



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

**CHAMITA MUTUAL DOMESTIC
WATER CONSUMERS AND
SEWAGE WORKS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 5)

Year Ended December 31, 2014

STATE OF NEW MEXICO

**CHAMITA MUTUAL DOMESTIC
WATER CONSUMERS AND
SEWAGE WORKS ASSOCIATION**

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

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

Official Roster
at December 31, 2014

<u>Name</u>		<u>Title</u>
<u>Board of Directors</u>		
Gilbert Salazar		President
David Archuleta		Vice-President
Anna Flores		Secretary
Gloria Gonzales		Treasurer
Henry Talache		Member
<u>Staff</u>		
Juliet Salazar		Office Manager
Gloria Gonzales		Water Operator/Meter Reader



Macias, Gutierrez
& Co., P.C.

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Member AICPA, NMSCPA*

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 5)

To: Gilbert A. Salazar, President
Chamita Mutual Domestic Water Consumers and Sewage Works Association #3090
and
Honorable Timothy Keller
New Mexico State Auditor

We have performed the procedures enumerated below for Chamita Mutual Domestic Water Consumers and Sewage Works Association (CMDWCSWA), for the year ended December 31, 2014 solely to assist CMDWCSWA in demonstrating compliance with a **Tier 5** 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 through E. The procedures were agreed to by CMDWCSWA through the Office of the New Mexico State Auditor. Chamita Mutual Domestic Water Consumers and Sewage Works 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 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.

Results of Procedures

- a) CMDWCSWA has three checking accounts and three certificates of deposit, all in one financial institution, 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.

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- a) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the December 31, 2014 general ledger ending balance for only the Operations account, without exception, to the final year-end quarterly financial report submitted to DFA-LGD since the Operations account was the only cash balance reconciliation included with their report. Currently, there is no DFA-LGD required cash reporting format.
- b) Cumulative, single-institution bank account balances exceeded uninsured limits for only a short period at the end of May and beginning of June 2104 due to the deposit of Environment Department loan proceeds; however, the funds were disbursed almost immediately. There were no other instances of account balances exceeding uninsured limits.

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 CMDWCSWA maintains a capital assets inventory listing and performed a yearly inventory as required by 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 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

- 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 type of revenue could not be performed since the CMDWCSWA did not submit a detailed line-item revenue budget but only total projected income. The comparison, in total, was reasonable in the circumstances.
- b) We requested supporting documentation for twenty (20) deposits (79% of total revenue/deposits) from a total of 48 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, without 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

- a) We requested supporting documentation for thirty (30) disbursements (80% of total expenditures/disbursements) from a total of 371 for the year. For the sample selected, amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and photocopied cancelled check, as appropriate.
- b) For the sample selected, 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.

Results of Procedures

The CMDWCSWA utilizes Quickbooks to record cash transactions only and does not prepare formal journal entries.

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

- a) A review of minutes and correspondence revealed that the CMDWCSWA submitted a 2014 budget to DFA-LGD for approval. There was one subsequent Board and DFA-LGD approved budget adjustment increasing the expenditure budget and revising expense line items.
- b) Total actual expenditures exceeded the final budget at the total fund level, the legal level of budgetary control (Finding 2014-001). The CMDWCSWA did not amend/increase the revenue and expenditure budgets for two State Capital Outlay Appropriations or the NM Environment Department loan proceeds.
- c) A schedule of revenues and expenses – budget and actual was prepared from CMDWCSWA records on the cash budgetary basis. This schedule is included herein as Exhibit A. The CMDWCSWA submitted a Profit and Loss Budget Performance report for the year ended December 31, 2014 to DFA-LGD, which is presented herein as Exhibit D. However, the amounts shown on Exhibit D as Annual Budget for expenses did not agree with the Board and DFA-LGD approved budget amounts. Also, the reported actual revenues and expenses did not include the revenue and expense accounts for the State Capital Outlay Appropriations or the NM Environment loan proceeds (Finding 2010-1, as revised)

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.

