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**STATE OF NEW MEXICO**

**AGUA FRIA COMMUNITY  
WATER SYSTEM ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended December 31, 2011

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**AGUA FRIA COMMUNITY  
WATER SYSTEM ASSOCIATION**

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**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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December 31, 2011**

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**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

**Official Roster  
at December 31, 2011**

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<u>Name</u>		<u>Title</u>
<b><u>Board of Directors</u></b>		
Ramon Romero		President
Rudy Martinez		Vice-President
Michael Bergt		Secretary/Treasurer
Dion Montoya		Member
Gil Tercero		Member
<b><u>Staff</u></b>		
Ana M. Berry		Accounts Manager
Frank Leyba		Water Operator



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants*  
*Member AICPA, NMSCPA*

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

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To: Ramon Romero, President  
Agua Fria Community Water System Association  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below for the Agua Fria Community Water System Association (AFCWSA), for the year ended December 31, 2011. The AFCWSA was determined to be a Tier 5 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the AFCWSA through the Office of the New Mexico State Auditor. The Agua Fria Community Water System Association's management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

### **1. Cash**

#### **Procedures**

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

#### **Findings**

- a) The AFCWSA has one checking account and one savings account and utilizes Quickbooks to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year.

- b) Random tests of bank reconciliations revealed no exceptions. However, since required quarterly financial cash reports were not submitted to DFA-LGD at any time during the year or at year-end, we could not trace ending cash balances to those reports. Although now late, the AFCWSA accounts manager indicated that submission of quarterly financial cash reports would begin with the March 31, 2012 report.
- c) Bank account balances never exceeded uninsured limits and, therefore, pledged collateral was not required on any bank account at any time during the year.

## 2. Capital Assets

### Procedures

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

### Findings

Although there are several capital assets groupings shown on the balance sheet, the AFCWSA did not maintain a capital assets inventory listing and, therefore, did not perform a yearly inventory as required by Section 12-6-10 NMSA 1978. There were no changes in the balance sheet account balances from December 31, 2010.

## 3. Revenue

### Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenue based on auditor judgment 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.

### Findings

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each revenue type revealed no exceptions.
- b) Amounts recorded on Quickbooks general ledger agreed with deposit tickets, other supporting documentation provided and the bank statements, with no exception.
- c) Amounts were properly recorded on a modified accrual basis as to classification, amount and period per review of supporting documentation.

## 4. Expenditures

### Procedures

Select a sample of cash disbursements based on auditor judgment 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 check clearing amount (cancelled checks not returned), as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

**Findings**

- a) Our tests of transactions revealed that amounts recorded as disbursed agreed to supporting documentation, with no exceptions. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and check clearing amount, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the legal requirements and established policies and procedures.
- c) The bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).

**5. Journal Entries**

**Procedures**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Findings**

The AFCWSA utilizes Quickbooks to record cash transactions but the accounts manager prepares formal journal entries at the end of each month to record receivable accruals and the fee accountant prepares formal journal entries at year-end to record minor adjustments and reclassifications. The results of our tests are as follows:

- a) Journal entries are reasonable and have supporting documentation.
- b) The AFCWSA has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed through approval of monthly financial statements.

**6. Budget**

**Procedures**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.

- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

### **Findings**

- a) The annual membership Board meeting minutes reflect approval of the 2011 budget but this budget was not submitted to DFA-LGD for approval. The budget was prepared for internal use only and the AFCWSA made no subsequent 2011 budget adjustments. The 2012 budget has not yet been submitted to DFA-LGD for approval.
- b) Total actual expenses exceeded the final budget by \$686,763 at the total fund level, the legal level of budgetary control. This was primarily due to the non-budgeting of the expenses associated with the State Capital Outlay Appropriations and Santa Fe County funds.
- c) The AFCWSA prepared and submitted a Profit and Loss Budget Overview for the year ended December 31, 2011 (herein Exhibit B) and a 4<sup>th</sup> Quarter only Profit and Loss Summary (herein Exhibit C) to DFA-LGD. The reports submitted do not show actual revenue and actual expenses to budget comparisons for the year ended December 31, 2011. A schedule of revenues and expenses – budget and actual was prepared from AFCWSA records on the modified accrual budgetary basis. This schedule is included herein as Exhibit A.

