Purchasing, Contracting and Payment Practice and Procedures

of

La Mesa Water Cooperative P.O. Box 53 Placitas, NM 87043

Approved by the Board of Directo	ors on
President:	date 1 35 05
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Treasurer: 57 Backy	date 1/25/05
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Secretary: lay nel	date 1,25,05
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Table of Contents

Purpose	. 3
ruipose	2
Definitions.	ر .
Purchases and Contracts	. 3
Contracts and Bids	. 4
Payment Procedure	. 5
Income and Receivables	. 6
Classification of Expenses	. 6
Authorized Accounts	. 6
Authorized Accounts	

PURPOSE

The purpose of this procedure is to establish a common understanding within the Cooperative and with the Cooperative's suppliers and customers for handling financial transactions, including purchases, payments, and contracting. This procedure is designed to provide clarification to the Corporate Bylaws and shall not be interpreted as replacing or changing the wording, letter or intent of the Bylaws.

DEFINITIONS

Term	Definition		
Approved Budget	The budget submitted annually by the Board of Directors to the membership for approval and approved by them with changes if necessary.		
Budgeted	Included within the Approved Budget -budgeted expenditures must be reasonably characterized by the budget line description.		
Unbudgeted	Classified as "other" or "miscellaneous" or was not included in the Approved Budget.		
Expenditure	A payment in full for services or materials that constitute a task or project		
Task	Services and/or materials of a common (similar) type that separately or combined complete an element of a project.		
Project	One or more tasks that are performed in a sequence or at the same time at one or more sites and have a common (similar) product or result.		
Revenue	Income received in exchange for Cooperative services (delivery of water).		

PURCHASES AND CONTRACTS

This section deals with acquisitions of services, equipment, materials and supplies by the Cooperative and identifies which officers have the authority to obligate the Cooperative financially. Payment of authorized obligations is covered in a separate section.

Schedule of Authorizations

Туре	Amount	Purpose	Initiator	Notification or Approval
	<\$2000	Administrative	President Treasurer or Secretary	Board Notified next Meeting
0		Operations	VP Operatins	Double House Hox Wooding
ase		Projects	VP Projects	
d Purch	Secretary contractor selection and contra	Board of Directors approves issuing RFQ, contractor selection and contract award. OR		
) je		Operations	VP Operatins	Board approves Sole Source Procurement
dg		Projects	VP Projects	
Jubu	>\$5000	Any non- emergency		Generally not allowed – must be submitted to the Cooperative membership for approval.
	Up to limit of reserve & operating funds	Water Supply Emergency	President VP Operat'ns VP Proj.	Action as necessary, Board notified within 24 hours.

ces and Materials	<\$500	Any	Any Officer	None
	\$500 to <\$2000	Any	Any Officer	Board Notified next Meeting
	\$2,000 & up	Administrative	President, Treasurer or Secretary issues RFQ	Board of Directors approves contractor selection and contract award. OR Board approves Sole Source Procurement.
eS G	Specific Control of the Control of t	Board Notified next Meeting		
or S		VP Projects	Board Notified next Meeting	
intracts fo	\$2,000 to Standard Standard	Operations	VP Operatins issues RFQ	Board of Directors approves contractor selection and contract award. OR Board approves Sole Source Procurement.
hases, Co		VP Projects issues RFQ	Board of Directors approves contractor selection and contract award. OR Board approves Sole Source Procurement.	
Budgeted Purchases,	\$10,000 and up	Operations	VP Operatins issues RFQ	Board of Directors approves contractor selection and contract award. Sole Source Procurement not permitted.
		Projects	VP Projects issues RFQ	Board of Directors approves contractor selection and contract award. Sole Source Procurement not permitted.

CONTRACTS AND BIDS

All contracts for services or materials that are \$2,000 or greater should be competitively bid by requesting bids from at least three prospective contractors. The contract shall be awarded to the bidder that meets the bid specifications and provides the best value in providing the requested materials, services, etc. as determined by a Bid Review Committee of at least three persons, one of whom must be a Board Member. If the Bid Review Committee determines that none of the bids are satisfactory (or if no bids are received) the Cooperative may

- 1. Issue a new "Request for Bids" with different specifications (perhaps a narrowing of the scope of work) to broaden the number of qualified bidders
- 2. Seek additional qualified contractors to meet the original specifications. If one is found they may be awarded a sole source contract with Board approval.

It is recognized that in certain areas, such as construction-related endeavors, contracts of \$2,000 may not attract any bidders. If the contract amount is less than \$10,000, a sole source contract may be awarded with Board approval. The request for approval shall include a justification for the sole source award together with evidence that the contractor is able to perform the work satisfactorily.

Contracts for services or materials that are less than \$2,000 do not require competitive bids. However, several small contracts (less than \$2,000) may NOT be combined to accomplish a project or task that costs more than \$2,000.

