



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
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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, 2012

**STATE OF NEW MEXICO**

**AGUA FRIA COMMUNITY  
WATER SYSTEM ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

**Year Ended December 31, 2012**

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

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December 31, 2012**

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

**Official Roster  
at December 31, 2012**

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<u>Name</u>		<u>Title</u>
<b><u>Board of Directors</u></b>		
Ramon Romero		President
Rudy Martinez		Vice-President
Gil Tercero		Treasurer
Dion Montoya		Secretary
Henry Chavez		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, 2012. 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 the Department of Finance and Administration, 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.

The AFCWSA accounts manager, after several attempts to complete required quarterly cash activity/reconciliation and budget to actual report forms online, contacted the DFA-LGD for assistance. A DFA-LGD representative agreed that the current online forms were not water-association specific, too difficult to utilize and that more user-friendly, water-association specific, revised forms would be available during calendar year 2013.

- 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**

The AFCWSA developed a capital assets inventory listing as of November 12, 2012, including date acquired, item and purchase cost but the listing does not agree with the balance sheet fixed asset amounts at December 31, 2012. The AFCWSA does not have a capital asset policy but the listing developed included several items less than \$5,000, the threshold described in Section 12-6-10 NMSA, 1978.

## **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) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each revenue type revealed no exceptions.
- b) We requested supporting documentation for fifteen (15) deposits (46% of total revenue) from a total of 78 deposits for the year. 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) We requested supporting documentation for 25 disbursements (52% of total expenditures) from a total of 280 disbursements for the year. 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 budget, 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 2012 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 2012 budget adjustments. The FY 2013 budget has been submitted to DFA-LGD and was approved. The approval letter from DFA-LGD is on file.
- b) Total actual expenses exceeded the final budget by \$205,079 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 Appropriation. Santa Fe County funds and a Water Trust Fund loan.
- c) The AFCWSA prepared and submitted to DFA-LGD a Profit and Loss Budget vs. Actual for the year ended December 31, 2012 (herein Exhibit B). 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 Contactor 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 project consisted of engineering, underground main and side street water line and water valve replacement and water tank repairs, 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 active state capital outlay projects, one where only final reimbursement was received and the other where funds were entirely expended and subsequently reimbursed during the year. Both projects were not intended to be funded in advance but on a reimbursement basis.
- g) As of December 31, 2012, both projects are complete. For one project, the final reimbursement in the amount of \$7,047.46 was received on 1/19/12. The second project was completed on 7/18/12 and reimbursed on 8/29/12.
- 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 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 D. 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  
July 16, 2013

**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, 2012**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues:</b>				
Hook-up Fees	\$ 4,800	\$ 4,800	\$ -	\$ (4,800)
Installation Fees	5,500	5,500	4,190	(1,310)
Membership Fees	5,000	5,000	7,540	2,540
Water Base Rate	69,600	69,600	69,734	134
Water Usage	30,000	30,000	42,750	12,750
Grant Income	75,000	75,000	75,000	-
Interest Income	156	156	99	(57)
County Funds	-	-	119,000	119,000
NSF Check Fees	-	-	26	26
Release of Lien	-	-	25	25
Rental Bill Income	504	504	476	(28)
Scrap Metal Recycling	-	-	50	50
Shut Off Fees	-	-	300	300
Tampering Fees	-	-	30	30
Total revenues	190,560	190,560	319,220	128,660
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	190,560	190,560	319,220	128,660
<b>Expenses:</b>				
2012 Improvements	1,800	1,800	187	1,613
Audit (AUP)	5,000	5,000	4,977	23
Contractor Services Volunteer Work	-	-	144	(144)
Contributions	10	10	-	10
Director Fees	500	500	500	-
Dues and Subscriptions	264	264	20	244
Emergency Funds	1,200	1,200	-	1,200
General Meeting Supplies	150	150	176	(26)
Promotions	200	200	100	100
Hook-up Refunds	-	-	250	(250)
Insurance	5,500	5,500	6,194	(694)
Legislative Funding Expenses	75,000	75,000	75,000	-
Liens	-	-	75	(75)
Line Locates	240	240	194	46
Loans	15,708	15,708	-	15,708
Low Flow Credit	100	100	250	(150)
Maintenance	1,200	1,200	5,511	(4,311)
Membership Refunds	-	-	300	(300)
Call Multiplier	178	178	89	89
Office Electricity	600	600	682	(82)
Minutes Taking	-	-	70	(70)
Office Lease	2,400	2,400	2,400	-

**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, 2012**

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
<b>Expenses (cont'd):</b>				
Office Supplies	\$ 1,200	\$ 1,200	\$ 2,309	\$ (1,109)
Payroll Taxes	-	-	50	(50)
Post Office Box Rent	96	96	114	(18)
Postage	1,080	1,080	1,557	(477)
Printing and Reproduction	115	115	49	66
Rental Costs	450	450	450	-
Safety Deposit Box	60	60	60	-
Software Update	-	-	1,114	(1,114)
Telephone/Fax/Internet	960	960	1,754	(794)
Operations and Maintenance - Materials	5,160	5,160	2,210	2,950
Permit	-	-	25	(25)
Operations and Maintenance - Other	20,400	20,400	20,259	141
Payroll Expenses	26,004	26,004	26,792	(788)
Construction of Phase I	-	-	76,036	(76,036)
Engineering for Phase I	-	-	37,050	(37,050)
County Permit Phase II	-	-	2,925	(2,925)
Engineering for Phase II	-	-	62,458	(62,458)
Phase II Advertising	-	-	387	(387)
Phase II Surveying	-	-	4,827	(4,827)
Accounting	649	649	649	-
Archaeological	-	-	2,754	(2,754)
System Leak Repairs	-	-	21,566	(21,566)
Well House Repairs	-	-	976	(976)
Security Monitoring	300	300	299	1
Software Support	633	633	-	633
CRS Taxes	5,700	5,700	4,605	1,095
Federal	-	-	60	(60)
Property Taxes	1,440	1,440	1,409	31
Water Conservation Fee	336	336	61	275
Utilities - Electricity	4,800	4,800	7,266	(2,466)
Purchased Water	6,000	6,000	11,362	(5,362)
Water Leak Adjustments	1,800	1,800	2,808	(1,008)
Water Quality Testing	600	600	747	(147)
Well Equipment Sand Separator	-	-	805	(805)
Total expenses	<u>187,833</u>	<u>187,833</u>	<u>392,912</u>	<u>(205,079)</u>
<b>Excess revenues over (under) expenses</b>	<u>\$ 2,727</u>	<u>\$ 2,727</u>	<u>\$ (73,692)</u>	<u>\$ (76,419)</u>

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Accrual Basis

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget vs. Actual**  
January through December 2012

	Jan - Dec 12	Budget	\$ Over Bu...	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Hook-up fees	0.00	4,800.00	-4,800.00	0.0%
Installation fees	4,189.91	5,500.00	-1,310.09	76.2%
Membership Fees	7,540.00	5,000.00	2,540.00	150.8%
Water base rate	69,733.95	69,600.00	133.95	100.2%
Water usage	42,750.38	30,000.00	12,750.38	142.5%
<b>Total Income</b>	124,214.24	114,900.00	9,314.24	108.1%
<b>Expense</b>				
2012 Improvement expenses	186.78	1,800.00	-1,613.22	10.4%
Audit	4,976.63	5,000.00	-23.37	99.5%
Bounced Check Charges				
NSF checks	0.00			
Bounced Check Charges - Other	0.00			
<b>Total Bounced Check Charges</b>	0.00			
Contractor Services				
Volunteer work	144.00			
<b>Total Contractor Services</b>	144.00			
Contributions	0.00	10.00	-10.00	0.0%
Damage deposit	0.00			
Director fees	500.00	500.00	0.00	100.0%
Dues and Subscriptions				
Application Fees	20.00	264.00	-264.00	0.0%
Dues and Subscriptions - Other	0.00			
<b>Total Dues and Subscriptions</b>	20.00	264.00	-244.00	7.6%
Emergency funds	0.00	1,200.00	-1,200.00	0.0%
Engineering	0.00			
General meeting supplies	175.62	150.00	25.62	117.1%
Gifts/Promotions	100.00	200.00	-100.00	50.0%
Hook-up refunds	250.00			
Insurance				
Bonding Insurance	50.00			
Contractor Insurance	1,713.00	1,600.00	113.00	107.1%
Liability Insurance	4,431.00	3,900.00	531.00	113.6%
<b>Total Insurance</b>	6,194.00	5,500.00	694.00	112.6%
Legislative funding expenses	75,000.00	75,000.00	0.00	100.0%
Liens	75.00			
Line locates	194.51	240.00	-45.49	81.0%

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Accrual Basis

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget vs. Actual**  
January through December 2012

