

# **Accounting & Auditing Services, LLC**

**Financial Audits + Agreed Upon Procedures + Tax + Consulting**

**Madrid Water Mutual Domestic Water Consumers Association**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

**For the Fiscal Year Ending December 31, 2019**

**Madrid Water Mutual Domestic Water Consumers Association  
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Fiscal Year Ending December 31, 2019**

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**Madrid Water Mutual Domestic Water Consumers Association  
Official Roster  
December 31, 2019**

**Board of Directors**

Glen Bawden, President

Lori Lindsey, Vice President

Rebecca Nafey, Secretary/Treasurer

Carl Hansen, Board Member

Dale Edwards, Board Member

Lisa Conley, Board Member

Mike Hogrebe, Board Member

Kathleen Casey, Board Member

**Staff**

Brian McMahon, Water Operator

Matt Leimbach, Assistant Water Operator

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Directors

Madrid Water Mutual Domestic Water Consumers Association

Madrid, New Mexico

and

Brian S. Colón, Esq., New Mexico State Auditor

Santa Fe, New Mexico

I have performed the procedures enumerated below for the Madrid Water Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2019, 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](http://www.osanm.org) under "Tiered System Reporting Main Page."

Based on the Association's profit and loss statement (Non-GAAP cash basis), total revenues for the fiscal year ending December 31, 2019 were \$92,382. Based on this information, the Association was properly determined to be a Tier 4 entity for the fiscal year since their total revenues were between \$50,000 and \$250,000 and they did not receive or expend a capital outlay appropriation from the State of New Mexico during the fiscal year.

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.

As of December 31, 2019, the Association has three checking accounts with Enterprise Bank & Trust in Santa Fe, NM. The Association did not have any investment accounts. The bank statements for 2019 were complete and on hand. Seven monthly bank reconciliations for the main checking account were completed in a timely manner.

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However, five of the monthly bank account reconciliations for the main checking account and all of the bank reconciliations for the two other checking accounts were missing. See Finding 2019-001 on p. 7.

- b. Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

33% of the bank reconciliations for the operating account were tested. The bank reconciliations were accurate, and the ending balances on the bank reconciliations agreed with the Association's general ledger and supporting documentation. However, the cash balances according to the Association's general ledger did not agree with the cash balances on the financial reports submitted to DFA-LGD. See Finding 2019-002 on p. 8.

- 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.

The Association did not perform a capital asset inventory at the end of 2019. See Finding 2019-003 on p. 10. No capital asset purchases during the fiscal year in excess of \$5,000 were noted during the agreed-upon procedures.

### 4. Revenue

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

The main revenue sources of the Association consist of monthly water sales, new membership fees, and transfer fees. Actual revenue was compared to budgeted revenue for each revenue source. Also, the variances between the actual revenues

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for 2018 and 2019 were reviewed. According to the Association's general ledger, actual revenues were \$5,024 more than budgeted revenues for the fiscal year ending December 31, 2019. However, new member fees decreased \$3,619 (36%) in 2019; this variance was adequately explained by the Association's Treasurer. After drilling a new well, the Association opened up new memberships in 2013 after a moratorium. The fee for the new membership is \$5,000 and the Association gave up to 3 years for new members to pay the fee. As new members paid off what they owed, the annual income went down. The moratorium for new member is now back in place. No other significant or unusual revenue variances were noted.

b. Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

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

A sample of cash receipts and deposits were selected and tested which amounted to approximately 37% 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, modified accrual 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 equal to at least 30% of the total dollar amount and test 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 cash disbursements were tested which amounted to approximately 49% of total expenditures. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and

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description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

However, the Association made a duplicate payment of \$1,099 to an insurance company and was unable to locate a utility invoice for \$258.26. See Finding 2019-004 on p. 11.

- 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 the budget, legal requirements and established policies and procedures.

- 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 and the Per Diem and Mileage Act.

## 6. Journal Entries

- a. Test all non-routine journal entries, adjustments and reclassifications posted to the general ledger for the following attributes:
  - i. Journal entries appear reasonable and have supporting documentation.

According to the Association's Treasurer, two non-routine journal entries were posted to the general ledger during the fiscal year to record a \$134.63 check for non-sufficient funds (customer payment) that was returned from the bank and to correct a \$1,099 duplicate payment to an insurance company that was refunded to the Association. The supporting documentation and the explanations for the non-routine journal entries appear reasonable.

