

Charles L. Henry

Certified Public Accountant

666 Cook Avenue

Raton, New Mexico 87740

(505) 681-9762

STATE OF NEW MEXICO

Miami Domestic Water Users Association

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

For the Year Ended June 30, 2018

STATE OF NEW MEXICO
Miami Domestic Water Users Association
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June 30, 2018

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STATE OF NEW MEXICO
Miami Domestic Water Users Association
Official Roster
June 30, 2018

Official Roster

Board Members

Position

Mike Vigil

President

Josephine Duran

Vice President

Mary Lou Sedillo

Treasurer

Daniel Vigil

Recorder

Hal Porter

Cross Connection Coordinatoor

David Salas

Board Member

Barry Potter

Board Member

Administrative Staff

Tori Vigil

Bookkeeper

Charles L. Henry

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Raton, New Mexico 87740

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

**Mike Vigil, President
and Members of the Board
Miami Domestic Water Users Association
and
Honorable Wayne Johnson
New Mexico State Auditor**

I have performed the procedures enumerated below for the Miami Domestic Water Users Association (Association), For the Year Ended June 30, 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 management of the Miami Domestic Water Users Association 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 findings are as follows:

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

OBSERVATIONS:

Based on the review of the Association's General Ledger, total revenues for the fiscal year ended June 30, 2018 was \$52,357. Based on this information the District properly determined to be a Tier 4 for the fiscal year since their revenues were between \$50,000 and \$250,000 and there was no capital outlay appropriations during the year.

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 the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.

OBSERVATIONS:

- a) The Association has one checking account, and one savings account. The QuickBooks software package is used to record Association transactions. All bank reconciliations were found to be performed on a timely basis utilizing the software reconciliation program and were complete and on hand.
- b) Every bank reconciliations for the engagement year were reviewed and each was found to be accurately and timely prepared and reflected balances found on the general ledger and information provided to DFA - LGD.
- c) It was determined that Section 6-10-17 NMSA 1978. NM Public Money Act is not applicable when applied to the cash balances of the Association as cash balances did not exceed \$250,000 and the Association accounts were insured by the FDIC.

3. CAPITAL ASSETS

PROCEDURES:

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

OBSERVATIONS:

The Miami Domestic Water Users Association performed and maintained on hand, a yearly inventory as required by Section 12-6-10 NMSA 1978.

4. REVENUE

PROCEDURES:

Identify the nature and amount of revenue from all 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.

OBSERVATIONS:

- a) Analysis of actual revenue when compared to budgeted revenue reflected that actual revenue exceeded budgeted revenue by \$7,510 due to higher than anticipated water use.
- b) A sample of revenue transactions representing 60% of the recorded Association revenue was selected. Each was traced to the Association General Ledger as well as bank statements and related bank reconciliation with no exceptions noted.
- a) Each of the selected revenue transactions were tested for proper classification, amount, and period with no exceptions noted.

5. EXPENDITURES

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

PROCEDURES:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that the amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.
- b) Determine that the 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

OBSERVATIONS:

- a) A sample of expenditures representing 47% of the Association's total disbursements was selected and traced to the general ledger, bank statements and related reconciliation. Each amount was verified as well as payee, date and description without noting any exceptions.
- b) Each of the selected disbursements were determined to be properly authorized and where appropriate, approved through the minutes of the Association as well as being traced to the Association budget.
- c) The Association's largest single disbursement was \$ 5,000 and was properly presented and recorded. The expenditure was issued to an individual and required by terms of association policy and procedures. All expenditures were properly processed in accordance with the New Mexico Procurement Code. Computations of mileage and per diem reimbursement for tested transactions reflected no exceptions.

6. JOURNAL ENTRIES

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

PROCEDURES:

- 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.

OBSERVATIONS:

Other than two adjustments for rounding differences that were immaterial the association prepared only one Journal Entry and that entry was prepared by the Association outside accountant. No exceptions were noted and all journal entries were routine and appropriate.