Contracts are required for all purchases of services and/or materials over \$2,000 or for a performance time of greater than 30 days. The contract shall:

- 1. Describe the project or task
- 2. Specify the service or materials to be delivered, including a delivery schedule
- 3. State that the contractor accepts all liability arising from the contract
- 4. Contractor shall deliver an insurance certificate showing an appropriate level of liability and automobile insurance
- 5. Specify an end to the contract
- 6. Specify payment terms and conditions
- 7. State that contractor is NOT an employee of La Mesa Water Cooperative and is not eligible for LMWC benefits or insurance coverage.
- 8. Be signed by the owner, officer, principal or authorized officer of the contractor's firm and accepted by the President and Treasurer of La Mesa Water Cooperative
- 9. Include the contractor's Federal Tax Identification Number

All contracts shall be signed by the President or a person delegated to do so by the President.*

PAYMENT PROCEDURE

All requests for payment shall be submitted to the Bookkeeper. The request for payment shall include the

- 1. Date,
- 2. Purpose for the payment,
- 3. Total amount for payment,
- 4. Project name-(if applicable),
- 5. Account or account name, and
- 6. The submitting persons statement, with signature and date, that "The [services/materials/equipment/supplies] covered by the expenditure have been received and the expense [is within the approved budget/was approved by]". (brackets enclose options pick one or more as appropriate)
- 7. All receipts or invoices shall be attached to match the total payment requested.

Only the Bookkeeper may issue checks for signature, and only when the above information has been provided.

The Treasurer shall sign all checks. Checks for more than \$2,000 require a second signature.

Checks will generally be issued twice monthly unless extraordinary circumstances are involved.

^{*} See the By-Laws, Article VII, Section 6.a"The President ... shall sign all written instruments ... on behalf of the Cooperative"

See the By-Laws, Article VII, Section 6.d "The Treasurer ... shall sign all checks and promissory notes of the Cooperative ..." The second signature is required by the bank.

Note that the Treasurer is able to disburse funds only as directed by the Board of Directors. The following constitute Board directions by resolution: 1) all payments pursuant to a contract approved by the Board, including payments to the Bookkeeper and Secretary; 2) purchases, less than \$2,000, that are part of a project authorized by the Board through inclusion in the Annual Budget; 3) individual purchases, less than \$250, that are required for the administrative functions of the Cooperative, and 4) other purchases for which payment is approved through a Board resolution.

INCOME AND RECEIVABLES

All Cooperative revenue shall be sent to the Cooperative Bookkeeper and promptly deposited in the Cooperative accounts. All revenue shall be in accordance with the Cooperatives pricing schedule, as approved by the Board of Directors. Members who are delinquent shall be notified by the Cooperative Bookkeeper and dealt with in accordance with the By-Laws.

Any other payments to the Cooperative shall be provided to the Bookkeeper or Treasurer and promptly deposited to the Cooperative accounts.

CLASSIFICATION OF EXPENSES

All expenses shall be classified as capital or operating expenses. Capital expenses shall be all expenses that are for the purchase and/or installation of durable equipment that is expected to last 3 or more years in service. The equipment shall be to provide LMWC with new types of capabilities or services or to replace existing capital equipment that has reached its end of life. The equipment use, function and life shall be in accordance with IRS and FASB standards as capital equipment. A depreciation life shall be established consistent with the IRS and FASB.

All equipment that is NOT capital equipment shall be expensed on the income statement.

AUTHORIZED ACCOUNTS

The attached are the authorized accounts for La Mesa Water Cooperative, and shall not be changed without the approval of the President and Treasurer. In the table, when a major account has sub-accounts, those are shown below and to the right in the Sub-Account column. Entries that are in capital letters (but not bold face) are titles, not accounts. Entries in bold are totals for the sections with titles.

See the By-Laws, Article VII, Section 6.d "The Treasurer ... shall disburse such finds as directed by resolution of the Board of Directors ..."