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

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The Association has a review procedure for non-standard journal entries. The Association's Treasurer includes the non-standard journal entries in the Monthly Treasurer's Report which is reviewed and approved by the Board of Directors during the monthly board meetings. There is evidence the reviews were performed.

## 7. Budget

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

The Association's Board of Directors adopted and approved its budget for 2019 during a board meeting on March 14, 2019 which was approved by DFA-LGD in a letter to the Association dated May 3, 2019.

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

According to the Association's general ledger, total expenditures of \$61,249 did not exceed budgeted expenditures of \$78,993 for the fiscal year ending December 31, 2019. Therefore, a compliance finding was not applicable.

- 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, modified accrual or accrual basis) for each individual fund.

Based on the approved budget and the account balances reported in the Association's general ledger, the Schedule of Revenues and Expenditures was prepared on the cash basis of accounting. See the schedule on p. 13.

However, the revenue and expenditure amounts reported in the Association's general ledger (profit & loss report for 2019) do not agree with the final quarterly report submitted to DFA-LGD. See Finding 2019-002 on p. 8.



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## 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 (L) NMAC.

No other findings were noted during the agreed-upon procedures.

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 New Mexico 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

April 15, 2020

**Madrid Water Mutual Domestic Water Consumers Association  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2019**

**Status of Prior Year Findings**

There were no prior year findings.

**Current Year Findings**

**Finding 2019-001. Missing Bank Account Reconciliations**

**Condition**

For 2019, the Association did not have five out of the twelve monthly bank account reconciliations for its main checking account, and did not have any of the monthly bank account reconciliations for its two other checking accounts.

**Criteria**

Monthly bank account reconciliations should be performed to verify that all monetary transactions are accurately recorded and accounted for by the bank and the Association, and to correct any recording errors, if any. Therefore, it is a prudent business practice to perform and document the results of the monthly bank account reconciliations to verify and demonstrate how the cash balance on each bank statement agrees with the cash balance in the Association's general ledger at the end of each month.

**Effect**

Since the bank account reconciliations were not performed or documented, the Association's financial records do not demonstrate how the bank balances agree with the Association's general ledger at the end of each month, and the quarterly reports to DFA-LGD. Recording errors or irregularities could have gone undetected and uncorrected.

**Cause**

The Treasurer stated that she performed the monthly bank account reconciliations but did not keep the documentation on file.

**Recommendation**

The Association's Secretary/Treasurer should perform and fully document the results of the monthly bank account reconciliations for all of its bank accounts shortly after the bank statements are received but no later than the beginning of the following month. The Secretary/Treasurer should file and maintain the bank account reconciliation records for at least 5 years. The Board of Directors should review the results of the bank reconciliations

**Madrid Water Mutual Domestic Water Consumers Association  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2019**

on a monthly basis to verify they are fully documented in writing and the results agree with the bank statements, general ledger, supporting documentation and the quarterly reports submitted to DFA-LGD.

Management's Response

Effective April 15, 2020, the Association's Secretary/Treasurer will perform and document the results of the monthly bank account reconciliations for all of its bank accounts by the 2<sup>nd</sup> Thursday of every month, and will file and maintain the bank account reconciliation reports for at least 5 years. During the monthly board meeting on the 2<sup>nd</sup> Thursday of every month, the Board of Directors will review the results of the bank reconciliations to verify they are fully documented in writing and the results agree with the bank statements, general ledger, supporting documentation and the quarterly reports submitted to DFA-LGD.

**Finding 2019-002. Inaccurate Quarterly Financial Reports to DFA-LGD**

Condition

The cash balances on the Association's quarterly reports to DFA-LGD did not agree with the cash balances recorded in the Association's general ledger (balance sheet) at the end of each quarter as follows:

<u>Quarter Ending</u>	<u>Per Balance Sheet</u>	<u>Per Report to DFA-LGD</u>	<u>Difference</u>
3/31/2019	\$ 109,388	\$ 110,220	\$ 832
6/30/2019	\$ 118,898	\$ 118,951	\$ 53
9/30/2019	\$ 126,376	\$ 126,190	\$ 186
12/31/2019	\$ 123,776	\$ 123,997	\$ 221

Also, the revenues and expenditure totals recorded in the Association's general ledger for the fiscal year ending December 31, 2019 did not agree with the revenue and expenditure totals on the year-end quarterly report to DFA-LGD as follows:

**Madrid Water Mutual Domestic Water Consumers Association  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2019**

	Total Per General <u>Ledger</u>	Total Per Report <u>to DFA-LGD</u>	<u>Difference</u>
Revenues	\$ 92,382	\$ 91,818	\$ 564
Expenditures	<u>(61,249)</u>	<u>(71,060)</u>	<u>9,811</u>
Net Income	<u>\$ 31,133</u>	<u>\$ 20,758</u>	<u>\$ 10,375</u>

Criteria

As required by Section 6-6-2.F NMSA 1978, the Association should submit accurate quarterly financial reports to DFA-LGD.

Effect

Inaccurate quarterly financial reports are misleading to members of the Association, DFA-LGD, oversight agencies, and other users of the reports.

Cause

The Association changed its legal status from a cooperative to a local government at the beginning of 2019. Therefore, the Association's Treasurer was unfamiliar with DFA-LGD's quarterly reporting requirements, especially their reporting format. DFA-LGD requires the Association to report the revenue and expenditure amounts using their standard account classifications which are different than the Association's chart of accounts. Because of the different chart of accounts, the Treasurer made some errors when preparing the quarterly reports to DFA-LGD. Also, the Association classifies the gross receipts taxes it charges and receives as a cash receipt and a liability, not as revenue when it is collected. However, DFA-LGD's quarterly report has a separate line item for gross receipts tax revenues. This caused additional differences between the Association's profit and loss statement and DFA's quarterly reports.

Recommendation

Since the Association's chart of accounts is not consistent with DFA-LGD's quarterly report, the Treasurer should create an excel spreadsheet to summarize the revenue and expenditure line item amounts from its general ledger and reclassify the amounts to prepare the quarterly reports to DFA-LGD. The Board of Directors should verify that the cash, revenue and expenditure account balances reported on the quarterly reports to DFA-LGD agree with

**Madrid Water Mutual Domestic Water Consumers Association**  
**Schedule of Findings and Responses**  
**Fiscal Year Ending December 31, 2019**

the Association's general ledger and bank account reconciliations before they are submitted to DFA-LGD.

Management's Response

Effective for the quarter ending March 31, 2020, the Secretary/Treasurer will prepare correct quarterly reports to DFA/LGD. There was confusion about the difference in ledger accounts between us and the categories on the DFA-LGD form. The Secretary/Treasurer has solved this problem by defining which of our accounts go into which of DFA-LGD's account categories on the quarterly reports. The Secretary/Treasurer will complete a spreadsheet showing how the amounts and account categories on our profit and loss statement agree with the amounts reported on the quarterly reports to DFA-LGD. On the 2<sup>nd</sup> Thursday of every month, the Board of Directors will verify that the cash, revenue and expenditure account balances reported on the quarterly reports to DFA-LGD agree with the Association's general ledger and bank account reconciliations before they are submitted to DFA-LGD.

**Finding 2019-003 – No Capital Asset Inventory at Fiscal Year-End**

Condition

For the year ending December 31, 2019, the Association did not perform and document a physical inventory of its capital assets at the end of the year and have the results of the physical inventory certified by the Board of Directors.

Criteria

Section 12-6-10.A NMSA 1978 states: "Annual Inventory. The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority. Upon completion, the inventory shall be certified by the governing authority as to correctness."

Effect

The Association's capital asset listing and account balance as of December 31, 2019 may be incomplete or inaccurate.

Cause

Since the Association changed its legal status from a cooperative to a local government at the beginning of 2019, management wasn't aware of the state law.

**Madrid Water Mutual Domestic Water Consumers Association**  
**Schedule of Findings and Responses**  
**Fiscal Year Ending December 31, 2019**

Recommendation

At the end of each year, the Association should perform and document a physical inventory of its capital assets in accordance with Section 12-6-10.A NMSA 1978. For each capital asset, the description of the asset, date acquired, cost, location, useful life, and ending balance of its capital assets should be recorded on the Association's capital asset listing. The results of the inventory shall be recorded in a written inventory report, certified as to correctness and approved by the Association's Board of Directors.

