



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, 2015

**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, 2015**

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

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December 31, 2015**

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

Official Roster  
at December 31, 2015

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| <u>Name</u>                      |  | <u>Title</u>                 |
|----------------------------------|--|------------------------------|
| <b><u>Board of Directors</u></b> |  |                              |
| Rita Gurule                      |  | President                    |
| Andy Ortiz                       |  | Vice-<br>President/Treasurer |
| Trish Sandoval                   |  | Secretary                    |
| Vacant                           |  | Member                       |
| Vacant                           |  | Member                       |
| <b><u>Staff</u></b>              |  |                              |
| 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**

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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, **2015** 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, 2015 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. 8 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 twelve (12) deposits (30% of total revenue) from a total of 45 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 twenty-nine (29) disbursements (23% of total expenditures) from a total of 155 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 2015.
- 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 2015 was prepared, approved by the governing board in November 2014 and submitted to DFA-LGD for approval on November 20, 2014. 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, 2015 to DFA-LGD. See Finding 2010-001 on p. 7 of this report. However, a comparison of budgeted expenditures to actual expenditures indicated that actual expenditures exceeded the final budget by \$1,630. See Finding 2010-001 on p. 7 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.

\* \* \* \* \*

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, 2015**

|   | Budgeted Amounts |           | Actuals   | Variance                   |
|---|------------------|-----------|-----------|----------------------------|
|   | Original         | Final     |           | Favorable<br>(Unfavorable) |
| <b>Revenues:</b>                            |                  |           |           |                            |
| Billings                                    | \$ 65,746        | \$ 65,746 | \$ 64,709 | \$ (1,037)                 |
| Memberships                                 | 2,500            | 2,500     | 5,000     | 2,500                      |
| Interest Income                             | -                | -         | -         | -                          |
| Transfer Fee                                | -                | -         | -         | -                          |
| WTB Loan/Grant                              | -                | -         | -         | -                          |
| Total revenues                              | 68,246           | 68,246    | 69,709    | 1,463                      |
| Cash balance budgeted                       | -                | -         | -         | -                          |
| Total revenues and cash<br>balance budgeted | 68,246           | 68,246    | 69,709    | 1,463                      |
| <b>Expenses:</b>                            |                  |           |           |                            |
| Meters Purchased                            | -                | -         | 237       | (237)                      |
| Attorney Fees                               | 1,397            | 1,397     | -         | 1,397                      |
| Line Locates                                | 540              | 540       | -         | 540                        |
| Materials                                   | -                | -         | -         | -                          |
| Remote Sensors                              | 360              | 360       | 281       | 79                         |
| Repairs and Maintenance                     | 6,000            | 6,000     | 1,474     | 4,526                      |
| System Maintenance                          | -                | -         | -         | -                          |
| Water Testing                               | 520              | 520       | 585       | (65)                       |
| Depreciation Expense                        | -                | -         | -         | -                          |
| Emergency Funds                             | 4,800            | 4,800     | -         | 4,800                      |
| Liability Insurance                         | 3,000            | 3,000     | 2,673     | 327                        |
| Liens                                       | -                | -         | 75        | (75)                       |
| Loans                                       | 20,194           | 20,194    | 19,671    | 523                        |
| Meals                                       | -                | -         | -         | -                          |
| NSF Check Fees                              | -                | -         | -         | -                          |
| NSF Checks                                  | -                | -         | -         | -                          |
| Agreed-upon procedures                      | -                | -         | -         | -                          |
| Bank Charges                                | 168              | 168       | 112       | 56                         |
| Call Multiplier                             | -                | -         | -         | -                          |
| Dues and Subscriptions                      | -                | -         | 129       | (129)                      |
| General Meeting Supplies                    | -                | -         | -         | -                          |
| Liens                                       | -                | -         | -         | -                          |
| Mileage                                     | 636              | 636       | 723       | (87)                       |
| Monthly Meeting                             | -                | -         | -         | -                          |
| Overdraft Fee                               | -                | -         | -         | -                          |
| PO Box Rental                               | 78               | 78        | 158       | (80)                       |
| Postage                                     | 588              | 588       | 262       | 326                        |
| Printing                                    | -                | -         | -         | -                          |
| Public Regulation Commission                | 20               | 20        | 20        | -                          |
| Software Support                            | -                | -         | 740       | (740)                      |