CHART OF ACCOUNTS

Acc.#	Major Account	Sub-Account
1000	ASSETS	
1010	CURRENT ASSETS	
1050	Checking-First State Bank	
1060	The facilities of the development of the first of the control of t	Operating Fund
1070	and the second of the second	Current Projects Fund
1080	and the second section of the section of	Future Projects Fund
1100	CDs - First State Bank	and the second s
1110	Toping attended to the second	Reserve Fund
1200	Accounts Receivable	The same of the sa
1400	Total Current Assets	
1450	FIXED ASSETS	the same of the sa
1460	Control System	and the state of t
1461		Automatic Pump Control
1470	Distribution System	
1471	Diodioda off Office	Distribution System - LM
1472		Distribution System - SM
1473	and the companies of the contract of the contr	Engineering
1474		Tanks, Pump House, Piping
1480	Wells	Tanks, Fump House, Figury
1481	AACHS	Well #
1482	The second section of the second section of the second second section of the second se	Well #2
1483	THE PERSON NAMED IN THE PERSON NAMED IN THE PERSON NAMED IN	Well #3
1484		Well #4
\$	Land & Erosion Control	VOU
1490	Land & Closion Control	Well Site #1
1491		Well Site #2
1492	Color of the color will be a summer of the state of the s	Retaining Wall
1493	The state of the s	Landscaping
1494	and the company of the second	Well Site #4 Easement
1495	Water Diabte	Well Site #4 Lasement
1500	Water Rights	
1510	Office Equip. & Furniture	Office Equipment
1511	ger a strangen and a strangen and a strangen and the stra	Office Furniture
1512	Assumulated Depresiation	Omce Fullmare
1600	Accumulated Depreciation	The second secon
1650	Total Fixed Assets	
1700	OTHER ASSETS	
1750	Prepaid Insurance	
1900	Deposit - La Mesa ACC	
1950	Total Other Assets TOTAL Assets	the second secon
1990	LIABILITIES & EQUITY	to the service of the
2000	and the statement of th	MARKET AND THE PROPERTY OF THE
2010	CURRENT LIABILITIES	PRODUCTION OF THE OWNER OF A COMMAND OF THE OWNER OWNER OF THE OWNER OW
2050	Accounts Payable	PROFITE TO THE THE STATE OF THE PERSON OF TH
2150	Notes Payable - Bank	engleringkas saarina saarii Seeleeli Seesa Sa oo
2360	Gross Rec'pt Tax Payable	region to a sign of the territorial control of the sign of the control of the con
2400	Suspense	
2450	Total Current Liabilities	and the second s
2500	LONG TERM LIABILITIES	
2550	Notes Payable - Bank	manuscript and a second of the
2640	Total Long Term Liab.	

Acc.#	Major Account	Sub-Account
2650	TOTAL LIABILITIES	
2700	EQUITY	,
2710	Contributions	
2711	and the second s	KGA Contribution
2712		KGA Depreciation
2713	The second of th	LMHOA Contribution
2714		SMHOA Contribution
2720	Reserve Project Funds	ON TON CONTINUES
2730	Reserve Operating Fund	BBB000 AC 070 - 1 0 100x 1 - 0 10 10 10 10 10 10 10 10 10 10 10 10 1
2800	Retained Earnings	
2850	Current Earnings	
2980	Total Equity	the second secon
		Marian and Company and the Company of the Company o
2990	TOTAL LIAB. & EQUITY	
3000	INCOME	
3050	Water Assessments	
3051		Metered
3052	again and good general and a second	Standby
3100	Connection Fees	The second secon
3110	The state of the s	Hookups - Sundance Mesa
3120		Membership Transfers
3130		Subdivided Lot Hookups
3200	Remote Meters	
3300	Interest & Late Charges	
3310	A SUPPLIES OF THE PROPERTY OF	Late Charges
3320		Interest Income
3450	Miscellaneous Income	
3990	TOTAL INCOME	
5000	EXPENSES	
5100	Administrative Expense:	mera in your control to
5110	Bookkeeping & Billing	and the second s
5120	Secretarial	
5130	Professional Services	a tha ann the growth of the first a thing the deliver with a character of the control of the term of the control of the contro
5131	and the state of t	Computer Services
5132	The second secon	Consultants
5133		Legal
5140	Postage, Copies, Supplies	
5141	Tostago, copios, cappilos	Annual Meeting
5142		Board Meetings
5143		Office
5150	Dues & Subscriptions	OHIC
	Insurance	to who also refer to a to be to be considered to a second of the considered to a second of the
5160	and a contract of the contract	Management and committee of the contract of th
5170	Licenses, Fees & Taxes	Dublic Boulation Comm
5171		Public Regulation Comm.
5172	graphysis and the second secon	Real Estate Taxes
5173	e en al . La restanta de la como en estado colonidade en estado secul	Water Conservation Fee
5174	interaction for the content of the following of the content of the	Office of State Engineer
5180	Miscellaneous Expense	ENTER THE RESIDENCE AND THE SECOND SE
5190	Telephone & Internet Exp.	Marie 1 a con a supplied from the special point of the second section of
5200	Travel	CONTRACTOR OF THE SHIPMOND CONTRACTOR OF THE SHI
5260	Total Administ'tive Exp.	