Management's Response

During the last two weeks of each year, the Water Operator will perform and document a physical inventory of its capital assets and prepare a written inventory report. For each capital asset, the description of the asset, date acquired, cost, location, useful life, and ending balance of its capital assets will be recorded on the capital asset inventory report. The Water Operator will present the capital asset inventory report to the Board of Directors who will certify and approve the report during its board meeting on the 2<sup>nd</sup> Thursday in January 2021.

**Finding 2019-004. Missing Invoice and Duplicate Payment**

Condition

During the performance of the agreed-upon procedures for expenditures, 26 cash disbursements totaling \$30,133 were selected for testing. Out of the items tested, the Association was unable to find an electric utility invoice to support a payment of \$258.26 on July 15, 2019. Also, the Association made two payments of \$1,099 to an insurance company on June 12, 2019 and September 26, 2019 for the same invoice. The insurance company refunded \$1,099 to the Association which was deposited on October 29, 2019.

Criteria

It is a prudent business practice to maintain invoices or other supporting documentation for the disbursement of all public funds. Section 13-1-158 NMSA of the State Procurement Code states: No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction, or items of tangible personal property unless the using agency certifies that the services, construction or items of tangible personal property have been received.

**Madrid Water Mutual Domestic Water Consumers Association**  
**Schedule of Findings and Responses**  
**Fiscal Year Ending December 31, 2019**

Effect

The Association does not have a record on file to substantiate the utility expenditure. Future duplicate payments could occur and not be detected if adequate internal controls are not implemented. Recording errors and fraud schemes could occur and go undetected if invoices and other supporting documentation is not filed and maintained for all cash disbursements and expenditures.

Cause

The Association's Treasurer misplaced the missing invoice for the monthly electric bill and forgot to mark the insurance invoice paid which led to the duplicate payment.

Recommendation

To prevent missing invoices in the future, the Association's Treasurer should improve the filing system for invoices. The Association should file and safeguard invoices and other supporting documentation for all cash disbursements and expenditures for no less than 5 years after the payment was made.

A receiving report should be documented before an invoice for goods and services is processed for payment. The Treasurer should not process an invoice for payment until an employee or board member certifies that the goods or services have been received. A receiving report should be documented and attached to each invoice.

After an invoice is processed for payment, the bookkeeper should mark the invoice paid and record the date paid, amount paid, and check number on the invoice to prevent duplicate payments in the future.

Management's Response

Effective April 15, 2020, the Secretary/Treasurer will not process an invoice for payment until a receiving report has been obtained, and will attach the receiving report to each invoice. After an invoice has been processed for payment, the Secretary/Treasurer will mark the date paid, amount paid and the check number on all invoices. The Secretary/Treasurer will properly file and maintain the supporting documentation for all cash disbursements and expenditures for no less than 5 years.

**Madrid Water Mutual Domestic Water Consumers Association**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP Cash Basis)**  
**For the Fiscal Year Ending December 31, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Water Sales	\$ 78,000	\$ 78,000	\$ 80,951	\$ 2,951
New Membership and Meter Sales	3,800	3,800	6,792	2,992
Late Fees and Penalties	-	-	-	-
Gross Receipts Tax	5,558	5,558	4,590	(968)
Other - Interest Income	-	-	49	49
<b>Total Revenues</b>	<b>\$ 87,358</b>	<b>\$ 87,358</b>	<b>\$ 92,382</b>	<b>\$ 5,024</b>
<b>Expenditures:</b>				
Salaries - Operator, Bookkeeper, Other	\$ 34,000	\$ 34,000	\$ 28,892	\$ 5,108
Employee Benefits and Expenses	3,700	3,700	2,113	1,587
Electricity	2,268	2,268	2,113	155
Gas, Water, Sewer, Telephone	2,232	2,232	2,848	(616)
System Parts and Supplies	5,100	5,100	3,167	1,933
System Repairs and Maintenance	10,000	10,000	7,484	2,516
Vehicle Expenses	1,700	1,700	1,457	243
Office and Administrative Expenses	4,305	4,305	1,088	3,217
Professional Services	-	-	-	-
Insurance	4,600	4,600	4,460	140
Dues, Fees, Permits, Licenses	330	330	1,469	(1,139)
Gross Receipts Tax/Water Conservation Fee	5,558	5,558	4,750	808
Training	1,200	1,200	1,100	100
Miscellaneous	4,000	4,000	310	3,690
<b>Total Expenditures</b>	<b>\$ 78,993</b>	<b>\$ 78,993</b>	<b>\$ 61,249</b>	<b>\$ 17,744</b>



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

**INSTRUCTIONS:** Cells in which are meant to be filled out are explained below. All other columns are locked and not meant to be filled out.