**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, 2015**

|  | Budgeted Amounts |               | Actuals       | Variance                   |
|--|------------------|---------------|---------------|----------------------------|
|  | Original         | Final         |               | Favorable<br>(Unfavorable) |
| <b>Expenses (cont'd):</b>                    |                  |               |               |                            |
| Storage Unit                                 | \$ 450           | \$ 450        | \$ 617        | \$ (167)                   |
| Supplies                                     | 720              | 720           | 363           | 357                        |
| Wire Transfer Fee                            | -                | -             | -             | -                          |
| WTB Grant Application                        | -                | -             | -             | -                          |
| Accounting                                   | -                | -             | 108           | (108)                      |
| Bookkeeping                                  | 10,248           | 10,248        | 10,309        | (61)                       |
| Stenographer                                 | -                | -             | -             | -                          |
| Water Operator                               | 7,440            | 7,440         | 17,689        | (10,249)                   |
| Meter Reader                                 | 3,276            | 3,276         | 3,276         | -                          |
| Conservation Fee                             | 108              | 108           | -             | 108                        |
| Corporate Income Tax                         | -                | -             | -             | -                          |
| Gross Receipts                               | 3,383            | 3,383         | 3,267         | 116                        |
| Property Taxes                               | -                | -             | 5             | (5)                        |
| State Income Taxes                           | -                | -             | -             | -                          |
| Electricity                                  | 3,876            | 3,876         | 6,046         | (2,170)                    |
| Well Maintenance                             | -                | -             | 612           | (612)                      |
| CPI Adjustment                               | -                | -             | -             | -                          |
| Total expenses                               | <u>67,802</u>    | <u>67,802</u> | <u>69,432</u> | <u>(1,630)</u>             |
| <b>Excess revenues over (under) expenses</b> | <u>\$ 444</u>    | <u>\$ 444</u> | <u>\$ 277</u> | <u>\$ (167)</u>            |

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Cash Basis

**CANONCITO AT APACHE CANYON, MDWA**  
**Balance Sheet**  
**As of December 31, 2015**

|                                       | Dec 31, 15        |
|---------------------------------------|-------------------|
| <b>ASSETS</b>                         |                   |
| Current Assets                        |                   |
| Checking/Savings                      |                   |
| Cash In Bank                          | -2,190.18         |
| Total Checking/Savings                | -2,190.18         |
| Total Current Assets                  | -2,190.18         |
| Fixed Assets                          |                   |
| Accumulated Depreciation              | -238,677.00       |
| Satalite Alarming and Videos          | 10,624.81         |
| Water System                          | 297,049.83        |
| Water treatment device                | 82,974.68         |
| Total Fixed Assets                    | 151,972.32        |
| <b>TOTAL ASSETS</b>                   | <b>149,782.14</b> |
| <b>LIABILITIES &amp; EQUITY</b>       |                   |
| 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                     | -26,950.57        |
| Net Income                            | 648.02            |
| Total Equity                          | -26,302.55        |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> | <b>149,782.14</b> |