Acc.#	Major Account	Sub-Account
5270	Operating Expenses:	
5271	Electric	
5272		Booster Pump
5273	0 1010 000 1 100 0 0 9 00 00 0 100 0 100	Well #1
5274	ann an aite ann ann aige ann an 1865 an Luis agus ann an Aire an Aire ann an Aire ann ann an ann an ann an ann T	Well #2
5275	ne come contrata de la servició en la proposición de la major más	Well #3
5300	System Monitoring	(Man Andrews of Hammer of Man Man (Man Man (Man)) とから使い、 (Man (Man) を 自由 (Man) (Ma
5310	The state of the s	Monthly Monitoring Fee
5320	AND CONTRACTOR OF THE CONTRACT	Supplies & Equipment
5330	g agreement to a play to be some to annual data of the contract of	Meter Reading
5400	Routine Maintenance	Metal Itaaning
5410	Routine Mantierlance	System Flushing
	The state of the s	Hydrant Maintenance
5411	and the second of the second o	Valve Exercise
5412	p	PRV Maintenance
5413	and the second s	Air Release Valve Maint.
5414		Chlorine Pump Maint/Calib
5420		Well/House Testing/Maint.
5430		Booster System Test/Maint
5431		
5432	e Kanada kanada da kanada ka	Level System Maint/Calib.
5433	garanta da santa da	Tank Inspections
5440		Water Line Locates
5441	e ann a gran e a mille camillan mini	Investigate Cust. Compits.
5450	The second secon	Buy, Deliv, Dilute Chlorine
5451	and the second s	Miscellaneous Supplies
5460	AN TEMPERATURE OF THE PROPERTY	Irrigation Maintenance
5500	Emergency Repairs	
5510		Underground Repairs
5560	Erosion Control/Landscpe	Control of the contro
5561		Erosion Control/Landscape
5562	A CONTRACTOR OF THE PROPERTY O	Irrigation Monitoring
5600	Meters	0
5610		Purchase Meters
5611		Install Meters
5612	t Lesk even i ni min i en emikripinininininin – even i monta	New Conx'nn Meter & Can
5613	The service and print the services a sense or property design on consecutive and the service of	Test Meters
5671		t t
5700	Repairs	
5710		Clean Out Valve Cans
5711		Repair Valve Cans
5720	AND COMMITTION OF THE PROPERTY AND ADDRESS OF THE	Repair Hydrants
5730	And the second s	Booster System Repairs
5740		Wells & Well Houses
5750	A CONTRACTOR CONTRACTOR AND AND ADDRESS OF THE PARTY OF T	Controls & Instruments
5760		Repair Air Release Valves
5770	The second in their trys is to the conference of the second in the conference of the second in the s	Recondition 4-PRV
5780	Parameters and the second	Reconnect Carvo Loop
5781		Rem've XconnPress/Gravity
5782	a of the form to the process of the	Locate Valves VIIG 3CB/CM
5783	: 	Replace V-148
5790	i	Clean Well #1

Acc.#	Major Account	Sub-Account
5800	Bill to Others	and the second s
5810	The behaviors White & American	Sanitize Lines
5820		Repair Lines
5830		Relocate Water Service
5840		Replace Meters
5990	Total Operat'g Expense	
6000	Projects:	
6100	System Assessment	
6110		Assessment
6120	to the state of th	As Built Dwg/Oper. Manual
6200	Tank Site	
6210	Book control to a management of the control to the	Tank Site Fence
6220	Property and the second	Tank Site Bldg Addition
6230	- complete and a complete of the complete of t	Tower Removal
6231	The State against the same of	Easement Deed
6240	Miscellaneous	
6250	Underground Piping	
6300	Well #2	
6310	Carrier and a contract of the	Well #2 - Access
6320	* New York Control of the Control of	Stucco Repair
6330	A CONTRACTOR OF THE CONTRACTOR	Earthwork
6400	Chlorine System Upgrade	
6410		Purchase Equipment
6420		Labor & All Other
6500	Miscellaneous	
6510		North Ranchos Tie
6520		Arsenic Removal - Testing
6600	PRV Manhole Replace'nt	And the state of t
6610		#1
6620		#2
6630		#3
6640		#4
6650	va	Bid Documents
6660		Engineering
6700	New Fire Hydrants	to the state of th
6710	energy of the edge to the telephone to the energy to the abolication between another the telephone and the edge.	End of Piñon Court
6720		Tank Site
6800	Slabs @ Roadway Valves	t
6810		La Mesa (15) - Do Part
6820	li Carlo compagnero como meso con comencio	Sundance (28) - Do Part.
6900	Well #4	
6910		Permits, Engr, Prep
6920	The first to the second or the second of the	Drill & Test
6980	Total Projects	AND IN M. OF THE PARTY AND LESS TO THE PARTY OF THE PARTY
7100	NET INCOME	THE CONTROL WAS A SECTION OF THE CONTROL OF THE CON
7200	Depreciation Expense	THE R. P. LEWIS CO., LANSING MICH. SHOWS AND ADDRESS OF THE PARTY AND A
9990	NET RESERVE CONTRIB'N	