



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

**CAÑONCITO AT APACHE CANYON
MUTUAL DOMESTIC WATER ASSOCIATION**

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

Year Ended December 31, 2014

STATE OF NEW MEXICO

**CAÑONCITO AT APACHE CANYON
MUTUAL DOMESTIC WATER ASSOCIATION**

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

Year Ended December 31, 2014

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

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STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION

Official Roster
at December 31, 2014

<u>Name</u>		<u>Title</u>
<u>Board of Directors</u>		
Rita Gurule		President
Andy Ortiz		Vice- President/Treasurer
Trish Sandoval		Secretary
Vacant		Member
Vacant		Member
<u>Staff</u>		
Ana M. Berry		Accounts Manager



Macias, Gutierrez
& Co., P.C.

*Certified Public Accountants
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES - Tier 4

To: Rita Gurule, President
Cañoncito at Apache Canyon Mutual Domestic Water Association
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Cañoncito at Apache Canyon Mutual Domestic Water Association (CaACMDWA), for the year ended December 31, **2014** solely to assist the CaACMDWA in demonstrating compliance with a **Tier 4** entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978, as set forth in the accompanying Exhibits A, B and C. The procedures were agreed to by the CaACMDWA through the Office of the New Mexico State Auditor. The Cañoncito at Apache Canyon Mutual Domestic Water 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.

Results of Procedures Performed

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

- a) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the December 31, 2014 cash balance to the year-end quarterly financial report (Quickbooks balance sheet) submitted to DFA-LGD.

Currently, there is no DFA-LGD required quarterly cash balance reporting format.

- b) The single bank account balance never exceeded uninsured limits and, therefore, pledged collateral was not required on the 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.

Results of Procedures Performed

Although there are substantial capital assets and accumulated depreciation shown on the balance sheet, the CaACMDWA 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. See Finding 2010-002 on p. 10 of this report.

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 auditor 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 Performed

- 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 seventeen (17) deposits (35% of total revenue) from a total of 59 deposits for the year. For the sample selected, 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 cash 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 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 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).

Results of Procedures Performed

- a) We requested supporting documentation for thirty (30) disbursements (26% of total expenditures) from a total of 161 disbursements for the year. For the sample selected, 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) For the sample selected, 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.

Results of Procedures Performed

The CaACMDWA bookkeeper utilizes Quickbooks to record cash transactions but the fee accountant normally prepares general journal entries at the end of the year to reclassify equipment purchased from expenses to capital assets and record depreciation expense. Also at the end of the year, journal entries are normally made to reclassify loan payments to principal and interest. The results of our tests are as follows:

- a) There were no journal entries recorded in FY 2014.
- b) The CaACMDWA has procedures that require journal entries to be reviewed and normally there is evidence the reviews are being performed through approval of monthly and yearly 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.

Results of Procedures Performed

- a) A budget for FY 2014 was prepared, approved by the governing board on June 4, 2014 and submitted to DFA-LGD for approval on June 6, 2014. The budget should have been prepared and submitted for approval no later than December 1, 2013. See Finding 2010-001 on p. 9 of this report. The CaACMDWA made no subsequent budget adjustments.
- b) The CaACMDWA submitted a profit and loss statement but did not submit a budget vs. actual report for the year ended December 31, 2014 to DFA-LGD. See Finding 2010-001 on p. 9 of this report. However, a comparison of budgeted expenditures to actual expenditures indicated that actual expenditures exceeded the final budget by \$1,636. See Finding 2010-001 on p. 9 of this report.
- c) A schedule of revenues and expenses – budget and actual was prepared from CaACMDWA records on the cash budgetary basis. This schedule is included herein as Exhibit A.

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.

Results of Procedures Performed

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 Capital Assets and Budget findings described above and Late Report (see Finding 2010-003 on p. 11 of this 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 a part thereof, including the accompanying Exhibits A, B and C. 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 Cañoncito at Apache Canyon Mutual Domestic Water Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and the NM Legislature 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
January 20, 2016

STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION
Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)
Year Ended December 31, 2014

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Billings	\$ 58,689	\$ 58,689	\$ 62,318	\$ 3,629
Memberships	-	-	2,500	2,500
Interest Income	-	-	-	-
Transfer Fee	-	-	200	200
WTB Loan/Grant	-	-	1,526	1,526
Total revenues	58,689	58,689	66,544	7,855
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	58,689	58,689	66,544	7,855
Expenses:				
2010 System Improvements	-	-	-	-
WTB Attorney Fees	-	-	1,526	(1,526)
Line Locates	180	180	159	21
Materials	-	-	-	-
Remote Sensors	314	314	313	1
Repairs and Maintenance	6,241	6,241	985	5,256
System Maintenance	200	200	-	200
Water Testing	520	520	1,152	(632)
Depreciation Expense	-	-	-	-
Emergency Funds	-	-	-	-
Liability Insurance	3,000	3,000	2,597	403
License	-	-	-	-
Loans	21,390	21,390	20,122	1,268
Meals	-	-	57	(57)
NSF Check Fees	-	-	47	(47)
NSF Checks	-	-	357	(357)
Agreed-upon procedures	-	-	-	-
Bank Charges	154	154	222	(68)
Call Multiplier	89	89	-	89
Dues and Subscriptions	-	-	-	-
General Meeting Supplies	-	-	-	-
Liens	-	-	-	-
Mileage	744	744	871	(127)
Monthly Meeting	-	-	-	-
Overdraft Fee	-	-	-	-
PO Box Rental	80	80	117	(37)
Postage	588	588	284	304
Printing	-	-	-	-
Public Regulation Commission	20	20	20	-
Software Support	-	-	634	(634)

STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION
Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)
Year Ended December 31, 2014

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Expenses (cont'd):				
Storage Unit	\$ 450	\$ 450	\$ 508	\$ (58)
Supplies	600	600	649	(49)
Wire Transfer Fee	-	-	15	(15)
WTB Grant Application	-	-	-	-
Accounting	541	541	-	541
Bookkeeping	10,248	10,248	10,248	-
Stenographer	-	-	-	-
Water Operator	7,440	7,440	15,389	(7,949)
Meter Reader	3,276	3,276	3,276	-
Conservation Fee	108	108	-	108
Corporate Income Tax	-	-	-	-
Gross Receipts	2,894	2,894	2,344	550
Property Taxes	5	5	5	-
State Income Taxes	-	-	-	-
Electricity	3,734	3,734	3,855	(121)
Well Maintenance	-	-	-	-
CPI Adjustment	1,300	1,300	-	1,300
	<u>64,116</u>	<u>64,116</u>	<u>65,752</u>	<u>(1,636)</u>
Total expenses	64,116	64,116	65,752	(1,636)
Excess revenues over (under) expenses	\$ (5,427)	\$ (5,427)	\$ 792	\$ 6,219

CANONCITO AT APACHE CANYON, MDWA
Balance Sheet
 As of December 31, 2014

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	-3,774.38
Cash In Bank	-3,774.38
Total Checking/Savings	-3,774.38
Total Current Assets	-3,774.38
Fixed Assets	
Accumulated Depreciation	-238,677.00
Satalite Alarming and Videos	10,624.81
Water System	298,000.00
Water treatment device	82,974.68
Total Fixed Assets	152,922.49
TOTAL ASSETS	149,148.11
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
GECC Loan	10,026.49
NMED Loan #2 - 1993	
Loan 2 Principle	119,167.66
Total NMED Loan #2 - 1993	119,167.66
NMED Loan #3 - 1994	
Loan 3 Principle	46,890.54
Total NMED Loan #3 - 1994	46,890.54
Total Long Term Liabilities	176,084.69
Total Liabilities	176,084.69
Equity	
Retained Earnings	-27,742.94
Net Income	806.36
Total Equity	-26,936.58
TOTAL LIABILITIES & EQUITY	149,148.11

CANONCITO AT APACHE CANYON, MDWA
Profit & Loss
January through December 2014

	Jan - Dec 14
Ordinary Income/Expense	
Income	
INCOME ACCOUNTS	
Billings	62,317.58
Membership	2,500.00
Total INCOME ACCOUNTS	<u>64,817.58</u>
Total Income	64,817.58
Expense	
COST OF OPERATION	
Line locates	159.29
Remote sensors	313.46
Repairs & Maint.	985.12
Water Testing	1,152.22
Total COST OF OPERATION	<u>2,610.09</u>
INSURANCE EXPENSE	
Liability Insurance	2,597.00
Total INSURANCE EXPENSE	<u>2,597.00</u>
LOANS	
GMAC - Loan	1,268.12
NMED - 93-03 - Loan	13,708.80
NMED - 94-05 - Loan	428.76
NMED 94-05 - Loan	4,716.36
Total LOANS	<u>20,122.04</u>
Meals	56.78
NSF Check fee	47.00
NSF Checks	356.63
OFFICE EXPENSE	
Bank Charges	208.00
Mileage	870.80
PO Box Rental	117.00
Postage	284.00
Public Regulation Commission	20.00
Software support	633.68
Storage unit	507.50
Supplies	649.25
Wire transfer fee	15.00
Total OFFICE EXPENSE	<u>3,305.23</u>

CANONCITO AT APACHE CANYON, MDWA
Profit & Loss
 January through December 2014

	Jan - Dec 14
PROFESSIONAL FEE'S	
Bookkeeping-Berry	10,248.00
R.A.M. - Water Operator	15,389.43
Robert T Gurule - Meter Reader	3,276.00
Total PROFESSIONAL FEE'S	28,913.43
TAX EXPENSE	
Gross Receipts	2,343.54
Property Taxes	4.63
Total TAX EXPENSE	2,348.17
UTILITIES	
Electricity	3,855.00
Total UTILITIES	3,855.00
Void	0.00
WTB Loan/Grant	
WTB Attorney fees	1,526.39
Total WTB Loan/Grant	1,526.39
Total Expense	65,737.76
Net Ordinary Income	-920.18
Other Income/Expense	
Other Income	
Interest Earned	0.15
Transfer fee	200.00
WTB Loan/Grant Income	1,526.39
Total Other Income	1,726.54
Net Other Income	1,726.54
Net Income	806.36

CANONCITO AT APACHE CANYON, MDWA
Profit & Loss
 October through December 2014

	Oct - Dec 14
Ordinary Income/Expense	
Income	
INCOME ACCOUNTS	
Billings	13,058.63
Total INCOME ACCOUNTS	13,058.63
Total Income	13,058.63
Expense	
COST OF OPERATION	
Line locates	159.29
Remote sensors	76.16
Water Testing	275.88
Total COST OF OPERATION	511.33
INSURANCE EXPENSE	
Liability Insurance	2,597.00
Total INSURANCE EXPENSE	2,597.00
LOANS	
GMAC - Loan	371.12
NMED - 93-03 - Loan	3,427.20
NMED - 94-05 - Loan	428.76
NMED 94-05 - Loan	857.52
Total LOANS	5,084.60
NSF Check fee	12.00
NSF Checks	126.82
OFFICE EXPENSE	
Bank Charges	14.00
Mileage	187.50
PO Box Rental	78.00
Postage	98.00
Software support	633.68
Storage unit	122.50
Total OFFICE EXPENSE	1,133.68
PROFESSIONAL FEE'S	
Bookkeeping-Berry	2,562.00
R.A.M. - Water Operator	3,896.61
Robert T Gurule - Meter Reader	819.00
Total PROFESSIONAL FEE'S	7,277.61
TAX EXPENSE	
Property Taxes	4.63
Total TAX EXPENSE	4.63

CANONCITO AT APACHE CANYON, MDWA
Profit & Loss
October through December 2014

	Oct - Dec 14
UTILITIES	
Electricity	586.04
Total UTILITIES	586.04
Void	0.00
Total Expense	17,333.71
Net Ordinary Income	-4,275.08
Other Income/Expense	
Other Income	
Interest Earned	0.05
Transfer fee	200.00
Total Other Income	200.05
Net Other Income	200.05
Net Income	-4,075.03

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2014**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Budget Submission/Approval/ Overexpended and Quarterly Financial Reports	D	2010-1	2010-001
Capital Assets Inventory	D	2010-2	2010-002
Late Report	D	2010-3	2010-003
Follow-up on Prior Year Findings:			
Budget Submission/Approval and Quarterly Financial Reports	D	2010-1	2010-001
Capital Assets Inventory	D	2010-2	2010-002
Late Report	D	2010-3	2010-003

*** Legend for Findings:**

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

2010-001

Budget Submission/Approval/Overexpended and Quarterly Financial Reports

Criteria

Section 6-6-2 (A) NMSA, 1978 requires each local public body to furnish and file with the Department of Finance and Administration-Local Government Division (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 states that every local public body shall make all reports as may be required by the 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.

