustments to DFA-LGD per Section 6-6-2.F and 6.6.2.G NMSA 1978, respectively. Furthermore, per Section 6-6-5 NMSA 1978, upon receipt of any budget approved by DFA-LGD, the local public body shall cause such budget to be made a part of the minutes of such body.

Effect

For FY15, the Association was not in full compliance with the State's budget laws and regulations. Therefore, there is a lack of control over expenditures and DFA-LGD was unable to perform its oversight duties.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Cause

The Association was not aware of the State of New Mexico's budget laws and reporting requirements for local governments which include Mutual Domestic Water Consumer Associations.

Recommendation

The Association should adopt, approve and submit its annual budget for the next fiscal year to DFA-LGD by December 1 of each fiscal year. After the Association receives the budget certification letter from DFA-LGD, the Association's Board of Directors should make record of the approval in the minutes of its meetings. The Association should submit its budget adjustments and quarterly financial reports to DFA-LGD as required. The Association should develop and implement written policies and procedures to ensure that the budget laws and regulations are fully complied with in the future.

Management's Response

The Bookkeeper will prepare and present to the Association's Board an interim budget for each upcoming calendar year every November. The Board will review, make changes and approval the interim budget every November at its monthly meeting. This interim budget will be submitted by the Bookkeeper to NM DFA-LGD before December 1st each year.

The Bookkeeper will prepare and the Association's Board will review and approve a final budget for each calendar year in every January at its monthly meeting. This final budget will be submitted by the Bookkeeper to NM DFA-LGD before January 31st each year along with a copy of the Board's resolution to approve the budget. Receipt of NM DFA-LGD budget certification will be recorded in the monthly meeting minutes.

The Bookkeeper will prepare and the Board will review quarterly budget reports to be submitted by the Bookkeeper to NM DFA-LGD by the end of the month following the end of a calendar quarter. The report for the final quarter of the year will include a copy of the Board's resolution approving the report.

Finding 2011-003. No Written Procurement Policies and Procedures

Condition

The Association does not have any written procurement policies and procedures to control the purchase of goods and services and ensure compliance with the State Procurement Code.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Since the agreed-upon procedures for the fiscal years ending December 31, 2011 through 2015 were performed in 2017, the Association did not make any progress towards implementing the prior year corrective action plan for this finding.

Criteria

Adequate procurement policies and procedures provide for the fair and equal treatment of all persons involved in public procurement, maximize the purchasing value of public funds and provide safeguards for maintaining a procurement system of quality and integrity.

Effect

Without adequate procurement policies and procedures, there is a lack of internal control over cash disbursements and the District is at risk of noncompliance with the State Procurement Code.

Cause

The Association's Board of Directors was unaware of the need to establish written procurement policies and procedures.

Recommendation

The Association's Board of Directors should establish and implement written procurement policies and procedures to ensure compliance with the State Procurement Code (Sections 13-1-28 through 13-1-199 NMSA 1978). For the purchase of all goods and services, the Association should consider adopting the State Procurement Code Regulations (1.4.1 NMAC). The procurement policy should include a record retention policy whereas all procurement documentation shall be filed, retained and safeguarded for at least five years after the end of the fiscal year in which the procurement occurred.

Management's Response

The Association's Board will review the New Mexico State Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, and write its own procurement policies and procedures that are in compliance with the State Procurement Code.

The Association's procurement policies and procedure will include a record retention policy in which all procurement documentation shall be filed, retained and safeguarded for at least five years after the end of the fiscal year in which the procurement occurred.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

The Board will begin review, discussion and drafting of their procurement policies and procedures in April 2017. The Board will finalize, approve, and implement their procurement policies and procedures by June 30, 2017.

Finding 2014-001. Untimely Bank Reconciliations

Condition

The bank account reconciliations (savings account) for January-September 2015 were not performed until November 21, 2015. The bank account reconciliations (checking account) for March-April 2015 were not performed until July 20, 2015. The bank account reconciliations (checking account) for May-June 2015 were not performed until August 23, 2015.

Since the agreed-upon procedures for the fiscal years ending December 31, 2014 through 2015 were performed in 2017, the Association did not make any progress towards implementing the prior year corrective action plan for this finding.

Criteria

It is a prudent business practice to perform monthly bank accounts reconciliations to verify that all monetary transactions are accurately recorded and accounted for by the bank and the Association.

Effect

Recording errors or irregularities may not have been corrected or detected in a timely manner.

Cause

The Association's Board of Directors neglected to ensure that monthly bank account reconciliations were being performed by the contract bookkeeper in a timely manner.

Recommendation

The Association's Board of Directors should implement a policy requiring the contract bookkeeper to perform and document a monthly bank account reconciliation of all bank accounts shortly after the bank statements are received. The Board of Directors should ensure that the bank reconciliations are performed in a timely and accurate manner.