**CANONCITO AT APACHE CANYON, MDWA**  
**Profit & Loss**  
 January through December 2015

|                                 | <u>Jan - Dec 15</u> |
|---------------------------------|---------------------|
| Ordinary Income/Expense         |                     |
| Income                          |                     |
| <b>INCOME ACCOUNTS</b>          |                     |
| Billings                        | 64,708.70           |
| Membership                      | 5,000.00            |
| <b>Total INCOME ACCOUNTS</b>    | <u>69,708.70</u>    |
| <b>Total Income</b>             | 69,708.70           |
| Expense                         |                     |
| <b>COST OF OPERATION</b>        |                     |
| Meters purchased                | 237.45              |
| Remote sensors                  | 281.12              |
| Repairs & Maint.                | 1,473.88            |
| Water Testing                   | 584.54              |
| <b>Total COST OF OPERATION</b>  | <u>2,576.99</u>     |
| <b>INSURANCE EXPENSE</b>        |                     |
| Liability Insurance             | 2,673.00            |
| <b>Total INSURANCE EXPENSE</b>  | <u>2,673.00</u>     |
| Liens                           | 75.00               |
| <b>LOANS</b>                    |                     |
| GMAC - Loan                     | 696.54              |
| NMED - 93-03 - Loan             | 13,708.80           |
| NMED - 94-05 - Loan             | 5,145.12            |
| NMFA loan                       | 120.96              |
| <b>Total LOANS</b>              | <u>19,671.42</u>    |
| <b>OFFICE EXPENSE</b>           |                     |
| Bank Charges                    | 112.00              |
| Dues & Subs                     | 129.00              |
| Mileage                         | 722.50              |
| PO Box Rental                   | 158.00              |
| Postage                         | 261.53              |
| Public Regulation Commission    | 20.00               |
| Software support                | 740.18              |
| Storage unit                    | 617.50              |
| Supplies                        | 363.38              |
| <b>Total OFFICE EXPENSE</b>     | <u>3,124.09</u>     |
| <b>PROFESSIONAL FEE'S</b>       |                     |
| Accounting                      | 108.19              |
| Bookkeeping-Berry               | 10,309.50           |
| R.A.M. - Water Operator         | 17,688.79           |
| Robert T Gurule - Meter Reader  | 3,276.00            |
| <b>Total PROFESSIONAL FEE'S</b> | <u>31,382.48</u>    |
| <b>TAX EXPENSE</b>              |                     |
| Gross Receipts                  | 3,266.90            |
| Property Taxes                  | 4.66                |
| <b>Total TAX EXPENSE</b>        | <u>3,271.56</u>     |
| <b>UTILITIES</b>                |                     |
| Electricity                     | 5,945.61            |
| Electricity for office          | 100.00              |
| <b>Total UTILITIES</b>          | <u>6,045.61</u>     |
| Void                            | 0.00                |
| Well Maintenance                | 611.86              |
| <b>Total Expense</b>            | <u>69,432.01</u>    |
| <b>Net Ordinary Income</b>      | 276.69              |
| Other Income/Expense            |                     |
| Other Income                    |                     |

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Cash Basis

**CANONCITO AT APACHE CANYON, MDWA**  
**Profit & Loss**  
January through December 2015

Exhibit C  
Page 2 of 2

|                              | <u>Jan - Dec 15</u>  |
|------------------------------|----------------------|
| Interest Earned              | 0.21                 |
| Overpayment on Berkadia Loan | <u>371.12</u>        |
| Total Other Income           | <u>371.33</u>        |
| Net Other Income             | <u>371.33</u>        |
| Net Income                   | <u><u>648.02</u></u> |

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

**Schedule of Findings and Responses  
Year Ended December 31, 2015**

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

**\* Legend for Findings:**

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

**2010-001**

**Budget 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, 2015**

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**2010-001 (cont'd)**

**Budget Overexpended and Quarterly Financial Reports (cont'd)**

**Condition**

The Cañoncito at Apache Canyon Mutual Domestic Water Association (CaACMDWA) submitted a 2015 budget for DFA/LGD approval by the required due date of December 1, 2014. No subsequent budget adjustments were made. However, 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. A comparison of budgeted expenditures to actual expenditures indicated that total actual expenditures exceeded the final budget by \$1,630. This is a repeated/revised finding from the agreed-upon procedures reports for the years ended December 31, 2010, 2011, 2012, 2013 and 2014.

**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 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**

“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. The Association exceeded the final budget due to unexpected expenses to the treatment plant.

**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, 2015**

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**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, 2013 and 2014.

**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**

**Exit Conference  
Year Ended December 31, 2015**

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**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