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2014**

2010-001 (cont'd)

Budget Submission/Approval/Overexpended and Quarterly Financial Reports (cont'd)

Condition

Although the Cañoncito at Apache Canyon Mutual Domestic Water Association (CaACMDWA) submitted a 2014 budget for approval, they did not submit the budget for DFA-LGD approval by the required due date of December 1, 2013. No subsequent budget adjustments were made. Also, although the CaACMDWA submitted all four quarterly reports, they did not include a revenue and expenditure budget to actual comparison for any of the quarterly financial reports submitted to the DFA-LGD. However, a comparison of budgeted expenditures to actual expenditures indicated that total actual expenditures exceeded the final budget by \$1,636. This is a repeated/revised finding from the agreed-upon procedures reports for the years ended December 31, 2010, 2011, 2012 and 2013.

Cause

The CaACMDWA was not aware of the DFA-LGD requirements.

Effect

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

Recommendation

We again recommend that the CaACMDWA 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 again also recommend that the CaACMDWA submit quarterly financial reports, as required, to DFA-LGD. Finally, we recommend that the CaACMDWA implement procedures to insure that total actual expenditures do not exceed the total budget.

Entity Response

“The Association submitted a 2014 budget to DFA/LGD, however, it was submitted late. The Association exceeded the final budget due to unexpected expenses to the treatment plant. Quarterly financial reports were submitted to DFA for the whole year. We were not aware that a budget vs. actual report was needed as part of the reporting requirements.

Corrective Action Plan - All quarterly financial reports will be submitted as required in a timely basis and any revisions to the budget will be done and submitted to DFA in order to not exceed the budget at year end. “

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2014**

2010-002

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 Cañoncito at Apache Canyon Mutual Domestic Water Association (CaACMDWA) did not maintain a capital asset listing or performed a yearly inventory as required by Section 12-6-10 NMSA 1978. This is a repeat finding from the agreed-upon procedures reports for the years ended December 31, 2010, 2011, 2012 and 2013.

Cause

The CaACMDWA was not aware of the statute requirements.

Effect

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

Recommendation

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

Entity Response

“The association has capital assets listed on the balance sheet but was not aware that a capital asset inventory listing needed to be done.

Corrective Action Plan - An inventory listing will be done by the Board and water operator around the end of 2016 and will be approved by the Board at the following board meeting. The inventory listing will be updated as needed by the Accounts Manager with Board approval.”

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2014**

2010-003

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 Cañoncito at Apache Canyon Mutual Domestic Water Association (CaACMDWA) 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. This is a repeat finding from the agreed-upon procedures reports for the years ended December 31, 2010, 2011, 2012 and 2013.

Cause

Previously, the CaACMDWA did not have sufficient funding to contract for required agreed-upon procedures reports. Once the CaACMDWA was approved for funding through a State Auditor appropriation in FY 15, the CaACMDWA began the process of contracting for all required agreed-upon procedures engagements.

Effect

The CaACMDWA has not complied with Office of the State Auditor, Rule 2014, Section 2.2.2.16.H.

Recommendation

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

Entity Response

“The association did not have the funding to follow the requirements set forth by the OSA, therefore, the forms were not submitted to the OSA and the agreed upon procedures were not done this year.

Corrective Action Plan - The Accounts Manager will ensure that the required forms are submitted to OSA by January 1st of the following year and the agreed upon procedures are conducted and submitted to OSA by January 1st of the following year and the agreed upon procedures are conducted and submitted to OSA by June 1st.”

**STATE OF NEW MEXICO
CAÑONCITO AT APACHE CANYON MUTUAL DOMESTIC WATER ASSOCIATION**

**Exit Conference
Year Ended December 31, 2014**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on January 25, 2016 with the following:

Cañonito at Apache Canyon Mutual Domestic Water Association

By telephone:

Rita Gurule, Board President
Ana Berry, Accounts Manager

Accounting Firm

James R. (Jim) Macias, CPA