Results of Procedures

- a) There were two active capital outlay appropriations for the same project during the year. We determined that four (4) disbursements (two from each appropriation) were made during the year. 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 appropriation 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) We were able 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) The project was not intended to be funded in advance but on a reimbursement basis.
- g) The project was complete at December 31, 2014.
- h) Since the project was approved on a reimbursement basis, no separate fund or bank account was required.
- i) There were four reimbursement requests submitted during the year. We determined that reimbursement requests were properly supported by costs incurred by the recipient and that the capital outlay authorizations allowed to the request for reimbursement to precede the actual payments to the contractor. The payments were made one day after receipt of the funds.

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

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to the procedures for Budget findings described above (Finding 2010-1, as revised and Finding 2014-001) and this Late Report submission (Finding 2014-002).

* * * * *

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

This report is intended solely for the information and use of the Chamita Mutual Domestic Water Consumers and Sewage Works 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
August 5, 2015

STATE OF NEW MEXICO
CHAMITA MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS 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:				
Bank correction	\$ -	\$ -	\$ 28	\$ 28
Interest Income	-	-	379	379
Membership Fee	-	-	146	146
Reconnect Fee	-	-	50	50
Refund	-	-	230	230
Reimbursements-Chamita Community Center	-	-	598	598
Capital Outlay-Environment Department	-	-	175,000	175,000
Loan Proceeds-Environment Department	-	-	110,688	110,688
Past Due Utilities	-	-	4,405	4,405
Returned Item Replacement	-	-	147	147
Water Service Connections	-	-	1,498	1,498
Water Service Sales	136,000	136,000	113,647	(22,353)
Total revenues	136,000	136,000	406,816	270,816
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	136,000	136,000	406,816	270,816
Expenses:				
Account Transfer	-	-	73	(73)
Adjustment to Register	5	-	-	-
Advertising	78	50	-	50
Association Meetings	200	200	83	117
Audit (AUP)	4,900	4,900	3,787	1,113
Auto	-	694	205	489
Bank Error	9	86	29	57
Chama Community Center	8,081	8,161	7,784	377
Contract Labor	3,600	3,433	2,902	531
Contractor	-	-	267	(267)
Dues	264	264	264	-
Equipment Maintenance	200	-	212	(212)
Insurance	5,499	5,100	4,433	667
Legal	712	645	699	(54)
Loan Payment	-	2,500	-	2,500
Mileage	-	-	122	(122)
Miscellaneous	630	630	180	450
Office Supplies	9,300	8,616	4,442	4,174
Payroll Expenses	42,000	46,072	38,020	8,052
Postage	1,574	1,574	1,684	(110)
Registration Fee	800	800	225	575
Returned Checks	300	127	147	(20)
Shipping Charge	-	-	27	(27)
Supplies	3,373	2,294	1,665	629
System - Well #2	-	800	295,913	(295,113)
Tax	7,829	7,829	8,338	(509)
Training	402	720	816	(96)
Utilities	8,000	7,584	8,221	(637)
Total expenses	97,756	103,079	380,538	(277,459)
Excess revenues over (under) expenses	\$ 38,244	\$ 32,921	\$ 26,278	\$ (6,643)

STATE OF NEW MEXICO
 CHAMITA MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
 Projects Schedule - Summary
 Year Ended December 31, 2014

Exhibit B

Grant No.	Pay Request	Amount Awarded	Grant Amount Received	Grant Amount Expended	Grant Remaining Balance	Actual Legislation	Effective Dates
12-1362-STB		\$ 75,000.00					
	1		\$ 56,839.05	\$ 56,839.05	\$ 18,160.95	Laws of 2012, Chapter 64, Section 11 Subsection 34, to the department of environment to plan, design, drill, construct and equip a supplemental well for the Chamita mutual domestic water consumers and sewage works association in Rio Arriba county	Through 6/30/2016
	2		18,160.95	18,160.95	-		
			75,000.00	75,000.00	-		
13-1481-STB		100,000.00					
	1		80,079.80	80,079.80	19,920.20	Laws of 2013, Chapter 226, Section 23 Subsection 51, to the department of environment to plan, design, drill, construct and equip a supplemental well, including installation of a pump house and water line to link the well to the existing in Rio Arriba county	Through 6/30/2017
	2		19,920.20	19,920.20	-		
			100,000.00	100,000.00	-		
Total Projects		\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ -		