### **Capital Outlay Appropriations**

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the year.

The Contractor shall test all capital outlay expenditures during the fiscal year to:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, the Contractor shall determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, the Contractor shall determine if there is unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay agreement.



- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

### **Findings**

- a) We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled checks, as appropriate.
- b) We determined that disbursements were properly authorized and approved in compliance with the capital outlay award budget, legal requirements and established policies and procedures.
- c) We determined that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ).
- d) Since the projects consisted of surveying and engineering, underground main and side street water line and water valve replacement, water tank repairs and well testing videos, we were unable to determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) There were two projects. The projects were not intended to be funded in advance but on a reimbursement basis.
- g) As of December 31, 2011, both projects are complete. The final reimbursement in the amount of \$7,047.46 was received on January 19, 2012.
- h) Since the projects were approved on a reimbursement basis, no separate fund or bank account was required.
- i) We determined that reimbursement requests were properly supported by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement.

### **Other**

#### **Procedures**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I) (3) (C) NMAC.

#### **Findings**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to the Cash, Capital Assets, and Budget findings described above and Late Report.

\* \* \* \* \*

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or any part thereof, including the accompanying Exhibits A through E. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Agua Fria Community Water System Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Española, New Mexico  
August 22, 2012

**STATE OF NEW MEXICO**  
**AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**  
**Schedule of Revenues and Expenses-Budget and Actual (Modified Accrual Basis)**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Hook-up Fees	\$ 1,200	\$ 1,200	\$ 2,450	\$ 1,250
Installation Fees	2,955	2,955	9,843	6,888
Membership Fees	2,050	2,050	7,750	5,700
Water Base Rate	69,155	69,155	69,379	224
Water Usage	42,712	42,712	42,948	236
Grant Income	-	-	657,869	657,869
Interest Income	155	155	156	1
Meter Reinstallation	75	75	225	150
Refund for Purchased Water	17	17	-	(17)
Refund on Purchased Equipment	300	300	-	(300)
Rental Bill Income	550	550	506	(44)
Scrap Metal Recycling	-	-	300	300
Shut Off Fees	180	180	-	(180)
Tampering Fees	100	100	-	(100)
Total revenues	119,449	119,449	791,426	671,977
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	119,449	119,449	791,426	671,977
<b>Expenses:</b>				
2011 Improvements	1,909	1,909	6,331	(4,422)
Advertising	-	-	84	(84)
Audit (AUP)	-	-	4,586	(4,586)
Bank Service Charges	10	10	-	10
NSF Check Charges	-	-	338	(338)
Contributions	-	-	-	-
Corporate Filing Fees	10	10	10	-
County Funds Expense	-	-	31,879	(31,879)
Director Fees	500	500	500	-
Dues and Subscriptions	251	251	264	(13)
Emergency Funds	27,500	27,500	-	27,500
Gasoline	15	15	-	15
General Meeting Supplies	185	185	192	(7)
Promotions	65	65	65	-
Contractor/Liability Insurance	3,726	3,726	5,230	(1,504)
Interest Expense	14	14	-	14
Construction Expense	830	830	-	830
Legislative Funding Expenses	-	-	665,860	(665,860)
Liens	45	45	-	45
Line Locates	168	168	220	(52)
Low Flow Credit	100	100	100	-
Emergency Repairs	-	-	979	(979)