**Upper Des Montes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
For the Fiscal Year Ending December 31, 2015**

Management's Response

The contract bookkeeper will reconcile all bank accounts after the bank statements are available and no later than the end of the following month. The bookkeeper will provide the most recent reconciliation reports along with the most recent bank statements for the Board of Directors to review at their regular monthly board meetings.

**Uppes Des Montes
Mutual Domestic Water Consumers Association
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Cash Basis)
For the Fiscal Year Ending December 31, 2015**

Exhibit 1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Water fees	\$ -	\$ -	\$ 56,625	\$ 56,625
Reimbursements	-	-	-	-
Membership/Connection Fees	-	-	-	-
Interest	-	-	5	5
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,630</u>	<u>\$ 56,630</u>
Total Revenues				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,630</u>	<u>\$ 56,630</u>
Expenditures:				
Gross Receipts Tax	\$ -	\$ -	\$ 2,333	\$ (2,333)
Internet	-	-	259	(259)
Telephone	-	-	-	-
Bank Charges	-	-	70	(70)
Board Stipend	-	-	1,000	(1,000)
Office Supplies	-	-	177	(177)
Postage and Delivery	-	-	338	(338)
Audit	-	-	-	-
Bookkeeping	-	-	5,617	(5,617)
Engineering Services	-	-	-	-
Other Professional Services	-	-	-	-
Subscriptions & Dues	-	-	2,176	(2,176)
PRC Fees	-	-	20	(20)
Water Conservation Fee	-	-	125	(125)
Insurance	-	-	635	(635)
Safe Deposit Box Rental	-	-	42	(42)
Interest on USDA Loans	-	-	25,581	(25,581)
Repairs & Maintenance - Equipment	-	-	-	-
Repairs & Maintenance - Other	-	-	1,099	(1,099)
Electricity	-	-	3,262	(3,262)
Water Operator	-	-	5,589	(5,589)
Sampling & Testing	-	-	216	(216)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,539</u>	<u>\$ (48,539)</u>
Total Expenditures				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,539</u>	<u>\$ (48,539)</u>

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05/09/16

Accrual Basis

Upper Des Montes MDCWA

Balance Sheet

As of December 31, 2015

	<u>Dec 31, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
10000 · BANKS	11,253.64
Total Checking/Savings	<u>11,253.64</u>
Accounts Receivable	
11000 · Accounts Receivable	362.43
Total Accounts Receivable	<u>362.43</u>
Other Current Assets	
12010 · Customer Account Balances	1,794.62
Total Other Current Assets	<u>1,794.62</u>
Total Current Assets	13,410.69
Fixed Assets	
12000 · FIXED ASSETS	721,968.53
Total Fixed Assets	<u>721,968.53</u>
TOTAL ASSETS	<u>735,379.22</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 · Accounts Payable	20.74
Total Accounts Payable	<u>20.74</u>
Other Current Liabilities	
25000 · Sales Tax Payable	-41.22
Total Other Current Liabilities	<u>-41.22</u>
Total Current Liabilities	-20.48
Long Term Liabilities	
USDA 1st Loan -\$482,000	449,996.85
USDA 2nd Loan \$204,000	186,819.20
Total Long Term Liabilities	<u>636,816.05</u>
Total Liabilities	636,795.57
Equity	
30000 · Opening Balance Equity	15,831.17
32000 · Retained Earnings	95,777.48
Net Income	-13,025.00
Total Equity	<u>98,583.65</u>
TOTAL LIABILITIES & EQUITY	<u>735,379.22</u>

Copy of Year-End Financial Report Submitted to DFA-LGD

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05/09/16

Accrual Basis

Upper Des Montes MDCWA Profit & Loss January through December 2015

	<u>Jan - Dec 15</u>
Ordinary Income/Expense	
Income	
40000 · Operations Income	56,624.81
42000 · Interest Income	5.10
Total Income	<u>56,629.91</u>
Gross Profit	56,629.91
Expense	
000000 · Gross Receipts Tax	2,215.95
60000 · Administrative Costs	10,576.17
65120 · Interest on USDA Loans	25,580.94
70000 · Operational Costs	10,166.31
Total Expense	<u>48,539.37</u>
Net Ordinary Income	8,090.54
Other Income/Expense	
Other Expense	
89000 · Non-Operating Expenses	21,115.54
Total Other Expense	<u>21,115.54</u>
Net Other Income	<u>-21,115.54</u>
Net Income	<u><u>-13,025.00</u></u>

**Upper Des Montes Mutual Domestic Water Consumers Association
Exit Conference
Fiscal Year Ended December 31, 2015**

On June 12, 2017, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

Upper Des Montes Mutual Domestic Water Consumers Association

Dan Romero, President
Jose Rodriguez, Board Member
Sarah Parr, Contract Bookkeeper

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, General Manager