

**STATE OF NEW MEXICO  
CANJILON MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS ASSOCIATION**

**Independent Accountants' Report on  
Applying Tier 4 Agreed-Upon Procedures**

**For the Year Ended  
December 31, 2015**

James L. Hartogenesis, CPA LLC

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Certified Public Accountant

**STATE OF NEW MEXICO  
CANJILON MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS ASSOCIATION**

December 31, 2015

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**STATE OF NEW MEXICO  
CANJILON MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS ASSOCIATION**

OFFICIAL ROSTER  
DECEMBER 31, 2015

**Board of Directors**

Cipie Maez	President
Ross Martinez	Vice-President
Sabino Rivera	Secretary/Treasurer
Tom Montano	Director
Luis Torres	Director

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

To: Board of Directors  
Canjilon Mutual Domestic Water Consumers  
and Mutual Sewage Works Association  
and  
Honorable Timothy M. Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by Canjilon Mutual Domestic Water Consumers and Mutual Sewage Works Association (Association) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Association's financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, and Budget information and its compliance with Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended December 31, 2015. The Association is responsible for its financial reporting as described above. 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, I 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and associated 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. For purposes of performing my procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the Association.

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 Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

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.

**Results of Procedures:**

1. The bank account was reconciled timely and accurately. Balances were properly supported, and agreed to the general ledger and DFA-LGD report without exception.
2. The Association's bank account was fully insured, therefore no pledged collateral was required.

**2. CAPITAL ASSETS**

**Procedures:**

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

**Results of Procedures:**

The Association completed their annual capital asset inventory in accordance with 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 revenues based on accountant's judgment and test using the following attributes:

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

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

**Results of Procedures:**

1. Actual revenue was 3.27% less than budgeted revenue, which is reasonable.
2. 11 cash receipts were tested and were agreed to supporting documentation and bank statements without exception. 100% of receipts tested were properly recorded in the general ledger.

**4. EXPENDITURES**

**Procedures:**

Select a sample of cash disbursements based on accountant's judgment and test using the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- 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 ).

**Results of Procedures:**

1. 25 disbursements tested were agreed to supporting documentation, and were properly authorized and approved without exception.
2. The Association had no travel expenses or procurements during the year.

## 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.

### **Results of Procedures:**

The Association had no general journal entries during the year. No exceptions were noted.

## 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.

### **Results of Procedures:**

1. The 2015 budget was approved the Board of Directors and DFA-LGD. There were no budget amendments during the year.
2. Actual expenses were less than budgeted expenses, no exceptions noted. The legal level of budgetary control for the Association is at the fund level.
3. The Schedule of Revenues and Expenses – Budget and Actual, is presented on page 7 of this report.

## 7. OTHER

### **Procedures:**

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

### **Results of Procedures:**

No information indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies was noted.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Association's financial reporting to the State Auditor as described above. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

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

*James L. Hartogensis, CPA LLC*

Albuquerque, New Mexico  
May 31, 2016



**STATE OF NEW MEXICO**  
**CANJILON MUTUAL DOMESTIC WATER CONSUMERS**  
**AND MUTUAL SEWAGE WORKS ASSOCIATION**  
**SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (CASH BASIS)**  
**Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	Amount Budgetary Basis	Favorable (Unfavorable)
<b>REVENUES:</b>				
Charges for services	\$ 68,731	\$ 68,731	\$ 66,481	\$ (2,250)
Grants and contracts	<u>71,500</u>	<u>71,500</u>	<u>-</u>	<u>(71,500)</u>
Total revenues	<u><u>\$ 140,231</u></u>	<u><u>\$ 140,231</u></u>	<u><u>\$ 66,481</u></u>	<u><u>\$ (73,750)</u></u>
<b>EXPENDITURES:</b>				
Salaries and payroll taxes	\$ 8,271	\$ 8,271	\$ 6,534	\$ 1,737
Operating expenses	24,015	24,015	21,095	2,920
Contractual services	19,922	19,922	18,560	1,362
Capital outlay	71,500	71,500	-	71,500
Debt service	<u>11,329</u>	<u>11,329</u>	<u>13,948</u>	<u>(2,619)</u>
Total expenditures	<u><u>135,037</u></u>	<u><u>135,037</u></u>	<u><u>\$ 60,137</u></u>	<u><u>\$ 74,900</u></u>

**STATE OF NEW MEXICO**  
**CANJILON MUTUAL DOMESTIC WATER CONSUMERS**  
**AND MUTUAL SEWAGE WORKS ASSOCIATION**  
**YEAR-END FINANCIAL REPORT SUBMITTED TO DFA**  
**YEAR ENDED DECEMBER 31, 2015**

**Canjilon**

4th Quarter (Oct 1, 2015 - Dec 31, 2015)