- 1 Fill out the Approved Budget, 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr columns.
- 2 Fill out Cash, Savings, CDs, Investments under the "Approved Budget" column with APPROVED BUDGET at beginning of yr. **THESE AMOUNTS DO NOT CHANGE THROUGHOUT THE YEAR.**
- 3 Fill out Reserves (if reserve amounts change throughout the year under the "Year to Date(YTD) Totals" column.

**MDWCA Name:** Madrid MDWCA  
**Mailing Address:** Madrid Water, PO Box 37, Madrid, NM 87010  
**Email Address:** areba51@gmail.com  
**Phone number:** 505-438-1819

Calendar Year 2019

	APPROVED BUDGET	1st QR: Jan - Mar	2nd QR: Apr - Jun	3rd QR: Jul - Sept	4th QR: Oct -Dec	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
<b>Beginning balances:</b>								
Cash	29,270							
Savings	62,580							
CDs								
Investments	11,389							
<b>Beginning Balance TOTAL</b>	<b>\$ 103,239</b>							
<b>REVENUES</b>								
Water Sales (Water Use Fees)	78,000	20,313	19,953	21,597	19,088	80,951	(2,951)	104%
Connection/Reconnection Charges	-					0	0	-
Membership and Meter Sales (Utility Service Fees)	3,800	950	2,766	1,031	1,530	6,277	(2,477)	165%
Late Fees and Penalties (Other Fines and Forfeits)						0	0	-
Gross Receipts Tax (Other State shared taxes)	5,558	1,456	1,091	1,089	954	4,590	968	83%
Other Operating Revenue (miscellaneous - other)						0	0	-
<b>TOTAL</b>	<b>\$ 87,358</b>	<b>22,719</b>	<b>23,810</b>	<b>23,717</b>	<b>21,572</b>	<b>91,818</b>	<b>(4,460)</b>	<b>105%</b>
<b>EXPENDITURES</b>								
Salaries - Operator, Bookkeeper, etc.	34,000	6,530	8,076	6,908	7,795	29,309	4,691	86%
Employee Benefits and Expenses	3,700	658	468	436	560	2,122	1,578	57%
Electricity	2,268	507	440	673	492	2,112	156	93%
Other Utilities - Gas, Water, Sewer, Telephone	2,232	802	673	678	695	2,848	(616)	128%
System Parts and Supplies	5,100	1,502	0	605	454	2,561	2,539	50%
System Repairs and Maintenance	10,000	2,381	948	694	11,616	15,639	(5,639)	156%
Vehicle Expenses	1,700	142	852	274	188	1,456	244	86%
Office and Administrative Expenses	4,305	452	243	184	322	1,201	3,104	28%
Professional Services - Accounting, Engineering, Legal						0	0	-
Insurance	4,600	0	1,099	4,260	200	5,559	(959)	121%
Dues, Fees, Permits and Licenses	330	290	689	0	489	1,468	(1,138)	445%
Taxes - Gross Receipts Tax, Water Conservation Fee	5,558	1,564	1,091	1,141	954	4,750	808	85%
Training	1,200	600	500	0	0	1,100	100	92%
Miscellaneous	4,000	310	0	625	0	935	3,065	23%
<b>Loans</b>								
Annual debt service - Loan 1						0	0	-
Annual debt service - Loan 2						0	0	-
<b>TOTAL</b>	<b>\$ 78,993</b>	<b>15,738</b>	<b>15,079</b>	<b>16,478</b>	<b>23,765</b>	<b>71,060</b>	<b>7,933</b>	<b>90%</b>
<b>Ending Balance</b>	<b>111,604</b>					<b>123,997</b>		
LESS: Operating Reserve	-							
Emergency Reserve								
Capital Improvement Reserve	62,580					92,192		
Debt Reserve	11,389					13,210		
<b>Ending Available Cash Balance</b>	<b>\$ 37,635</b>					<b>18,595</b>		

**Madrid Mutual Domestic Water Consumers Association**  
**Exit Conference**  
**Fiscal Year Ending December 31, 2019**

On April 15, 2020, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Madrid Water Mutual Domestic Water Consumers Association

Rebecca Nafey, Secretary/Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager