
State of New Mexico
Greenfield Mutual Domestic Water Consumers Association

Independent Accountants' Report on
Applying Agreed-Upon Procedures
December 31, 2018

Sandra Rush CPA PC
1101 E Llano Estacado
Clovis, New Mexico 88101

STATE OF NEW MEXICO
GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

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For the Year Ended December 31, 2018

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STATE OF NEW MEXICO
GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

Official Roster
For the Year Ended December 31, 2018

Board of Directors

Sybil Regalado	President
Jose Madrid	Vice President
Jeannie Rodgers	Secretary
Jim Bob Miles	Board Member
Charles Lathrop	Board Member

Staff

Linda Flores	Treasurer
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Sandra Rush CPA PC

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Clovis, New Mexico

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Independent Accountants' Report On Applying of Tier 4 Agreed-Upon Procedures

Brian S. Colón
New Mexico State Auditor
Board of Directors
Greenfield Mutual Domestic Water Consumers Association
Dexter, New Mexico

I have performed the procedures enumerated below for the Greenfield Mutual Domestic Water Consumers Association (the Association), for the year ended December 31, 2018. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The 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, 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. My procedures and Results of Procedures Performed are as follows.

Procedures

1. Verify the local public body's revenue calculation and tier determination documentation on the form provided at www.saonm.org under "Tiered System Reporting MainPage"

Results of Procedures Performed

I verified the Association's revenue calculation and tier determination. No exceptions noted.

2. 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) Test at least 30% 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.
- 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 Association has one checking account and two accounts with the Local Government Investment Pool and utilizes QuickBooks to record cash transactions. Test of twelve (12) bank reconciliations revealed seven (7) of the reconciliations were not performed timely. All bank statements were complete and on-hand, but the Local Government Investment Pool statements were not available. 2018-001
- b) Random test of five (5) bank reconciliations revealed the reconciliations were accurate and agree with the QuickBooks general ledger and quarterly financial reports submitted to DFA-LGD.

b) Bank account balances did not exceed FDIC insurance limits as of December 31, 2018 therefore, pledged collateral was not required on the bank account at the end of the year.

3. **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

The Association has capital assets and do maintain a capital asset inventory listing and performed an annual inventory as required by Section 12-6-10 NMSA 1978.

4. **Revenue**

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation:

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenue equal to at least 30% of the total dollar amount and test 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 type of revenue revealed no exceptions.

b) Traced 26 deposits (approximately 41% of the total revenues) on the Association's financial records and agreed to the supporting documentation (deposit slips and bank statements). No exceptions noted.

c) Amounts were properly recorded on a cash basis as to classification, amount and period on the Association's general ledger. No exceptions noted.

5. **Expenditures**

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test 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 canceled 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 order, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 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) Test of 43 transactions for approximately 30% of the total expenditure amount for the fiscal year revealed that amounts recorded as disbursed agreed to the supporting documentation. The documentation agrees as to amount, payee, date and description agree to the vendor's invoice. No exceptions noted.
- b) Association disbursements were authorized disbursements for the operations of the Association and approved in compliance with budget, legal requirements, and established policies and procedures.
- c) Association maintained documentation for all its purchases to demonstrate compliance with the bid process (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 13-1-199 NMSA 1978) and State purchasing regulations (1.41 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.12.2 NMAC). No exceptions noted.

6. Journal Entries Procedures

Test all non-routine journal entries, adjustment and reclassifications posted to the general ledger, for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures Performed

The Association maintained its financial records (QuickBooks) on the cash basis. The Association did not post any journal entries to adjust or reclassify any of its receipts or disbursements.

7. 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 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 whether 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) The Association prepared and submitted an approved budget by the Association for approval to DFA-LGD for the year ended December 31, 2018. Subsequent budget adjustments were approved by the board.
- b) The Dues & Fees account exceeded the budget \$44. 2018-002
- c) A schedule of revenues and expenditures was prepared from the Association's records on a cash budgetary basis. This schedule is included herein. The Association submitted quarterly reports to DFA-LGD for the fiscal year.

8. 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(L) 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, noncompliance or any internal control deficiencies.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to, and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget, Capital Outlay Appropriations or Other of the Greenfield Mutual Domestic Water Consumers Association as of and for the year ended December 31, 2018, included in the accompanying information provided to me by management of the Greenfield Mutual Domestic Water Consumers Association. Accordingly, I do not express such an opinion or conclusion. 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 Greenfield Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than the specified parties.



Sandra Rush CPA PC
Clovis New Mexico
May 23, 2019

STATE OF NEW MEXICO
GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

Schedule of Revenues and Expenses - Budget and Actual (Non GAAP Basis)
For the Year Ended December 31, 2018

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Water sales	\$ 49,000	\$ 49,000	\$ 47,298	\$ (1,702)
Connections / reconnections	1,400	1,400	640	(760)
Membership and meter sales	4,000	4,000	398	(3,602)
Total revenues	54,400	54,400	48,336	(6,064)
Cash balance budgeted	56,705	56,705	56,705	-
Total revenues and cash balance budgeted	111,105	111,105	105,041	(6,064)
Expenses				
Salaries and benefits	18,000	18,000	17,351	649
Electricity	6,000	6,000	5,674	326
Gas, water, sewer and telephone	1,200	1,200	979	221
Supplies	4,000	4,000	1,530	2,470
Repairs and maintenance	11,000	11,000	1,434	9,566
Travel	400	400	356	44
Office	8,200	8,200	5,544	2,656
Professional fees	2,000	2,000	1,343	657
Insurance	5,000	5,000	3,646	1,354
Dues, fees, permits and licenses	300	300	344	(44)
Gross receipts tax and water fees	4,000	4,000	3,676	324
Training and workshops	1,000	1,000	-	1,000
Miscellaneous	1,000	1,000	167	833
Total expenses	62,100	62,100	42,044	20,056
Other sources and (uses)				
Late fees and penalties	1,400	1,400	1,555	155
Gross receipts tax	2,450	2,450	2,003	(447)
Miscellaneous	200	200	1,928	1,728
Total other sources and (uses)	4,050	4,050	5,486	1,436
Excess revenues and cash balance budgeted over (under) expenses	\$ 53,055	\$ 53,055	\$ 68,483	\$ 15,428

MDWCA Name:
Mailing Address:
File Address:
File number:

Greenfield Mutual Domestic Water Consumers Association
 7298 Shoshoni Road Dexter, NM 88230
 greenfieldwaterassn@outlook.com
 575-734-5845

Calendar Year
2018

	APPROVED BUDGET	1st QR: Jan - Mar	2nd QR: Apr - Jun	3rd QR: Jul - Sept	4th QR: Oct -Dec	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
Beginning balances:								
Cash	56,705							
Savings	-							
CDs	-							
Investments	-							
Beginning Balance TOTAL	\$ 56,705							
REVENUES								
Water Sales (Water Use Fees)	49,000	8,924	11,719	15,356	11,300	47,298	✓ 1,702	97%
Connection/Reconnection Charges	1,400	280	240	0	120	640	✓ 760	46%
Membership and Meter Sales (Utility Service Fees)	4,000	308	90	0	0	398	✓ 3,602	10%
Late Fees and Penalties (Other Fines and Forfeits)	1,400	235	390	390	540	1,555	✓ (155)	111%
Gross Receipts Tax (Other State shared taxes)	2,450	266	516	758	463	2,003	✓ 447	82%
Other Operating Revenue (miscellaneous - other)	200	0	600	1,000	319	1,919	✓ (1,719)	959%
TOTAL	\$ 58,450	10,013	13,555	17,503	12,742	53,814	4,636	92%
EXPENDITURES								
Salaries - Operator, Bookkeeper, etc.	18,000	4,260	4,319	4,373	4,399	17,351	649	96%
Employee Benefits and Expenses	-	0	0	0	0	0	0	-
Electricity	6,000	1,377	1,422	1,558	1,316	5,674	326	95%
Other Utilities - Gas, Water, Sewer, Telephone	1,200	234	265	257	223	979	221	82%
System Parts and Supplies	4,000	12	548	600	363	1,522	2,478	38%
Repairs and Maintenance	11,000	0	0	625	809	1,434	9,566	13%
Travel Expenses	400	79	79	99	99	356	44	89%
Office and Administrative Expenses	8,200	1,551	1,227	1,477	1,288	5,544	2,656	68%
Professional Services - Accounting, Engineering, Legal	2,000	0	0	189	1,154	1,343	657	67%
Insurance	5,000	100	1,319	2,227	0	3,646	1,354	73%
Dues, Fees, Permits and Licenses	300	185	10	0	149	344	(44)	115%
Taxes - Gross Receipts Tax, Water Conservation Fee	4,000	574	777	1,029	1,295	3,676	324	92%
Training	1,000	0	0	0	0	0	1,000	0%
Miscellaneous	1,000	81	5	0	81	167	833	17%
Annual debt service - Loan 1	-	0	0	0	0	0	0	-
Annual debt service - Loan 2	-	0	0	0	0	0	0	-
TOTAL	\$ 62,100	8,453	9,972	12,435	11,175	42,036	20,064	68%
Ending Balance	53,055					68,483		
LESS: Operating Reserve								
Emergency Reserve								
Capital Improvement Reserve								
Debt Reserve								
Ending Available Cash Balance	\$ 53,055					\$ 68,483		

I HEREBY CERTIFY THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS.

 President/Chairperson

 Date

STATE OF NEW MEXICO
GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Exit Conference
Year Ended December 31, 2018

Prior Year Finding None

Current Year Findings

2018-001 Bank Reconciliation Preparation

Material Weakness

Condition:

During the cash test work, it was discovered the bank reconciliations are not always prepared timely. A sample of 12 reconciliations revealed 7 were not prepared timely. The Local Government Investment Pool (LGIP) statements were not available. The LGIP balance per QuickBooks was \$6,091.

Criteria

Audit Rule 2.2.2.10.D(2) NMAC the financial statements are the responsibility of the agency. The agency shall maintain adequate accounting records, prepare financial statements in accordance with accounting principles generally accepted in the United States of America, and provide complete, accurate, and timely information to the IPA as requested to meet the report due date imposed in Subsection A of Section 2.2.2.9 NMAC.

New Mexico State Statutes Section 6-6-3 provides that every local body shall keep all the books, records, and accounts in their respective offices in the form prescribed by the Local Government Division of the Department of Finance and Administration. Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, the Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Effect

The Association is not maintaining adequate controls over cash to safeguard cash or facilitating prompt and accurate reporting to the New Mexico Department of Finance and Administration (DFA).

Cause

The Association did not reconcile the bank account monthly. The LGIP statement are not kept at the business office, they are kept at a board members home.

Recommendation

I recommend the Association implement policies and procedures that require the bank account, and LGIP cash be reconciled monthly, agreed to the general ledger, and reviewed by someone other than the preparer. The reviewer should be someone trained and knowledgeable in bank reconciliations. Evidence of the review should be documented on the reconciliation. Also, all books, records and minutes should be kept at the business location. Regular backups should be made and stored off site in a secure location.

Response

We will begin reconciling the bank statements monthly with the May 2019 bank statement.

Responsible Position: Treasurer

Timeframe: December 31, 2019

STATE OF NEW MEXICO
GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Exit Conference
Year Ended December 31, 2018

2018-002 Exceeded Budgetary Authority

Significant Deficiency

Condition

The Association maintained expenditures at the account level in which actual expenditures exceeded budgetary authority by (\$44) in the Dues, Fees, Permits, and Licenses account.

Criteria

Sound financial management and New Mexico State Statute 6-6-6, 1978 Compilation, require that budgets not be exceeded at the legal level of control. For the Association, the account level is the legal level of control.

Cause

Insufficient budget oversight and failure to work closely with the DFA Local Government Division were all factors that contributed to this finding.

Effect

As a result, the Association is not in compliance with New Mexico State Statute 6-6-6, 1978 Compilation.

Recommendation

The manager should establish a policy of budgetary review and make necessary budget adjustments. It is recommended that the manager work with DFA Local Government Division in monitoring budgetary compliance throughout the fiscal year.

Response

We will contact DFA for assistance in making budget adjustments.

Responsible Position: Treasurer

Timeframe: December 31, 2019

Exit Conference

The report contents were discussed at an exit conference held on May 17, 2019 with the following in attendance:

Greenfield Mutual Domestic Water Consumers Association:

Linda Flores, Treasurer

Jeannie Rodgers, Secretary

Audit Firm:

Sandra Rush, CPA

STATE OF NEW MEXICO
 GREENFIELD MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

Schedule of Summary of Findings
 For the Year Ended December 31, 2018

<i>Agency Number</i>	<i>Agency Name</i>	<i>Agency Type</i>	<i>Audit Fiscal Year</i>	<i>Financial Statement Opinion</i>	<i>Finding Number</i>	<i>New or Repeat Finding</i>	<i>Year Finding Originated</i>	<i>Original Finding Number</i>	<i>Classification of Finding</i>	<i>Category of Finding</i>	<i>Summary of Finding (250 characters max.)</i>	<i>If the Finding is attributable to a Component Unit, Name of Component Unit</i>
3180	Greenfield Mutual Domestic Water Consumers Association	Mutual Domestic Water Associations	2018	AUP - No Opinion	2018-001	New	2018	2018-001	Material Weakness	Cash and Investments	Bank accounts are not being reconciled monthly and Local Government Investment Pool statements are not on hand and complete	N/A
3180	Greenfield Mutual Domestic Water Consumers Association	Mutual Domestic Water Associations	2018	AUP - No Opinion	2018-002	New	2018	2018-001	Significant Deficiency	Budgetary Compliance	Dues, fees, permits and licenses were over budget by \$44	N/A