	<u>Approved Budget</u>	<u>Oct 1 - Dec 31, 2015</u>	<u>Amount Over/Under Budget</u>	<u>% of Budget</u>
<b>Beginning Cash Balance on Jan 1, 2015:</b>	\$29,097			
<b>Revenue</b>				
<b>4000 Member Accounts Receivable</b>	\$68,731	\$16,895	-\$51,837	24.58%
4010 New Memberships	\$0	\$0	\$0	-
4020 Disconnect Fees	\$0	\$0	\$0	-
<b>5000 Other Types of Income</b>	\$0	\$0	\$0	-
5200 Grant Income	\$71,500	\$0	-\$71,500	0.00%
5800 Miellaneous Revenue	\$0	\$0	\$0	-
	\$0	\$0	\$0	-
	\$0	\$0	\$0	-
<b>Total Revenue</b>	<b>\$140,231</b>	<b>\$16,895</b>	<b>-\$123,337</b>	<b>12.05%</b>
<b>Expenditures</b>				
<b>6000 Administrative Costs</b>	\$0	\$0	\$0	-
6200 Board Expense	\$0	\$0	\$0	-
6210 Board Training	\$0	\$0	\$0	-
6400 Office Supplies	\$500	\$247	-\$253	49.50%
6420 Subscription & Dues	\$300	\$0	-\$300	0.00%
6440 Printing and Copying	\$0	\$0	\$0	-
6460 Postage & Copying	\$741	\$178	-\$563	24.05%
6480 Rent	\$900	\$300	-\$600	33.33%
6490 Telephone	\$1,200	\$329	-\$871	27.41%
6000 Administrative Costs-Other	\$0	\$0	\$0	-
<b>6500 Organizational Costs</b>	\$0	\$0	\$0	-
6510 Bank Charges	\$41	\$14	-\$27	34.15%
6530 Publication & Notices	\$0	\$0	\$0	-
6550 Insurace	\$5,998	\$4,067	-\$1,931	67.81%
6500 Organizational Costs-Other	\$0	\$0	\$0	-
<b>6600 Professional Fees</b>	\$0	\$0	\$0	-
6610 Accounting Fees	\$4,800	\$1,600	-\$3,200	33.33%
6612 Audit	\$0	\$0	\$0	-
6630 Legal Fees	\$0	\$0	\$0	-
6640 Other Professional Fees-Other	\$454	\$0	-\$454	0.00%
<b>6800 Reg Fees, Licence &amp; Permit</b>	\$10	\$0	-\$10	0.00%
6810 Regulatory Fees	\$43	\$50	\$7	116.39%
6820 Licenses & Permits	\$50	\$47	-\$3	
6830 Water Conservation Fee	\$3,928	\$1,113	-\$2,815	
<b>6900 Debt Services</b>	\$0.00	\$0	\$0.00	
6910 Loan Payment	\$11,328.85	\$3,355	-\$7,973.83	
6920 Interest	\$0.00	\$0	\$0.00	
6900 Debt Services-Other	\$1,054.78	\$0	\$0	
<b>7000 Operational Costs</b>	\$3,256.55	\$0	-\$3,256.55	
7100 Chemical Supplies & Equipment	\$154.01	\$0	-\$154.01	
7130 Small Tools	\$0.00	\$0	\$0.00	
7140 System Supplies	\$1,780.69	\$1,669	-\$111.70	
7170 Equipment Rental	\$0.00	\$0	\$0.00	
7180 Vehicle Use	\$1,352.68	\$504	-\$848.42	
7000 Operational Costs-Other	\$0.00	\$0	\$0.00	
<b>7300 Repairs &amp; Maintenance</b>	\$0.00	\$0	\$0.00	
<b>7500 Operational Costs</b>	\$0.00	\$0	\$0.00	
7530 Outside Contract Services	\$84,367.96	\$2,755	-\$81,612.75	
7540 Meter Reader	\$1,800.00	\$0	-\$1,800.00	
<b>7800 Utilities</b>	\$3,759.52	\$830	-\$2,929.35	
<b>7900 Payroll Costs</b>	\$1,830.92	\$0	-\$1,830.92	
7910 Salaries & Wages	\$6,440.08	\$1,346	-\$5,094.01	
7920 Payroll Expense	\$0.00	\$0	\$0.00	
7900 Payroll Costs-Other	\$0.00	\$403	\$403.21	
<b>6800 Reg Fees, Licence &amp; Permit</b>	\$0.00	\$0	\$0.00	
<b>Total Expenditures</b>		<b>\$18,809</b>		

**STATE OF NEW MEXICO**  
**CANJILON MUTUAL DOMESTIC WATER CONSUMERS**  
**AND MUTUAL SEWAGE WORKS ASSOCIATION**  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2015

**CURRENT YEAR FINDINGS**

None.

**STATUS OF PRIOR YEAR FINDINGS**

<u>Prior Year Number</u>	<u>Prior Year Finding</u>	<u>Current Year Disposition</u>
2014-001 (2009-03)	Lack of documentation of cash receipts	Resolved
2014-002 (2009-01)	Lack of supporting documents and approvals for operating and capital outlay disbursements	Resolved
2014-003 (2008-5)	Budget approval and quarterly reporting	Resolved
2014-004 (2008-4)	Late Agreed-Upon Procedures Report and IPA Recommendation	Resolved