7. BUDGET

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

PROCEDURES:

- 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 whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, 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.

OBSERVATIONS:

- a) The minutes, budget information and correspondence with DFA-LG was reviewed and reflected appropriate approvals as required.
- b) A review of the budget as well as the expenditures found that the actual expenditures did not exceed budgeted expenditures.

8. OTHER

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 all required content detailed in Section 2.2.2.10(L) NMAC.

OBSERVATIONS:

No indications of fraud, illegal acts, instances of noncompliance or internal control deficiencies were noted during the agreed upon procedures test work. or internal control deficiencies were noted during the agreed upon procedures test work. ***

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 review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier 4 agreed upon procedures. 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 upon.

This report is intended solely for the for the information and use of the Miami Domestic Water Users Association, the New Mexico Office of the State Auditor and the DFA-LGD and is not intended to be, and should not be used by anyone other than those specified parties.

Charles L. Henry
Certified Public Accountant
December 12, 2018

STATE OF NEW MEXICO
Miami Domestic Water Users Association
Statement of Revenues, Expenditures
For the Year Ended June 30, 2018

	Original DFA Budget	Final DFA Budget	Actual Budgetary Expenditures	Variance Favorable (Unfavorable)
Revenues				
Water Sales	\$ 41,866	\$ 41,866	\$ 48,044	\$ 6,178
Late Fees & Penalties	100	100	10	(90)
Membership & Meter Sales	-	-	2,115	2,115
Late Fees And Penalties	-	-	795	795
Gross Receipts Tax	2,756	2,756		(2,756)
Other Operating Revenue	125	125	1,393	1,268
Total Revenues	44,847	44,847	52,357	7,510
Expenditures				
Salaries - Operator, Bookkeeper, Etc.	13,900	13,900	11,679	2,221
Employee Benefits And Expenses	-	-	-	-
Electricity	7,548	7,548	5,976	1,572
Other Utilities - Gas, Water, Sewer, Telephone	1,500	1,500	1,430	70
System Parts And Supplies	3,300	3,300	884	2,416
System Repairs And Maintenance	1,200	1,200	2,875	(1,675)
Vehicle Expense	1,200	1,200	1,673	(473)
Office And Administrative Expenses	350	350	2,138	(1,788)
Professional Services - Accounting, Engineering, Legal	980	980	2,688	(1,708)
Insurance	2,950	2,950	1,960	990
Dues, Fees, Permits And Licenses	800	800	603	197
Taxes - Gross Receipts Tax, Water Conservation Fees	3,000	3,000	218	2,782
Training	600	600	1,216	(616)
Miscellaneous & Equipment Rental	10,592	10,592	10,718	(126)
Loans	-	-	-	-
Annual Debt Service - Loan 1	470	470	106	364
Annual Debt Service - Loan 2	806	806	-	806
Total Expenditures	49,196	49,196	44,164	5,032
Excess (Deficiency) of Revenue over Expenses	\$ (4,349)	\$ (4,349)	8,193	\$ 2,478
Non-Operating Revenue (Expenditures)				
Capital (Plant & Equipment)				
Loan Principals			(700)	
Excess (Deficiency) of Receipts over Disbursements			7,493	
Cash Beginning of Year			39,015	
Cash Balance End of Year			46,509	

Unaudited - see Independent Accountant's Report on Applying Agreed-Upon Procedures

SUSANA MARTINEZ
GOVERNOR



DUFFY RODRIGUEZ
CABINET SECRETARY

RICK LOPEZ
DIRECTOR

MICHAEL MARIANO
ACTING DEPUTY DIRECTOR

STATE OF NEW MEXICO
DEPARTMENT OF FINANCE AND ADMINISTRATION
LOCAL GOVERNMENT DIVISION

Bataan Memorial Building ♦ 407 Galisteo St. ♦ Suite 202 ♦ Santa Fe, NM 87501
PHONE (505) 827-4950 ♦ FAX (505) 827-4948