	TOTAL			
Jan - Dec 12	Budget	\$ Over Bu...	% of Budget	
Loans				
NMFA Loan	0.00	15,708.00	-15,708.00	0.0%
<b>Total Loans</b>	0.00	15,708.00	-15,708.00	0.0%
Low flow credit	250.00	100.00	150.00	250.0%
Maintenance				
Emergency Repairs	0.00	1,200.00	-1,200.00	0.0%
System Maintenance	4,975.76			
Well Maintenance & Repairs	535.25			
<b>Total Maintenance</b>	5,511.01	1,200.00	4,311.01	459.3%
Memberships Refunds	300.00			
Office Expense				
Call multiplier	89.00	178.00	-89.00	50.0%
Electricity for office	681.61	600.00	81.61	113.6%
Health Insurance	0.00			
Minutes Taking	70.00			
Office Lease	2,400.00	2,400.00	0.00	100.0%
Office Supplies	2,309.06	1,200.00	1,109.06	192.4%
Payroll Taxes	50.00			
Post Office Box Renta	114.00	96.00	18.00	118.8%
Postage	1,557.15	1,080.00	477.15	144.2%
Printing and Reproduction	48.84	115.00	-66.16	42.5%
Rental costs	450.00	450.00	0.00	100.0%
Safety Deposit Box	60.00	60.00	0.00	100.0%
Software update	1,114.03			
Telephone/Fax/Internet	1,754.46	960.00	794.46	182.8%
<b>Total Office Expense</b>	10,698.15	7,139.00	3,559.15	149.9%
Operations & Maintenance				
Materials	2,210.25	5,160.00	-2,949.75	42.8%
Permit	25.00			
Operations & Maintenance - Other	20,259.13	20,400.00	-140.87	99.3%
<b>Total Operations &amp; Maintenance</b>	22,494.38	25,560.00	-3,065.62	88.0%
Payroll Expenses	26,792.36	26,004.00	788.36	103.0%
Phase I				
Construction of Phase I	76,035.75			
Engineering for Phase I	37,049.68			
<b>Total Phase I</b>	113,085.43			

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget vs. Actual**  
 January through December 2012

8:26 AM  
 07/03/13  
 Accrual Basis

	TOTAL		
	Jan - Dec 12	Budget	% of Budget
		\$ Over Bu...	
Phase II			
County permit	2,925.00		
Engineering	62,458.56		
Phase II advertising	387.53		
Phase II Surveying	4,827.27		
Total Phase II	70,598.36		
Professional Fees			
Accounting	649.00	0.00	100.0%
Archaeological	2,754.31		
Total Professional Fees	3,403.31	2,754.31	524.4%
Repairs			
System leak repairs	21,566.49		
Well house	976.32		
Total Repairs	22,542.81		
Security monitoring	298.60	-1.40	99.5%
Software support	0.00	-633.00	0.0%
Taxes			
CRS	4,604.90	-1,095.10	80.8%
Federal	59.73		
Property	1,408.06	-31.94	97.8%
Water Conservation Fee	60.91	-275.09	18.1%
Total Taxes	6,133.60	-1,342.40	82.0%
Utilities			
Electricity	7,265.72	2,465.72	151.4%
Purchased water	11,361.75	5,361.75	189.4%
Total Utilities	18,627.47	7,827.47	172.5%
Void	0.00		
Water leak adjustments	2,807.88	1,007.88	156.0%
Water Quality Testing	747.34	147.34	124.6%
Well equipment			
Sand Separator	805.00		
Total Well equipment	805.00		
Total Expense	392,912.24	205,079.24	209.2%
Net Ordinary Income	-268,698.00	-195,765.00	368.4%

**Agua Fria Community Water Systems Association**  
**Profit & Loss Budget vs. Actual**  
January through December 2012

	Jan - Dec 12	Budget	\$ Over Bu...	% of Budget
<b>Other Income/Expense</b>				
Other Income				
County Funds	119,000.00			
Grant Income	75,000.00	75,000.00	0.00	100.0%
Interest earned	98.88	156.00	-57.12	63.4%
NSF check fees	26.00			
Release of lien	25.00			
Rental bill income	476.00	504.00	-28.00	94.4%
Scrap metal recycling	50.00			
Shut off fee	300.00			
Tampering fee	30.00			
<b>Total Other Income</b>	<b>195,005.88</b>	<b>75,660.00</b>	<b>119,345.88</b>	<b>257.7%</b>
<b>Net Other Income</b>	<b>195,005.88</b>	<b>75,660.00</b>	<b>119,345.88</b>	<b>257.7%</b>
<b>Net Income</b>	<b>-73,692.12</b>	<b>2,727.00</b>	<b>-76,419.12</b>	<b>-2,702.3%</b>



STATE OF NEW MEXICO  
 AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION  
 Projects Schedule - Summary  
 Year Ended December 31, 2012