STATE OF NEW MEXICO
 CHAMITA MUTUAL DOMESTIC WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
 Projects Schedule - Detail
 Year Ended December 31, 2014

Exhibit C

Grant No.	Pay Request	Request Date	Grant Amount Awarded	Grant Amount Received	Date Received	Check Date	Check Number	Grant Amount Expended	Vendor Paid
12-1362-STB			\$ 75,000.00						
	1	12/4/2013		\$ 56,839.05	1/14/2014	1/15/2014	1009	\$ 56,839.05	HydroGeological Services
	2	3/31/2014		18,160.95	4/29/2014	4/30/2014	1011	18,160.95	HydroGeological Services
				<u>75,000.00</u>				<u>75,000.00</u>	
13-1481-STB			100,000.00						
	1	3/31/2014		80,079.80	4/22/2014	4/23/2014	1010	80,079.80	HydroGeological Services
	2	5/6/2014		19,920.20	6/12/2014	6/13/2014	1014	19,920.20	HydroGeological Services
				<u>100,000.00</u>				<u>100,000.00</u>	
Total Projects			<u>\$ 175,000.00</u>	<u>\$ 175,000.00</u>				<u>\$ 175,000.00</u>	



11:22 AM
01/23/15

Chamita MDWCA

Reconciliation Summary Operations Checking 2, Period Ending 12/31/2014

	<u>Dec 31, 14</u>
Beginning Balance	94,502.04
Cleared Transactions	
Checks and Payments - 29 items	-6,921.16
Deposits and Credits - 13 items	9,971.13
Total Cleared Transactions	<u>3,049.97</u>
Cleared Balance	97,552.01
Uncleared Transactions	
Checks and Payments - 10 items	-1,912.19
Total Uncleared Transactions	<u>-1,912.19</u>
Register Balance as of 12/31/2014	95,639.82
New Transactions	
Checks and Payments - 21 items	-3,916.30
Deposits and Credits - 2 items	3,968.17
Total New Transactions	<u>51.87</u>

Estados Unidos 25534 65

reconcilled by JMS 1/23/2015
Checked by [Signature] 1/23/2015

Cham ita MDWCA
Profit & Loss Budget Performance

October through December 2014

	Oct - Dec 14	Jan - Dec 14	Annual Budget
Ordinary Income/Expense			
Income			
Bank Correction	0.00	28.61	0.00
Interest Income	16.12	80.69	0.00
Membership Fee (wrong posting)	73.14	73.14	0.00
Reconnect fee	0.00	50.00	0.00
Refund	229.81	229.81	0.00
Reimbursement/Community Ctr Utilities			
	457.74	5,002.88	0.00
Returned Item Replacement	0.00	147.27	0.00
Water Service Connections	1,497.80	1,497.80	0.00
Water Service Sales	27,417.42	113,646.66	136,000.00
Total Income	29,692.03	120,756.86	136,000.00
Gross Profit	29,692.03	120,756.86	136,000.00
Expense			
Adjustment to register	0.00	0.00	5.00
Acct Transfer/posted to wrong acct	73.14	73.14	0.00
Advertising	0.00	0.00	77.93
Association Meetings	148.98	232.12	199.99
Audit	0.00	3,786.57	4,900.00
Auto Fuel	87.59	204.69	200.00
Bank Returned check	0.00	175.88	300.00
Bank Check charge	0.00	0.00	9.00
Chamita Community Center/office	2,426.87	7,783.80	8,081.44
Contract Labor	603.00	3,168.86	3,600.00
NMRWADues	264.00	264.00	264.00
Maintenance Supplies	239.28	239.28	3,300.00
Insurance	0.00	4,433.00	5,499.00
Legal	0.00	698.75	712.25
Misc. Stipend Mileage	30.00	301.52	630.00
Office Supplies	186.67	4,441.92	9,300.32
Payroll Expenses	9,160.49	38,019.60	42,000.00
Postage	416.50	1,684.43	1,573.45
NMRWA Registration Fees	0.00	225.00	800.00
System Upgrade (well #1 pump)	1,733.98	10,224.68	0.00
Taxes	3,352.19	8,338.41	7,829.34
Training for Board & Water OP	0.00	667.31	401.63
Utilities/well house #1 #2	1,936.91	8,221.14	8,000.00
Total Expense	20,659.60	93,184.10	97,683.35
Net Ordinary Income	9,032.43	27,572.76	38,316.65