**STATE OF NEW MEXICO**  
**AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**  
**Schedule of Revenues and Expenses-Budget and Actual (Modified Accrual Basis)**  
**Year Ended December 31, 2011**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Expenses (cont'd):</b>				
Well Maintenance and Repairs	\$ 400	\$ 400	\$ -	\$ 400
Membership Refunds	-	-	600	(600)
Mileage	60	60	-	60
Bookkeeping	-	-	814	(814)
Call Multiplier	-	-	89	(89)
Easements	46	46	-	46
Office Electricity	428	428	862	(434)
Office Lease	2,400	2,400	2,200	200
Office Supplies	1,110	1,110	1,487	(377)
Payroll Taxes	59	59	-	59
Post Office Box Rent	96	96	111	(15)
Postage	1,397	1,397	1,439	(42)
Printing and Reproduction	272	272	115	157
Rental Costs	450	450	450	-
Safety Deposit Box	60	60	130	(70)
Software Update	848	848	1,475	(627)
Telephone/Fax/Internet	895	895	961	(66)
Operations and Maintenance - Materials	2,202	2,202	5,183	(2,981)
Permit	-	-	75	(75)
Operations and Maintenance - Other	16,389	16,389	21,152	(4,763)
Payroll Expenses	23,265	23,265	26,015	(2,750)
Accounting	5,568	5,568	649	4,919
Water Rights Consultant	-	-	-	-
System Leak Repairs	2,423	2,423	-	2,423
Repairs - Other	2,208	2,208	321	1,887
Security Monitoring	298	298	299	(1)
Software Support	632	632	633	(1)
CRS Taxes	7,200	7,200	5,707	1,493
Property Taxes	1,422	1,422	1,433	(11)
Water Conservation Fee	345	345	334	11
Tools and Other Expense	-	-	-	-
Training and Education	61	61	-	61
Utilities - Electricity	3,649	3,649	4,754	(1,105)
Purchased Water	-	-	1,772	(1,772)
Water Leak Adjustments	1,333	1,333	1,906	(573)
Water Quality Testing	454	454	607	(153)
Well Testing Expenses	150	150	-	150
Total expenses	<u>111,448</u>	<u>111,448</u>	<u>798,211</u>	<u>(686,763)</u>
<b>Excess revenues over (under) expenses</b>	<u>\$ 8,001</u>	<u>\$ 8,001</u>	<u>\$ (6,785)</u>	<u>\$ (14,786)</u>

# Agua Fria Community Water Systems Association

## Profit & Loss Budget Overview

January through December 2011

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	TOTAL
<b>Ordinary Income/Expense</b>													
Income													
Hook-up fees				500.00	500.00	200.00	1,375.00	300.00	150.00	125.00			1,200.00
Installation fees				705.00		300.00	1,300.00						2,955.00
Membership Fees		750.00											2,050.00
Water base rate	5,370.00	5,339.64	5,609.10	5,568.30	6,216.84	6,308.94	6,112.02	6,019.72	6,025.20	5,720.74	5,463.19	5,411.40	63,154.89
Water usage	2,427.39	2,299.25	2,870.42	2,835.39	4,853.69	5,397.06	4,674.72	4,376.34	4,520.25	3,432.07	2,669.09	2,356.24	42,711.91
<b>Total Income</b>	<b>7,797.39</b>	<b>8,388.89</b>	<b>8,479.52</b>	<b>9,598.69</b>	<b>11,570.33</b>	<b>12,206.00</b>	<b>13,451.74</b>	<b>10,696.06</b>	<b>10,695.45</b>	<b>9,277.81</b>	<b>8,132.28</b>	<b>7,767.64</b>	<b>118,071.80</b>
<b>Expense</b>													
2010 Improvements			0.00	106.12	473.73			286.53	989.60			42.45	1,908.43
Bank Service Charges												10.00	10.00
Corporate filing fees		10.00											10.00
Director fees												500.00	500.00
Dues and Subscriptions												251.00	251.00
Emergency funds		2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	27,500.00
Gasoline				15.00									15.00
General meeting supplies													185.19
Gifts/Promotions			135.19	50.00									64.84
Insurance													
Liability Insurance													
Total Insurance						3,726.00							3,726.00
Interest Expense													
Interest on taxes					14.15								14.15
Total Interest Expense					14.15								14.15
Legislative funding expenses													
Construction Expense				355.00		325.00		150.00					830.00
Total Legislative funding expenses				355.00		325.00		150.00					830.00
Liens													
Line locates													
Low flow credit													
Maintenance													
Emergency Repairs			23.17		100.00	35.13			28.00	56.75	17.00	52.79	45.00
Well Maintenance & Repairs													167.84
Total Maintenance													100.00
Mileage													0.00
Office Expense													400.00
Easements													400.00
Electricity for office				297.49									60.00
Office Lease				200.00	200.00	200.00	130.92	200.00	200.00	200.00	200.00	200.00	46.00
Office Supplies	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	428.41
Payroll Taxes	59.15	164.87	126.70	4.30	149.86	50.70	162.21	447.54					2,400.00
Post Office Box Renta													1,110.33
Postage													59.30
Printing and Reproduction	88.00	176.00	176.00	96.00	88.00	176.00	88.00	176.00	165.24	88.00	88.00	88.00	96.00
Rental costs	37.50	37.50	37.50	37.50	31.50	75.00	31.50	31.50	43.50	37.50	43.50	37.50	271.76
Safety Deposit Box													450.00
													60.00