August 15, 2017

Mr. Mike Vigil, President
Miami Domestic Water Users Association
P.O. Box 295
Springer, NM 87747-0205

Dear Mr. Vigil:

The final budget for your local government entity for Fiscal Year 2017-18, as approved by your governing body, has been examined and reviewed. The Department of Finance and Administration, Local Government Division (LGD) finds it has been developed in accordance with applicable statutes and budgeting guidelines, and sufficient resources appear to be available to cover budgeted expenditures. In addition, the Tiered System rule, 2.2.2.16 NMAC, requires that your entity's "Agreed Upon Procedures" for Fiscal Year 2015-2016 should have been submitted to the Office of the State Auditor as of this time. The LGD's information indicates that you are in compliance with this requirement. Therefore, in accordance with Section 6-6-2(E) NMSA 1978, the LGD certifies your entity's final Fiscal Year 2017-18 budget.

Budgets approved by the LGD are required to be made a part of the minutes of your governing body in compliance with Section 6-6-5 NMSA 1978. In addition, Section 6-6-6 NMSA 1978 provides that the approved budget is binding on local officials and governing authorities, and any official or governing authority approving claims or paying warrants in excess of the approved budget or available funds will be liable for the excess amounts. Furthermore, state statute requires all revenue sources be expended only for public purposes, and if applicable, in accordance with the Procurement Code, Chapter 13, Article 1, NMSA 1978. Use of public revenue is also governed by Article 9, Section 14 of the Constitution of the State of New Mexico, commonly referred to as the anti-donation clause.

Finally, as required by Section 6-6-2(H), NMSA 1978, LGD is required to approve all budget increases and transfers between funds not included in the final approved budget.

If you have any questions regarding this matter, please call Tom Dixon of my staff at 505-827-8059.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Lopez".

Rick Lopez, Director
Local Government Division

xc: file

INSTRUCTIONS: Cells in which are meant to be filled out are explained below. All other columns are locked and not meant to be filled out

Fill out the Approved Budget, 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr columns.

Enter Cash, Savings, CDs and Investments under the "APPROVED BUDGET" column, as of the beginning of year, July 1st. THESE AMOUNTS DO NOT CHANGE THROUGHOUT THE YEAR

Fill out Reserves (if reserve amounts change throughout the year under the "Year to Date(YTD) Totals" column

MDWCA Name : Miami Domestic Water Users Association

Mailing Address : P O Box 295 Springer NM 87776

Email Address :

Phone Number : 505 483-0126

Fiscal Year : 2017-2018

	APPROVED BUDGET	1st QR: July - Sept	2nd QR: Oct - Dec	3rd QR: Jan - March	4th QR: April - June	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
Beginning balances:								
Cash	6,196							
Savings	36,075							
CDs								
Investments								
Beginning Balance TOTAL	42,271							
REVENUES								
Water Sales (Water Use Fees)	41,866	0				0	41,866	0%
Connection/Reconnection Charges	100					0	100	0%
Membership and Meter Sales (Utility Service Fees)						0	0	-
Late Fees and Penalties (Other Fines and Forfeits)						0	0	-
Gross Receipts Tax (Other State shared taxes)	2,756	0				0	2,756	0%
Other Operating Revenue (miscellaneous - other)	125					0	125	0%
TOTAL	44,847	0	0	0	0	0	44,847	0%
EXPENDITURES								
Salaries - Operator, Bookkeeper, etc.	13,900					0	13,900	0%
Employee Benefits and Expenses	0					0	0	-
Electricity	7,548					0	7,548	0%
Other Utilities - Gas, Water, Sewer, Telephone	1,500					0	1,500	0%
System Parts and Supplies	3,300					0	3,300	0%
System Repairs and Maintenance	1,200					0	1,200	0%
Vehicle Expenses	1,200					0	1,200	0%
Office and Administrative Expenses	350					0	350	0%
Professional Services - Accounting, Engineering, Legal	980					0	980	0%
Insurance	2,950					0	2,950	0%
Dues, Fees, Permits and Licenses	800					0	800	0%
Taxes - Gross Receipts Tax, Water Conservation Fee	3,000					0	3,000	0%
Training	600					0	600	0%
Miscellaneous, & Equipment Rental	10,592					0	10,592	0%
Loans								
Annual debt service - Loan 1	470					0	470	0%
Annual debt service - Loan 2	806					0	806	0%
TOTAL	49,196	0	0	0	0	0	49,196	0%
Ending Balance	37,922					42,271		
LESS: Operating Reserve								
Emergency Reserve								
Capital Improvement Reserve								
Debt Reserve								
Ending Available Cash Balance	37,922					42,271		