**STATE OF NEW MEXICO
 CHAMITA MUTUAL DOMESTIC WATER CONSUMERS
 AND SEWAGE WORKS 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 Reporting on Quarterly Financial Reports	D	2010-1	2010-1
Budget Overexpended	D	N/A	2014-001
Late Report	D	N/A	2014-002
Follow-up on Prior Year Findings:			
Budget Reporting on Quarterly Financial Reports	D	2010-1	Revised, Repeated

*** Legend for Findings:**

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

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

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

2010-1

Budget Reporting on Quarterly Financial Reports

Criteria

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 (DFA/Local Government Division Budgeting and Reporting Guidelines for Special Districts).

Condition

The Chamita Mutual Domestic Water Consumers and Sewage Works Association (CMDWCSWA) submitted quarterly Profit and Loss Budget Performance reports wherein the amounts reported as Annual Budget did not agree with the various budgeted amounts approved by the CMDWCSWA Board and DFA-LGD. Also, the reported actual revenues and expenses did not include the revenue and expense accounts for the State Capital Outlay Appropriations or the NM Environment Department loan proceeds.

Cause

The CMDWCSWA did not insure that the amounts reported as Annual Budget on the quarterly reports submitted agreed with the DFA-LGD approved amounts or that all revenue and expense accounts were included.

Effect

The CMDWCSWA has not complied with Section 6-6-3 NMSA 1978 and related reporting guidelines.

Recommendation

We recommend that the CMDWCSWA submit the quarterly financial budget to actual reports that include the approved DFA-LGD budget amounts and all revenue and expense accounts.

Entity Response

“Chamita MDWCA Board of Directors will submit the quarterly financial budget to actual reports that include the approved DFA-LGD budget amounts and all revenue and expense accounts.”

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

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

2014-001

Budget Overexpended

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 6-6-6 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

Total actual expenditures exceeded the total final budget by \$277,459 for the year ended June 30, 2014.

Cause

The Chamita Mutual Domestic Water Consumers and Sewage Works Association (CMDWCSA) did not amend (increase) their budgeted revenue and expenses for two State Capital Outlay Appropriations and the NM Environment Department loan proceeds.

Effect

The CMDWCSWA has not complied with Section 6-6-6 NMSA 1978.

Recommendation

We recommend that the Chamita Mutual Domestic Water Consumers and Sewage Works Association make appropriate budget adjustments to insure that total actual expenditures do not exceed total budgeted expenditures.

Entity Response

“The CMDWCSWA Board of Directors on behalf of Chamita Mutual Domestic Water Consumers and Sewage Works Association will make appropriate budget adjustments to insure that total actual expenditures do not exceed total budgeted expenditures.”

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

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

2014-002

Late Report

Criteria

Office of the State Auditor, Rule 2014, 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 (AUP) report no later than five months after the fiscal year end.

Condition

The Chamita Mutual Domestic Water Consumers and Sewage Works Association (CMDWCSWA) 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

Since the recommendation and the AUP contract forms were not submitted on a timely basis, the independent public accountant was unable to begin and complete the work prior to the required deadline.

Effect

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

Recommendation

We recommend that CMDWCSWA contract on a timely basis and submit all future agreed-upon procedures reports by the required deadline.

Entity Response

“The CMDWCSWA late report was created due to a lack of timely schedule. The CMDWCSWA Board of Directors will insure that contracting is done on a timely basis and submit all future agreed-upon procedures reports by required deadline.”

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

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

EXIT CONFERENCE

The report contents were discussed at an exit conference held on August 11, 2015 with the following in attendance:

Chamita Mutual Domestic Water Consumers and Sewage Works Association

Gilbert Salazar, Board President
Juliet Salazar, Office Manager

Accounting Firm

James R. (Jim) Macias, CPA