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget Overview**  
 January through December 2011

9:22 AM  
 08/22/12  
 Accrual Basis

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	TOTAL
Software update													
Telephone/Fax/Internet	71.16	71.94	72.20	87.05	54.02	78.15	75.07	77.63	74.31	86.66	62.40	737.22	848.22
<b>Total Office Expense</b>	<b>515.81</b>	<b>650.31</b>	<b>687.38</b>	<b>973.37</b>	<b>468.54</b>	<b>579.85</b>	<b>782.73</b>	<b>485.13</b>	<b>483.05</b>	<b>905.70</b>	<b>393.90</b>	<b>1,136.24</b>	<b>8,062.01</b>
<b>Operations &amp; Maintenance</b>													
Materials													
Operations & Maintenance - Other	1,193.80	1,107.28	1,147.73	1,465.00	1,041.48	1,349.17	1,370.38	1,931.94	1,519.37	1,307.03	1,307.03	1,144.31	16,389.39
<b>Total Operations &amp; Maintenance</b>	<b>1,193.80</b>	<b>1,107.28</b>	<b>1,147.73</b>	<b>2,133.05</b>	<b>2,587.83</b>	<b>1,349.17</b>	<b>1,370.38</b>	<b>1,931.94</b>	<b>2,011.30</b>	<b>1,307.03</b>	<b>1,307.03</b>	<b>1,144.31</b>	<b>18,590.85</b>
Payroll Expenses	1,788.07	1,798.06	2,687.10	1,794.41	1,787.10	1,784.81	1,787.11	2,677.21	1,784.81	1,787.10	1,784.82	1,784.47	23,265.07
Professional Fees													
Accounting						5,000.00		568.00					5,568.00
<b>Total Professional Fees</b>						<b>5,000.00</b>		<b>568.00</b>					<b>5,568.00</b>
Repairs													
System leak repairs		2,423.30											2,423.30
Repairs - Other		2,423.30								1,219.20		988.98	2,208.18
<b>Total Repairs</b>		<b>2,423.30</b>								<b>1,219.20</b>		<b>988.98</b>	<b>4,631.48</b>
Security monitoring			74.56			74.56		631.82	74.65				298.42
Software support													631.82
Taxes													
CRS	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	600.00	7,200.00
Property													
Water Conservation Fee	26.16		57.10	24.97		73.35	39.54		35.86	34.14	27.31	26.18	1,421.57
<b>Total Taxes</b>	<b>626.16</b>	<b>600.00</b>	<b>657.10</b>	<b>624.97</b>	<b>600.00</b>	<b>673.35</b>	<b>639.54</b>	<b>600.00</b>	<b>635.86</b>	<b>634.14</b>	<b>2,048.88</b>	<b>626.18</b>	<b>8,966.78</b>
Training & Education													60.60
Utilities													
Electricity	254.22	229.75	231.97	251.78	345.65	420.02	303.97	407.08	406.06	304.50	236.04	257.74	3,648.78
<b>Total Utilities</b>	<b>254.22</b>	<b>229.75</b>	<b>231.97</b>	<b>251.78</b>	<b>345.65</b>	<b>420.02</b>	<b>303.97</b>	<b>407.08</b>	<b>406.06</b>	<b>304.50</b>	<b>236.04</b>	<b>257.74</b>	<b>3,648.78</b>
Void	0.00		0.00		0.00							0.00	0.00
Water leak adjustments					214.81		227.19	471.59	477.90		168.94		1,333.24
Water Quality Testing		226.93											454.12
Well testing expenses										149.95			149.95
<b>Total Expense</b>	<b>4,452.90</b>	<b>9,545.63</b>	<b>8,154.20</b>	<b>8,864.30</b>	<b>9,091.81</b>	<b>16,467.89</b>	<b>7,510.92</b>	<b>11,109.30</b>	<b>9,401.23</b>	<b>8,924.37</b>	<b>8,456.61</b>	<b>9,368.81</b>	<b>111,447.97</b>
<b>Net Ordinary Income</b>	<b>3,344.49</b>	<b>-1,156.74</b>	<b>325.32</b>	<b>734.39</b>	<b>2,478.52</b>	<b>-4,261.89</b>	<b>5,850.82</b>	<b>-413.24</b>	<b>1,294.22</b>	<b>353.44</b>	<b>-324.33</b>	<b>-1,601.17</b>	<b>6,623.83</b>
<b>Other Income/Expense</b>													
Interest earned			37.73			37.38			38.76			40.97	154.84
Meter reinstallation				75.00									75.00
Refund for purchased water				17.00									17.00
Refund on purchase equipment					300.00								300.00
Rental bill income	44.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	550.00

