

WINTERHAVEN MUTUAL DOMESTIC
WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
AGREED-UPON PROCEDURES
DECEMBER 31, 2015

**WINTERHAVE MUTUAL DOMESTIC WATER CONSUMERS
AND SEWAGE WORKS ASSOCIATION
TABLE OF CONTENTS
DECEMBER 31, 2015**

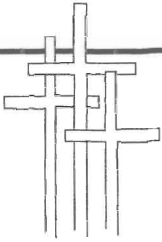
| | |
|---|-------|
| Table of Contents..... | 1 |
| Official Roster..... | 2 |
| Independent Accountant's Report on Applying Agreed-Upon Procedures..... | 3 |
| Exhibit A-Scope of Work and Related Results..... | 4-8 |
| Exhibit B - Statement of Revenues and Expenditures - Budget and Actual- Modified Cash Basis..... | 9 |
| Exhibit C - Statement of Budget vs. Actual (approved by DFA) (generated internally)..... | 10 |
| Exhibit D - Copy of Year-End Financial Report Submitted to Board..... | 11-12 |
| Schedule of Findings and Responses..... | 13 |
| Schedule of Summary of Prior Findings and Responses..... | 14 |
| Exit Conference | 15 |

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS
AND SEWAGE WORKS ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2015**

HENRY AGUIRRE, PRESIDENT

DON PLATT, VICE-PRESIDENT

MERLE BUCHER, TREASURER



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
Winterhaven Mutual Domestic Water Consumers and Sewage Works Association
Las Cruces, New Mexico

We have performed the procedures shown in Exhibit A, attached to this report. The procedures were agreed to by Winterhaven Mutual Domestic Water Consumers and Sewage Works 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 Winterhaven Mutual Domestic Water Consumers and Sewage Works Association as of December 31, 2015. Winterhaven Mutual Domestic Water Consumers and Sewage Works Association's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings can be found on Exhibit A, attached to this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. The accompanying Exhibit C – Statement of Budget vs. Actual (approved by DFA-LGD); Exhibit D – Statement of Assets, Liabilities, and Net Assets and Schedule of Revenues and Expenses – Modified Cash Basis for the year ended December 31, 2015 were not audited by us, and accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Winterhaven Mutual Domestic Water Consumers and Sewage Works Association, the Department of Finance and Administration-Local Government Division, the NM State Legislature and New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

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

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
EXHIBIT A- SCOPE OF WORK
AGREED UPON PROCEDURES**

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

| | | |
|-----------|-----------------------|---|
| 1) | CASH | |
| | a) | <p>The Contractor shall determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.</p> <p>Procedure: Obtained copies of all bank reconciliations and bank statements for the year. Verified that the banks were reconciled each month, reviewed the bank reconciliations.</p> <p>Finding: We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. The following are the Association's bank accounts and related reconciled cash balance at December 31, 2015: Bank of the West - Operating - \$9,373.95; Bank of the West - Reserve - \$2,140.00; Bank of the West - Debt Service - \$1,776.00. All bank reconciliations are performed on a timely basis and all were complete and on-hand.</p> |
| | b) | <p>The Contractor shall perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division</p> <p>Procedure: Six months of bank reconciliations were recomputed to determine accuracy. The monthly bookkeeping is done by Mesilla Valley Accounting. Books are kept on QuickBooks and reconciled through QuickBooks. We compared the cash balances per bank reconciliations to the respective general ledger account balances. Monthly financial statements are presented to the Board of Directors by Mesilla Valley Accounting for approval. Noted Mesilla Valley Accounting provides monthly financials to DFA upon request. Noted year end financials provided to DFA.</p> <p>Finding: All bank reconciliations tested revealed no exceptions.</p> |
| | c) | <p>The Contractor shall determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable</p> <p>Procedure: The bank statements for the entire fiscal year ending December 31, 2015 were reviewed for balances.</p> <p>Finding: Bank account balances did not exceed the uninsured limits during the year ended December 31, 2015 and, therefore, pledged collateral was not required for any bank account.</p> |
| 2) | CAPITAL ASSETS | |
| | | <p>The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978</p> <p>Procedure: Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting Noted additions to assets each year. Noted inventory was performed and certified by Board Member.</p> <p>Finding: Yearly inventory was performed and certified. No discrepancies noted.</p> |
| 3) | REVENUE | |
| | | <p>The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation</p> |
| | a) | <p>Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. For purposes of performing analytical procedures, we inquired of the Association's management for explanation of all variances of budget to actual of more than 5%.</p> |

WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

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

- 3) REVENUE (continued)**
- The Contractor shall test based on auditor judgment the total amount of revenues for the following attributes:
 Select a sample of revenues based on auditor judgment (for purpose of procedures in 3(b) and 3(c), we selected a haphazard sample of recorded revenue transactions to achieve a minimum of 50% coverage) and test using the following attributes:
- b)** Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
 - c)** Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedures:

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

| | Budgeted Amount | Actual Amount | Variance | Percentage |
|--------------------|----------------------------|--------------------------|-----------------|-------------------|
| Water Service | \$ 23,000 | \$ 24,794 | \$ 1,794 | 8% |
| Sewer Service | \$ 28,000 | \$ 28,360 | \$ 360 | 1% |
| Connection Charges | \$ 350 | \$ 460 | \$ 110 | 31% |
| Late Fees | \$ 1,800 | \$ 2,107 | \$ 307 | 17% |
| Membership Fees | \$ 100 | \$ 200 | \$ 100 | 100% |
| Service Calls | \$ - | \$ 27 | \$ 27 | 100% |
| Rebates | \$ - | \$ 331 | \$ 331 | 100% |

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

| Receipts | | | |
|-----------------|--------------|-------------------------|---------------|
| Date | Payer | Description | Amount |
| 2/6/2015 | Client Fees | Revenue-Water and Sewer | \$2,271.51 |
| 2/11/2015 | Client Fees | Revenue-Water and Sewer | \$ 620.47 |
| 2/18/2015 | Client Fees | Revenue-Water and Sewer | \$1,240.51 |
| 2/24/2015 | Client Fees | Revenue-Water and Sewer | \$1,157.45 |
| 4/6/2015 | Client Fees | Revenue-Water and Sewer | \$ 630.98 |
| 4/15/2015 | Client Fees | Revenue-Water and Sewer | \$1,319.15 |
| 4/21/2015 | Client Fees | Revenue-Water and Sewer | \$ 830.03 |
| 4/27/2015 | Client Fees | Revenue-Water and Sewer | \$ 611.14 |
| 6/4/2015 | Client Fees | Revenue-Water and Sewer | \$1,840.62 |
| 6/10/2015 | Client Fees | Revenue-Water and Sewer | \$ 632.09 |
| 6/17/2015 | Client Fees | Revenue-Water and Sewer | \$1,213.90 |
| 6/24/2015 | Client Fees | Revenue-Water and Sewer | \$1,156.07 |
| 6/30/2015 | Client Fees | Revenue-Water and Sewer | \$ 278.75 |
| 8/7/2015 | Client Fees | Revenue-Water and Sewer | \$1,165.15 |
| 8/12/2015 | Client Fees | Revenue-Water and Sewer | \$ 939.52 |
| 8/19/2015 | Client Fees | Revenue-Water and Sewer | \$ 431.64 |
| 8/26/2015 | Client Fees | Revenue-Water and Sewer | \$1,269.70 |
| 8/31/2015 | Client Fees | Revenue-Water and Sewer | \$ 722.91 |
| 10/9/2015 | Client Fees | Revenue-Water and Sewer | \$1,906.63 |
| 10/14/2015 | Client Fees | Revenue-Water and Sewer | \$ 989.36 |
| 10/21/2015 | Client Fees | Revenue-Water and Sewer | \$1,357.71 |
| 10/28/2015 | Client Fees | Revenue-Water and Sewer | \$ 414.05 |
| 12/4/2015 | Client Fees | Revenue-Water and Sewer | \$1,773.09 |
| 12/9/2015 | Client Fees | Revenue-Water and Sewer | \$ 515.39 |
| 12/16/2015 | Client Fees | Revenue-Water and Sewer | \$ 698.09 |
| 12/23/2015 | Client Fees | Revenue-Water and Sewer | \$1,268.11 |
| 12/30/2015 | Client Fees | Revenue-Water and Sewer | \$ 679.93 |

WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION

EXHIBIT A- SCOPE OF WORK

AGREED UPON PROCEDURES

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

| | | | | | | | | | |
|-----------|---|--|---------------|--------------------------------|--------------------------|--|--|--|---------------|
| 3) | REVENUE (continued) | | | | | | | | |
| | Finding: | | | | | | | | |
| | b) | Amounts recorded in the general ledger agreed with supporting documentation and the bank statements. | | | | | | | |
| | c) | Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation. | | | | | | | |
| 4) | EXPENDITURES | | | | | | | | |
| | The Contractor shall select a sample of cash disbursements based on auditor judgment and test using the following attributes: | | | | | | | | |
| | a) | Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate. | | | | | | | |
| | b) | Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. (For purposes of performing these procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.) | | | | | | | |
| | c) | Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and 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 | Check | | | | | | Check |
| | | Date | Number | Payee | Description | | | | Amount |
| | | 1/8/2015 | 3511 | Dona Ana MDWCA | Utility Payment | | | | \$ 23.61 |
| | | 1/8/2015 | 3514 | City of Las Cruces | Utility Payment | | | | \$ 611.73 |
| | | 1/8/2015 | 3517 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 599.69 |
| | | 2/12/2015 | 3520 | American Hallmark Ins. Co. | Insurance | | | | \$ 164.70 |
| | | 2/12/2015 | 3523 | Pure Operations, LLC | Operations & Maintenance | | | | \$ 931.98 |
| | | 2/12/2015 | 3526 | Dona Ana MDWCA | Utility Payment | | | | \$ 23.61 |
| | | 3/12/2015 | 3529 | City of Las Cruces | Note Payable payment | | | | \$ 200.00 |
| | | 3/12/2015 | 3532 | BluWater Specialties, Inc. | Operations & Maintenance | | | | \$ 372.31 |
| | | 3/12/2015 | 3535 | City of Las Cruces | Utility Payment | | | | \$ 611.73 |
| | | 4/9/2015 | 3538 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 870.25 |
| | | 4/9/2015 | 3541 | City of Las Cruces | Utility Payment | | | | \$ 691.20 |
| | | 5/14/2015 | 3547 | CNA Surety | Insurance | | | | \$ 257.00 |
| | | 5/14/2015 | 3550 | Pure Operations, LLC | Operations & Maintenance | | | | \$ 677.52 |
| | | 5/14/2015 | 3554 | El Paso Electric | Utility Payment | | | | \$ 238.43 |
| | | 6/11/2015 | 3557 | El Paso Electric | Utility Payment | | | | \$ 226.33 |
| | | 6/11/2015 | 3560 | Dona Ana MDWCA | Utility Payment | | | | \$ 28.26 |
| | | 6/11/2015 | 3563 | Pure Operations, LLC | Operations & Maintenance | | | | \$ 2,103.28 |
| | | 7/9/2015 | 3566 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 718.46 |
| | | 7/9/2015 | 3569 | BluWater Specialties, Inc. | Operations & Maintenance | | | | \$ 373.63 |
| | | 7/9/2015 | 3572 | El Paso Electric | Utility Payment | | | | \$ 304.03 |
| | | 7/23/2015 | 3575 | Roto-Rooter Plumbers | Operations & Maintenance | | | | \$ 389.93 |
| | | 8/13/2015 | 3578 | Dona Ana MDWCA | Utility Payment | | | | \$ 23.61 |
| | | 8/13/2015 | 3581 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 767.72 |
| | | 8/13/2015 | 3584 | Pure Operations, LLC | Operations & Maintenance | | | | \$ 2,223.68 |
| | | 8/13/2015 | 3585 | Burn Construction Co., Inc. | System Improvements | | | | \$ 5,246.76 |
| | | 9/10/2015 | 3588 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 940.96 |
| | | 9/10/2015 | 3591 | Pure Operations, LLC | Operations & Maintenance | | | | \$ 1,089.40 |
| | | 9/10/2015 | 3594 | New Mexico 811 | Dues | | | | \$ 29.37 |
| | | 10/8/2015 | 3597 | Mesilla Valley Accounting , PC | Accounting Services | | | | \$ 881.35 |
| | | 10/8/2015 | 3600 | Watson Smith, LLC | Legal fees | | | | \$ 123.48 |