Exhibit C

Grant No.	Pay Request	Amount Awarded	2010/2011 2012 Amount Received	2010/2011 2012 Amount Expended	2010/2011 2012 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	7,047.46	0.00		
			<u>270,883.20</u>	<u>270,883.20</u>	<u>\$ -</u>		
SAP 12-1370-STB		\$ 75,000.00					
	1		-	16,613.81	\$ 58,386.19	Laws of 2012, Chapter 64, Section 11, Paragraph 45, for acquiring water rights, including needed applications and transfers, for improvements to the water distribution system and wells for Agua Fria in Santa Fe county.	Through 6/30/2016
	2		-	42,911.72	15,474		
	3		-	7,556.46	7,918		
	4		-	7,547.54	370		
	5		75,000.00	370.47	0		
			<u>75,000.00</u>	<u>75,000.00</u>	<u>\$ -</u>		
Total Projects			<u>\$ 345,883.20</u>	<u>\$ 345,883.20</u>			

**STATE OF NEW MEXICO  
 AGUA FRIA COMMUNITY WATER SYSTEM ASSOCIATION  
 Projects Schedule - Detail  
 Year Ended December 31, 2012**

<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		7,047.46	1/18/2012	12/21/2011	3525	7,047.46
				<u>270,883.20</u>				<u>270,883.20</u>
SAP 12-1370-STB			\$ 75,000.00					
	1			-		3/21/2012	3584	16,613.81
	2			-		3/21/2012	3594	42,911.72
	3			-		4/18/2012	3610	7,556.46
	4			-		5/16/2012	3635	7,547.54
	5	8/29/2012		75,000.00	9/25/2012	7/18/2012	3676	370.47
				<u>75,000.00</u>				<u>75,000.00</u>
Total Projects				<u>\$ 345,883.20</u>				<u>\$ 345,883.20</u>

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

**Schedule of Findings and Responses  
 Year Ended December 31, 2012**

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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, 2012**

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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) developed a 2012 budget for internal use but did not submit it for DFA-LGD approval. Also, the AFCWSA accounts manager, after several attempts to complete required quarterly cash activity/reconciliation and budget to actual report forms online, contacted the DFA-LGD for assistance. A DFA-LGD representative agreed that the current online forms were not water-association specific, too difficult to utilize and that more user-friendly, water-association specific, revised forms would be available during calendar year 2013. As a result, the AFCWSA did not submit quarterly financial cash activity/reconciliation and budget to actual reports during the year. However, on March 25, 2013, the AFCWSA submitted to DFA-LGD, from Quickbooks, all four quarterly profit and loss reports and a Profit and Loss Budget vs. Actual report for the year ended December 31, 2012. That budget to actual report shows that total actual expenditures exceeded the final budget by \$205,079 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 Appropriation, Santa Fe County funds and a Water Trust Fund loan.

**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 expenditures do not exceed total budgeted expenditures.

**Entity Response**

“The AFCWSA has since been submitting required reports to DFA-LGD in a timely manner.”

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

**Schedule of Findings and Responses  
Year Ended December 31, 2012**

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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 AFCWSA developed a capital assets inventory listing as of November 12, 2012, including date acquired, item and purchase cost but the listing does not agree with the balance sheet fixed asset amounts at December 31, 2012. The AFCWSA does not have a capital asset policy but the listing developed included several items less than \$5,000, the threshold described in Section 12-6-10 NMSA, 1978.

**Cause**

The AFCWSA did not fully understand the requirements for developing, maintaining and reconciling the capital asset listing with the balance sheet.

**Effect**

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

**Recommendation**

We recommend that the AFCWSA develop a capital asset inventory listing that agrees with the year-end balance sheet and perform a yearly inventory as required by Section 12-6-10 NMSA 1978.

**Entity Response**

“The AFCWSA Accounts Manager will meet with the Association’s accountant to correct the fixed assets on the balance sheet.”

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

**Schedule of Findings and Responses  
Year Ended December 31, 2012**

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2010-3

**Late Report**

**Criteria**

Office of the State Auditor, Rule 2012, 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 Agua Fria Community Water System Association (AFCWSA) did not contract or provide the independent public accountant the required records for the agreed-upon procedures engagement in a timely manner.

**Effect**

The AFCWSA has not complied with Office of the State Auditor, Rule 2012, Section 2.2.2.16.H.

**Recommendation**

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

**Entity Response**

“The AFCWSA will contract with the independent public accountant earlier in the year so that the report will be submitted to the OSA before the deadline.”

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

**Exit Conference  
Year Ended December 31, 2012**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on July 16, 2013 with the following in attendance:

Agua Fria Community Water System Association

Gil Tercero, Treasurer  
Ana Berry, Accounts Manager

Accounting Firm

James R. (Jim) Macias, CPA