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget Overview**  
 January through December 2011

9:22 AM  
 08/22/12  
 Accrual Basis

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	TOTAL
Shut off fee					120.00			60.00					180.00
Tampering fee					50.00			50.00					100.00
Total Other Income	44.00	46.00	83.73	138.00	516.00	83.38	46.00	156.00	84.76	46.00	46.00	86.97	1,376.84
Net Other Income	44.00	46.00	83.73	138.00	516.00	83.38	46.00	156.00	84.76	46.00	46.00	86.97	1,376.84
Net Income	3,388.49	-1,110.74	409.05	872.39	2,994.52	-4,178.51	5,896.82	-257.24	1,378.98	399.44	-278.33	-1,514.20	8,000.67

9:24 AM  
08/22/12  
Accrual Basis

**Agua Fria Community Water Systems Association**  
**Profit & Loss**  
October through December 2011

	Oct - Dec 11
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
General meeting supplies reimbu	-130.00
Hook-up fees	750.00
Installation fees	6,592.76
Membership Fees	250.00
Water base rate	16,568.40
Water usage	7,703.81
<b>Total Income</b>	31,734.97
<b>Expense</b>	
2011 Improvement expenses	3,884.28
Bounced Check Charges	
NSF check charges	-400.00
<b>Total Bounced Check Charges</b>	-400.00
County Funds expenses	0.00
Depreciation Expense	74,235.00
Director fees	500.00
Dues and Subscriptions	264.00
General meeting supplies	-130.00
Insurance	
Contactor Insurance	642.10
<b>Total Insurance</b>	642.10
Legislative funding expenses	-375,883.67
Line locates	52.71
Low flow credit	100.00
Membership Refunds	-1,200.00
<b>Office Expense</b>	
Bookkeeping	813.94
Electricity for office	153.13
Health Insurance	0.00
Office Lease	600.00
Office Supplies	437.24
Postage	264.00
Printing and Reproduction	23.69
Rental costs	112.50
Safety Deposit Box	60.00
Software	-842.72
Software update	1,685.44
Telephone/Fax/Internet	161.94
<b>Total Office Expense</b>	3,469.16
<b>Operations &amp; Maintenance</b>	
Materials	4,774.50
Permit	75.00
Operations & Maintenance - Other	6,465.04
<b>Total Operations &amp; Maintenance</b>	11,314.54
Payroll Expenses	6,163.06
Professional Fees	
Accounting	649.00
<b>Total Professional Fees</b>	649.00
Repairs	321.21
Security monitoring	74.65
<b>Taxes</b>	
CRS	-10,129.37
Federal	182.78
Property	1,433.85
Water Conservation Fee	42.87
<b>Total Taxes</b>	-8,469.87