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
EXHIBIT A- SCOPE OF WORK
AGREED UPON PROCEDURES**

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

| | | | | | |
|-----------------|--|---|----------------------------|--------------------------|---------------|
| 4) | EXPENDITURES (continued) | | | | |
| | 10/8/2015 | 3603 | El Paso Electric | Utility Payment | \$ 242.25 |
| | 11/12/2015 | 3606 | City of Las Cruces | Note Payable payment | \$ 200.00 |
| | 11/12/2015 | 3609 | BluWater Specialties, Inc. | Operations & Maintenance | \$ 373.63 |
| | 11/12/2015 | 3612 | Dona Ana MDWCA | Utility Payment | \$ 23.61 |
| | 12/10/2015 | 3615 | American Hallmark Ins. Co. | Insurance | \$ 168.50 |
| | 12/10/2015 | 3621 | BluWater Specialties, Inc. | Operations & Maintenance | \$ 373.63 |
| | 2/12/2015 | ACH | NM Taxation and Revenue | Gross receipts tax | \$ 221.21 |
| | 6/11/2015 | ACH | NM Taxation and Revenue | Gross receipts tax | \$ 221.42 |
| | 7/13/2015 | ACH | USDA/RD | Loan payment | \$ 37.00 |
| | 12/10/2015 | ACH | NM Taxation and Revenue | Gross receipts tax | \$ 219.37 |
| | Results of Procedures 4(a) - 4(c): | | | | |
| a) | Tested 40 out of 139 total population of cash disbursements from the operating account. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee, date and description agreed with the vendor's invoice, purchase invoice, purchase order, contract and cancelled check, as appropriate. | | | | |
| b) | Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements. | | | | |
| c) | The bid process (or request for proposal process, if applicable), purchase order, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations governing the Per Diem and Mileage Act (2.42.2 NMAC). | | | | |
| Finding: | No discrepancies were noted. | | | | |
| 5) | JOURNAL ENTRIES | | | | |
| | If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, the Contractor shall test significant items for the following attributes: | | | | |
| a) | Journal entries appear reasonable and have supporting documentation. (A journal entry is considered reasonable if: the explanation is consistent with the nature of the adjustment and the general ledger accounts affected and supporting documentation agrees with the journal entry details.) | | | | |
| b) | The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed | | | | |
| | The following journal entries were selected and the procedures described 5(a) - 5(b) above were performed: | | | | |
| | Date | Description | Account Number | Debit | Credit |
| | 2/1/2015 | Reverse Journal Entry - Deposits in transit | Water & Sewer Customers | \$2,271.51 | |
| | | Reverse Journal Entry - Deposits in transit | Deposit in Transit | | \$ 2,271.51 |
| | 4/30/2015 | Deposit in transit | Deposit in Transit | \$2,115.60 | |
| | | Deposit in transit | Water & Sewer Customers | | \$ 2,115.60 |
| | 6/30/2015 | Monthly Depreciation Expense | Depreciation expense | \$4,405.55 | |
| | | Monthly Depreciation Expense | Accumulated Depreciation | | \$ 4,405.55 |
| | 8/31/2015 | Monthly Sales | Water & Sewer Customers | \$4,942.05 | |
| | | Monthly Sales | Water Service | | \$ 2,203.04 |
| | | Monthly Sales | Sewer Service | | \$ 2,360.00 |
| | | Monthly Sales | Late Fees | | \$ 150.84 |
| | | Monthly Sales | Gross Receipts tax payable | | \$ 228.17 |
| | 10/1/2015 | Reverse Journal Entry-Deposits in transit | Water & Sewer Customers | \$1,575.31 | |
| | | Reverse Journal Entry-Deposits in transit | Deposits in Transit | | \$ 1,575.31 |
| | 12/31/2015 | Accrued Quarterly Insurance expense | Insurance | \$ 64.25 | |
| | | Accrued Quarterly Insurance expense | Prepaid Insurance | | \$ 64.25 |

WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
EXHIBIT A- SCOPE OF WORK
AGREED UPON PROCEDURES

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

- 5) **JOURNAL ENTRIES (continued)**
Results of Procedures 4(a) - 4(c):
a) Journal entries appear reasonable and have supporting documentation.
b) The Association has a review process for journal entries and the journal entries tested have evidence of review.

Finding:
No discrepancies noted.

6) **BUDGET**

The Contractor shall obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

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

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

- a) Obtained copy of overall budget for the local public body.
Obtained Minutes of the Board and reviewed for approval of budget and budget adjustments.
Noted the overall budget was approved by the Board.
b) Total actual expenditures did not exceed the final budget approved for the Association
Budget was sent to DFA, noted approval letter from DFA
c) A schedule of revenues and expenses - budget and actual was prepared from the Association record on the cash budgetary basis.

Finding:
No discrepancies noted.

OTHER

If information comes to the Contractor's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(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.

STATE OF NEW MEXICO
WINTERHAVEN MUTUAL DOMESTIC CONSUMERS AND SEWAGE WORKS ASSOCIATION
EXHIBIT B
BUDGET AND ACTUAL - Modified Cash Basis

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

| | Budgeted Amounts | | Actual Amounts | Variance with |
|--|------------------|-----------------|--------------------|----------------------------------|
| | Original | Final | Budgetary Basis | Final Budget Positive/(Negative) |
| REVENUES | | | | |
| Sewer services | \$ 28,000 | \$ 28,000 | \$ 28,360 | \$ 360 |
| Water services | 23,000 | 23,000 | 24,794 | 1,794 |
| Connection charges | 350 | 350 | 460 | 110 |
| Late fees | 1,800 | 1,800 | 2,107 | 307 |
| Membership fees | 100 | 100 | 200 | 100 |
| Service calls | - | - | 27 | 27 |
| Total revenues | 53,250 | 53,250 | 55,948 | 2,698 |
| EXPENDITURES | | | | |
| Purchased water/waste water services | 750 | 750 | 292 | 458 |
| Salaries/contractors | 16,000 | 16,000 | 16,535 | (535) |
| Accounting/legal | 11,000 | 11,000 | 11,736 | (736) |
| Taxes/insurance/fees | 3,375 | 3,375 | 3,524 | (149) |
| Utilities | 12,000 | 12,000 | 11,728 | 272 |
| System supplies/maintenance | 7,500 | 7,500 | 5,860 | 1,640 |
| Office/miscellaneous | 850 | 850 | 795 | 55 |
| Depreciation | 53,000 | 53,000 | 52,921 | 79 |
| Total expenditures | 104,475 | 104,475 | 103,391 | 1,084 |
| Excess (deficiency) of revenues over expenditures | (51,225) | (51,225) | (47,443) | 3,782 |
| NONOPERATING REVENUES AND EXPENDITURES | | | | |
| Grants | - | - | - | - |
| Interest | (1,300) | (1,300) | (1,305) | (5) |
| Rebates | - | - | 331 | 331 |
| Capital improvement budgets | (2,500) | (5,250) | - | 5,250 |
| Total nonoperating revenues & expenditures | (3,800) | (6,550) | (974) | 5,586 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources | (55,025) | (57,775) | \$ (48,417) | \$ 9,358 |
| Budgeted cash carryover | 55,025 | 57,775 | | |
| | \$ - | \$ - | | |