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.

Mike Ujil

President/Chairperson

7-18-2017

Date

APPROVED PURSUANT TO SECTION 8-6-2(G/H) NMSA 1978 COMP. LOCAL GOVERNMENT DIVISION

DATE 8/15/17

BY Brian E. Swain
DEPARTMENT OF FINANCE AND ADMINISTRATION

MIAMI DOMESTIC WATER USERS ASSOCIATION
RESOLUTION NUMBER C-2017
APPROVAL of FISCAL YEAR 2017 - 2018 OPERATING BUDGET

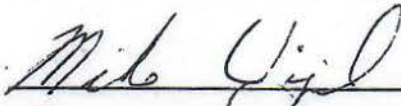
APPROVAL OF BUDGET

WHEREAS, the amended Fiscal Year 2017 - 2018 Budget of Miami Domestic Water Users Association has been recommended for adoption by the President and Bookkeeper, be it therefore


RESOLVED, that the officers of this association are, and each acting alone is, hereby authorized to do and perform any and all such, including execution of any and all documents and certificates, as such officers shall deem necessary or advisable, to carry out the purposes and intent of the foregoing resolutions.

RESOLVED FURTHER, that any actions taken by such officers prior to the date of the foregoing resolutions adopted hereby are within the authority conferred thereby are hereby ratified, confirmed and approved as the acts and deeds of this association.


It is hereby certified by the undersigned that the foregoing resolution was duly passed by the Board of Directors of the above-named Association on the 18th day of July 2017, in accordance with the Memorandum or By-Laws and Articles of Incorporation of the Association and the laws and by-laws governing the Association and that the aid resolution has been duly recorded in the Meeting Minutes in is in full force and effect.




Mike Vigil, President



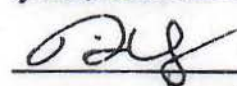
Josephine Duran, Vice-President




Mary Lou Sedillo, Bookkeeper/Treasurer




Hal Porter, Board Member



Daniel Vigil, Board member



David Salas, Board Member



Barry Potter, Board Member

STATE OF NEW MEXICO
Miami Domestic Water Users Association
Schedule of Findings and Responses
June 30, 2018

PRIOR YEAR FINDINGS

For the year ended June 30, 2017 Miami Domestic Water Users Association did not have annual revenue in excess of \$ 50,000 and had no capital outlay award. For this reason the Association was exempt from submitting a financial report to the state auditor. Because no financial report was required to be submitted for the prior year there was no findings

CURRENT YEAR FINDINGS THAT ARE REQUIRED TO BE REPORTED

There are no current year findings as a result of applying agreed upon procedures

STATE OF NEW MEXICO
Miami Domestic Water Users Association
Exit Conference
June 30, 2018

FINANCIAL STATEMENT PREPARATION

The accompanying financial information was prepared by Charles L. Henry CPA. However, the contents remain the responsibility of the Association.

EXIT CONFERENCE

On December 12, 2018 an exit conference was held in the office of Miami Domestic Water Users Association. In attendance was Mr. Mike Vigil - President, Tori Vigil - Bookkeeper as well as Charles Henry CPA