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08/22/12

Accrual Basis

**Agua Fria Community Water Systems Association**  
**Profit & Loss**  
 October through December 2011

	Oct - Dec 11
Utilities	
Electricity	913.61
<b>Total Utilities</b>	<b>913.61</b>
Void	0.00
Water leak adjustments	380.29
<b>Total Expense</b>	<b>-283,119.93</b>
<b>Net Ordinary Income</b>	<b>314,854.90</b>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
Bounced check payment	-250.00
Federal taxes reimbursement	-112.88
Grant Income	282,815.20
Interest earned	33.38
NSF check fees	-150.00
Rental bill income	126.00
Scrap metal recycling	300.00
<b>Total Other Income</b>	<b>282,761.70</b>
<b>Net Other Income</b>	<b>282,761.70</b>
<b>Net Income</b>	<b>597,616.60</b>

STATE OF NEW MEXICO  
 AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION  
 Projects Schedule - Summary  
 Year Ended December 31, 2011

Exhibit D

Grant No.	Pay Request	Amount Awarded	2010/2011 Amount Received	2010/2011 Amount Expended	2010/2011 Remaining Balance	Actual Legislation	Effective Dates
SAP 07-6083-GF		\$ 270,883.20					
	1		\$ 34,303.62	\$ 34,303.62	\$ 236,579.58	Laws of 2007, Chapter 42, Section 99, SubSection AA, for acquiring water rights, including needed applications and transfers, for improvements to the water distribution system and wells and for planning a sewer system in Agua Fria in Santa Fe county.  Reauthorized in Laws of 2011, Senate Bill 373, Section 98, extending through fiscal year 2013	Original Approved Through 6/30/2011
	2		2,407.63	2,407.63	234,171.95		
	3		5,585.69	5,585.69	228,586.26		
	4		30,051.60	30,051.60	198,534.66		
	5		5,580.31	5,580.31	192,954.35		
	6		4,146.99	4,146.99	188,807.36		
	7		11,752.95	11,752.95	177,054.41		
	8		24,674.84	24,674.84	152,379.57		
	9		26,392.45	26,392.45	125,987.12		
	10		16,103.70	16,103.70	109,883.42		
	11		47,544.43	47,544.43	62,338.99		
	12		11,722.04	11,722.04	50,616.95		
	13		30,407.60	30,407.60	20,209.35		
	14		13,161.89	13,161.89	7,047.46		
	15		-	7,047.46	0.00		
			<u>263,835.74</u>	<u>270,883.20</u>	<u>\$ -</u>		
SAP 09-3814-STB		\$ 500,000.00					
	1		19,185.28	19,185.28	\$ 480,814.72	Laws of 2009, Chapter 7, Section 3, SubSection 75, for acquiring water rights, including needed applications and transfers, for improvements to the water distribution system and wells and for planning a sewer system in Agua Fria in Santa Fe county.	Through 6/30/2013
	2		95,455.63	95,455.63	385,359		
	3		122,753.24	122,753.24	262,606		
	4		145,440.50	145,440.50	117,165		
	5		117,165.35	117,165.35	-		
			<u>500,000.00</u>	<u>500,000.00</u>	<u>\$ -</u>		
Total Projects			<u>\$ 763,835.74</u>	<u>\$ 770,883.20</u>			