EXHIBIT C

Winterhaven MDWC & SWA
Budget vs. Actual
January through December 2015

| | Jan - Dec 15 | Budget | % of Budget |
|-------------------------------|--------------|------------|-------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| Sewer Service | 28,360.00 | 28,000.00 | 101.3% |
| Water Service | 24,793.97 | 23,000.00 | 107.8% |
| Connection Charges | 460.00 | 350.00 | 131.4% |
| Late Fees | 2,107.22 | 1,800.00 | 117.1% |
| Membership Fees | 200.00 | 100.00 | 200.0% |
| Service Calls | 26.98 | 0.00 | 100.0% |
| Total Income | 55,948.17 | 53,250.00 | 105.1% |
| Cost of Goods Sold | | | |
| Purchased Water | 292.13 | 750.00 | 39.0% |
| Total COGS | 292.13 | 750.00 | 39.0% |
| Gross Profit | 55,656.04 | 52,500.00 | 106.0% |
| Expense | | | |
| Bad Debts | 600.40 | 250.00 | 240.2% |
| Bank Service Charges | 69.66 | 100.00 | 69.7% |
| Board Expenses | 0.00 | 250.00 | 0.0% |
| Depreciation Expense | 52,921.25 | 53,000.00 | 99.9% |
| Dues and Subscriptions | 381.91 | 0.00 | 100.0% |
| Insurance | 1,908.00 | 2,000.00 | 95.4% |
| Interest Expense | 1,304.77 | 1,300.00 | 100.4% |
| Licenses/Other Taxes | 9.96 | 25.00 | 39.8% |
| Office Expense | 126.00 | 250.00 | 50.4% |
| Professional Fees | | | |
| Accounting | 11,612.94 | 11,000.00 | 105.6% |
| Legal Fees | 123.48 | 0.00 | 100.0% |
| Total Professional Fees | 11,736.42 | 11,000.00 | 106.7% |
| Property Taxes | 1,085.73 | 1,200.00 | 90.5% |
| Repairs and Maintenance | 1,256.43 | 1,000.00 | 125.6% |
| System Operator | 16,534.92 | 16,000.00 | 103.3% |
| System Materials and Supplies | 4,413.92 | 6,500.00 | 67.9% |
| Tools & Equipment (Non-Asset) | 189.67 | 0.00 | 100.0% |
| Utilities | 11,727.93 | 12,000.00 | 97.7% |
| Water Conservation Fees | 137.56 | 150.00 | 91.7% |
| Total Expense | 104,404.53 | 105,025.00 | 99.4% |
| Net Ordinary Income | -48,748.49 | -52,525.00 | 92.8% |
| Other Income/Expense | | | |
| Other Income | | | |
| Rebates | 331.31 | 0.00 | 100.0% |
| Total Other Income | 331.31 | 0.00 | 100.0% |
| Other Expense | | | |
| Capital Improvements | 5,246.76 | 5,250.00 | 99.9% |
| Total Other Expense | 5,246.76 | 5,250.00 | 99.9% |
| Net Other Income | -4,915.45 | -5,250.00 | 93.6% |
| Net Income | -53,663.94 | -57,775.00 | 92.9% |