**STATE OF NEW MEXICO**  
**AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**  
**Projects Schedule - Detail**  
**Year Ended December 31, 2011**

<u>Grant No.</u>	<u>Pay Request</u>	<u>Request Date</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Date Received</u>	<u>Check Date</u>	<u>Check Number</u>	<u>Amount Expended</u>
SAP 07-6083-GF			\$ 270,883.20					
	1	5/14/2010		\$ 34,303.62	6/16/2010	4/28/2010	3090	\$ 34,303.62
	2	5/24/2010		2,407.63	6/30/2010	5/24/2010	3105	2,407.63
	3	7/21/2010		5,585.69	9/16/2010	7/21/2010	3149	5,585.69
						8/16/2010	3162	12,275.06
	4	9/15/2010		30,051.60	10/22/2010	9/15/2010	3178	17,776.54
	5	11/9/2010		5,580.31	12/2/2010	10/20/2010	3207	5,580.31
	6	11/21/2010		4,146.99	1/17/2011	11/17/2010	3223	4,146.99
	7	12/27/2010		11,752.95	2/14/2011	12/15/2010	3245	11,752.95
	8	12/31/2010		24,674.84	2/24/2011	1/17/2011	3270	24,674.84
	9	1/19/2011		26,392.45	3/9/2011	1/31/2011	3279	26,392.45
	10	2/21/2011		16,103.70	4/19/2011	3/19/2011	3304	16,103.70
						4/20/2011	3346	11,390.93
						5/18/2011	3360	15,446.64
						6/15/2011	3388	7,022.27
	11	7/7/2011		47,544.43	9/12/2011	7/19/2011	3398	13,684.59
	12	8/17/2011		11,722.04	9/21/2011	8/17/2011	3409	11,722.04
						9/21/2011	3428	13,323.28
	13	9/27/2011		30,407.60	11/13/2011	9/21/2011	3450	17,084.32
	14	10/19/2011		13,161.89	11/13/2011	10/19/2011	3471	13,161.89
	15	12/21/2011		-		12/21/2011	3525	7,047.46
				<u>263,835.74</u>				<u>270,883.20</u>
SAP 09-3814-STB			\$ 500,000.00					
	1	9/21/2010		19,185.28		7/21/2010	3152	16,635.28
	2	7/30/2011		95,455.63		9/15/2010	3191	2,550.00
	3	9/12/2011		122,753.24		8/4/2011	3403	95,455.63
	4	10/21/2011		145,440.50		9/7/2011	3425	122,753.24
	5	12/1/2011		117,165.35		10/16/2011	3475	145,440.50
				<u>117,165.35</u>		12/7/2011	3500	117,165.35
				<u>500,000.00</u>				<u>500,000.00</u>
Total Projects				<u>\$ 763,835.74</u>				<u>\$ 770,883.20</u>

**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Budget Submission/Approval and Quarterly Financial Reports	D	2010-1	2010-1
Capital Assets Inventory	D	2010-2	2010-2
Late Report	D	2010-3	2010-3
<b>Follow-up on Prior Year Findings:</b>			
Budget Submission/Approval and Quarterly Financial Reports	D	2010-1	2010-1
Capital Assets Inventory	D	2010-2	2010-2
Late Report	D	2010-3	2010-3

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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

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**2010-1**

**Budget Submission/Approval and Quarterly Financial Reports**

**Criteria**

Section 6-6-2 (A) NMSA, 1978 requires each local public body to furnish and file with the DFA-LGD, on or before December 1, of each year, a proposed budget for the next fiscal year. Upon receipt of any budget approved by the DFA-LGD, the local public body shall cause such budget to be made a part of the minutes of such body. Section 6-6-2 (B) NMSA, 1978 requires each local public body to submit periodic financial reports, at least quarterly, to the DFA-LGD. Section 6-6-3 NMSA, 1978 Compilation states that every local public body shall make all reports as may be required by the Department of Finance and Administration-Local Government Division (DFA-LGD) and conform to the rules and regulations adopted by the DFA-LGD. Section 6-6-6 NMSA 1978 states that when any budget for a local public body has been approved, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof.