Winterhaven MDWC & SWA
Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis

| | Dec 31, 15 |
|---------------------------------------|---------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| Bank of the West - Operating | 9,373.95 |
| Bank of the West - Debt Service | 1,776.00 |
| Bank of the West - Reserve | 2,140.00 |
| | 13,289.95 |
| Accounts Receivable | |
| Water & Sewer Customers | 2,017.16 |
| | 2,017.16 |
| Other Current Assets | |
| Deposits in Transit | 1,610.60 |
| Prepaid Insurance | 458.00 |
| | 2,068.60 |
| Total Current Assets | 17,375.71 |
| Fixed Assets | |
| Equipment | 4,667.00 |
| Water & Sewer System | 2,119,910.60 |
| Accumuated Depreciation | -343,760.17 |
| | 1,780,817.43 |
| TOTAL ASSETS | 1,798,193.14 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| Operating | 4,384.57 |
| | 4,384.57 |
| Other Current Liabilities | |
| Gross Receipts Tax Payable | 217.48 |
| | 217.48 |
| Total Current Liabilities | 4,602.05 |
| Long Term Liabilities | |
| Note Payable - City of LC | 12,258.05 |
| Note Payable - USDA/RD | 10,482.38 |
| | 22,740.43 |
| Total Liabilities | 27,342.48 |
| Equity | |
| Restricted Net Assets | |
| USDA/RD | 3,916.00 |
| | 3,916.00 |
| Unrestricted Net Assets | 1,815,351.84 |
| Net Income | -48,417.18 |
| | 1,770,850.66 |
| TOTAL LIABILITIES & EQUITY | 1,798,193.14 |

EXHIBIT D

Winterhaven MDWC & SWA
Statement of Revenue and Expenses
Modified Cash Basis

| | Oct - Dec 15 | Jan - Dec 15 |
|-------------------------------|--------------|--------------|
| Ordinary Income/Expense | | |
| Income | | |
| Sewer Service | 7,000.00 | 28,360.00 |
| Water Service | 6,097.33 | 24,793.97 |
| Connection Charges | 160.00 | 460.00 |
| Late Fees | 528.27 | 2,107.22 |
| Membership Fees | 0.00 | 200.00 |
| Service Calls | 0.00 | 26.98 |
| Total Income | 13,785.60 | 55,948.17 |
| Cost of Goods Sold | | |
| Purchased Water | 70.83 | 292.13 |
| Total COGS | 70.83 | 292.13 |
| Gross Profit | 13,714.77 | 55,656.04 |
| Expense | | |
| Bad Debts | 0.00 | 600.40 |
| Bank Service Charges | 12.26 | 69.66 |
| Depreciation Expense | 13,249.44 | 52,921.25 |
| Dues and Subscriptions | 29.85 | 381.91 |
| Insurance | 481.75 | 1,908.00 |
| Interest Expense | 315.35 | 1,304.77 |
| Licenses/Other Taxes | -0.01 | 9.96 |
| Office Expense | 0.00 | 126.00 |
| Professional Fees | | |
| Accounting | 2,569.06 | 11,612.94 |
| Legal Fees | 0.00 | 123.48 |
| Total Professional Fees | 2,569.06 | 11,736.42 |
| Property Taxes | 301.32 | 1,085.73 |
| Repairs and Maintenance | 866.50 | 1,256.43 |
| System Operator | 3,985.35 | 16,534.92 |
| System Materials and Supplies | 391.27 | 4,413.92 |
| Tools & Equipment (Non-Asset) | 189.67 | 189.67 |
| Utilities | 2,819.95 | 11,727.93 |
| Water Conservation Fees | 29.64 | 137.56 |
| Total Expense | 25,241.40 | 104,404.53 |
| Net Ordinary Income | -11,526.63 | -48,748.49 |
| Other Income/Expense | | |
| Other Income | | |
| Rebates | 331.31 | 331.31 |
| Total Other Income | 331.31 | 331.31 |
| Net Other Income | 331.31 | 331.31 |
| Net Income | -11,195.32 | -48,417.18 |

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS
AND SEWAGE WORKS ASSOCIATION
SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

CURRENT YEAR FINDINGS:

None

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS
AND SEWAGE WORKS ASSOCIATION
SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS
DECEMBER 31, 2015**

PRIOR-YEAR FINDINGS:

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

**WINTERHAVEN MUTUAL DOMESTIC WATER CONSUMERS
AND SEWAGE WORKS ASSOCIATION
EXIT CONFERENCE
DECEMBER 31, 2015**

Exit Conference:

The exit conferences were held on April 21, 2016 with the following persons:

Henry Aguirre, President

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

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