**Condition**

The Agua Fria Community Water System Association (AFCWSA) did not submit the 2011 budget for DFA-LGD approval nor did they submit required quarterly financial cash activity and budget to actual reports to the DFA-LGD at any time during the year. At year end, the AFCWSA prepared and submitted a Profit and Loss Budget Overview for the year ended December 31, 2011 and a 4<sup>th</sup> Quarter only Profit and Loss Summary to DFA-LGD. The reports submitted do not show actual revenue and actual expenses to budget comparisons for the year ended December 31, 2011. However, total actual expenses exceeded the final budget by \$686,763 at the total fund level, the legal level of budgetary control. This was primarily due to the non-budgeting of the expenses associated with the State Capital Outlay Appropriations and Santa Fe County funds.

**Cause**

The AFCWSA was not aware of all of the DFA-LGD requirements.

**Effect**

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

**Recommendation**

We recommend that the AFCWSA submit their proposed budget to DFA-LGD for approval, on or before December 1 of each year and that upon receipt of the approved budget cause such budget to be made a part of the minutes. We further recommend that the AFCWSA submit quarterly financial cash and budget to actual reports, as required, to DFA-LGD. Finally, we recommend that the AFCWSA insure that total actual expenses do not exceed total budgeted expenses.

**Entity Response**

“The AFCWSA was not aware of the DFA-LGD requirements until August 2011. Bookkeeper mailed the Quickbooks computer generated financial reports for the last quarter of 2011 to the DFA. The DFA has their own forms that will be submitted for the 2012 budget and financials.”

**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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

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**2010-2**

**Capital Assets Inventory**

**Criteria**

Section 12-6-10 NMSA, 1978 requires each local public body to, at the end of each fiscal year, conduct a physical inventory of capital assets costing more than five thousand dollars (\$5,000) and under control of the governing authority. The inventory shall list all capital assets and the date and cost of acquisition. Upon completion, the inventory shall be certified by the governing authority as to correctness. Each local public body shall maintain one copy in its files.

**Condition**

The Agua Fria Community Water System Association (AFCWSA) has not maintained a capital asset listing or performed a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Cause**

The AFCWSA did not comply with the recommendation in the December 31, 2010 agreed-upon procedures report.

**Effect**

The AFCWSA has not complied with Section 12-6-10 NMSA 1978.

**Recommendation**

We again recommend that the AFCWSA develop a capital asset inventory listing and perform a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Entity Response**

“The Association will perform the annual inventory before the end of each calendar year.”

**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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

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**2010-3**

**Late Report**

**Criteria**

Office of the State Auditor, Rule 2011, Section 2.2.2.16.H, requires that local public bodies with a fiscal year end other than June 30 must submit the agreed upon procedures report no later than five months after the fiscal year end.

**Condition**

The Agua Fria Community Water System Association (AFCWSA) has a December 31 year end but the agreed upon procedures report was submitted more than five months after the end of the fiscal year.

**Cause**

The agreed-upon procedures contract was not approved prior to the required deadline.

**Effect**

The AFCWSA has not complied with Office of the State Auditor, Rule 2011, Section 2.2.2.16.H.

**Recommendation**

We recommend that the AFCWSA submit all future agreed upon procedures reports by the required deadline.

**Entity Response**

“The Association has submitted the agreed upon procedures report to the Office of the State Auditor approximately two months after the deadline. The Association will assure that all future agreed upon procedures reports will be submitted by the deadline.”

**STATE OF NEW MEXICO  
AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION**

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

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on August 29, 2012 with the following in attendance:

Agua Fria Community Water System Association

Henry Chavez, Current Board Member  
Ana Berry, Accounts Manager

Accounting Firm

James R. (Jim) Macias, CPA