

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Ojo Caliente Mutual Domestic Water Consumers Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending June 30, 2018

Ojo Caliente Mutual Domestic Water Consumers Association
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Fiscal Year Ending June 30, 2018

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**Ojo Caliente Mutual Domestic Water Consumers Association
Official Roster
Fiscal Year Ending June 30, 2018**

Board of Directors

Ben Montoya, President

Frank Gallegos, Vice President

Glenn Lovato, Secretary/Treasurer

Patrick Vigil, Board Member

David Post, Board Member

Administrative Staff

None

Independent Accountant's Report on Applying Agreed-Upon Procedures

Ben Montoya, President
Members of the Board of Directors
Ojo Caliente Mutual Domestic Water Consumers Association
and
Wayne Johnson, New Mexico State Auditor

I have performed the procedures enumerated below for the Ojo Caliente Mutual Domestic Water Consumer Association (Association) for the year ended June 30, 2018, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 5 entity per Section 12-6-3 B (5) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor. The Association's management is responsible for its accounting records and the subject matter. 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 the parties specified in this 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. 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."

According to the Association's general ledger, total revenues for the fiscal year ending June 30, 2018 were \$85,758 excluding a capital outlay appropriation from the New Mexico Department of Environment, and state and federal grant revenues from the New Mexico Finance Authority. Based on this information, the Association was properly determined to be a Tier 5 entity for FY18 since their revenues were between \$50,000 and \$250,000 and they expended a capital outlay appropriation during the fiscal year ending June 30, 2018.

2. Cash
 - 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.

The Association has two checking accounts, one savings account and three Certificates of Deposit at Century Bank in Espanola, New Mexico. The bank account reconciliations were performed on a monthly basis in a timely manner. All bank and investment statements for the fiscal year were 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.

The randomly selected bank reconciliations were accurate, and the ending balances on the bank reconciliations agreed with the general ledger and supporting documentation. The ending balances could not be traced to the financial reports submitted to DFA-LGD since the quarterly reports did not report the Association's cash and investment account balances. See Finding 2018-001 on p. 9.

- c. Determine whether the local public body's financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

The checking and savings account balances of the Association during the fiscal year exceeded \$250,000 and were not fully insured by the FDIC. Century Bank did not provide the Association with the required pledged collateral for the uninsured bank account balances. See Finding 2017-002 on p. 8.

3. Capital Assets

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

The Association performed a yearly capital asset inventory which was approved by the Board of Directors. The Association does not have any movable chattels and equipment that cost more than \$5,000 and none were noted during the agreed-upon procedures.

4. Revenues

- a. Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

The revenue sources of the Association consist of monthly water dues, interest income, new membership fees, and capital outlay appropriations and grants.

Actual revenue compared to the prior fiscal year revealed no significant or unusual fluctuations and the variances were adequately explained by the Association's Treasurer. However, actual revenues compared to budgeted revenues revealed that the Association's annual budget did not include estimated revenues and

expenditures for the well rehabilitation, new water line and uranium removal construction project. See Finding 2018-002 on p. 11.

b. Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

i. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

A sample of revenues were tested which amounted to 31% of total revenues. The amount recorded in the general ledger agreed with the supporting documentation and the bank statement.

ii. 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.

The cash receipts tested were properly classified and recorded in the general ledger.

5. Expenditures

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

i. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to vendor's invoice, purchase order, contract and canceled check, as appropriate.

A sample of cash disbursements were tested which amounted to 44% of total expenditures. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

ii. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in compliance with the budget and legal requirements.

- iii. 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), State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Except for the capital outlay project expenditures, none of the cash disbursements tested exceeded the amounts requiring sealed bids or requests for proposals. The cash disbursements tested were processed in accordance with applicable provisions of the State Procurement Code, State Purchasing Regulations and the Per Diem and Mileage Act, as applicable.

6. Journal Entries

- a. Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:
 - i. Journal entries appear reasonable and have supporting documentation.

According to the Association's Treasurer, no non-routine journal entries were posted to the general ledger in FY18 and none were noted during the agreed-upon procedures.

- ii. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

The Association has procedures in place to ensure that non-routine journal entries posted by the Secretary/Treasurer are reviewed and approved by another member of the governing body. The Association's Treasurer provides financial reports and the accounting ledger to the Board of Directors for their review during the board meetings.

7. Budgets

- a. Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following test work:
 - i. 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.

The Association's Board of Directors adopted and approved the FY18 budget on October 19, 2017 (Resolution #10192017-B) which was approved by DFA-LGD on December 4, 2017.

- ii. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

Total actual expenditures exceeded the approved budget by \$286,905 because the Association did not budget its capital project expenditures. See Finding 2018-002 on p. 11.

- iii. 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.

See Exhibit 1 on p. 13.

- 8. Requested and reviewed 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 fiscal year that meet the Tier 5 criteria. Perform the following tests on all state-funded capital outlay expenditures:

- a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

For the fiscal year ending June 30, 2018, two cash disbursements for project expenditures totaling \$58,809.33 were tested (capital outlay grant #14-1735). The amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled checks. The Association does not use purchase order forms.

- b. Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in accordance with the project 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

The Association advertised, issued an invitation for bids, and awarded contracts for the construction project in accordance with the State Procurement Code.

- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.

The completed project work was observed. The work done agreed with the project description and contractors' invoices.

- e. Verify that status reports were submitted to the state agency per the terms of the agreement and verify that the amounts in the status report agree with the general ledger and other supporting documentation.

The Association provided evidence showing that the status reports were submitted to the New Mexico Environment Department (NMED). The status reports agreed with the general ledger and supporting documentation.

- f. If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

The project was not funded in advance. The Association was required to submit request for reimbursement forms to the NMED along with the contractor's invoices and other supporting documentation.

- g. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and the agreement with the grantor.

The construction project was completed and the capital outlay appropriation was fully expended as of June 30, 2018. See the Schedule of Capital Outlay Awards on p. 15.

- 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 award agreement.

The Association opened a non-interest bearing checking account at Century Bank to account for the grant receipts from NMED and the check disbursements to the contractors for the project expenditures.

- 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.

For grant #14-1735, the Association submitted two Disbursement Reimbursement forms to the NMED totaling \$58,809.33 to pay the invoices for the engineering and construction work done on the project. The reimbursement requests were supported by two invoices dated 8/21/17 and 9/5/17 from two contractors totaling \$58,809.33. The Association paid for the invoices after the grant checks were received from the NMED. See the Schedule of Capital Outlay Awards on p. 15.

9. Other

- a. 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.

The Association's capital project revenue and expenditure transactions were not recorded in the general ledger. Also, the revenue and expenditure totals reported in the general ledger did not agree with the quarterly financial reports submitted to DFA-LGD. See Finding 2018-001 on p. 9.

We were 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 subject matter. Accordingly, we do not express such an opinion or conclusion. 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 management and others with the Association, the NM State Auditor, the NM Department of Environment, the NM Department of Finance and Administration – Local Government Division, and the NM State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

October 29, 2018

**Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending June 30, 2018**

Status of Prior Year Findings

Finding 2017-001. No Budget and Final Quarterly Report for Fiscal Year 2017 – Resolved.

Finding 2017-002. No Pledged Collateral for Uninsured Bank Deposits – Revised and Repeated.

Current Year Findings

Finding 2017-002. No Pledged Collateral for Uninsured Bank Deposits

Condition

Throughout the fiscal year ending June 30, 2018, the Association's demand deposit balances (checking and savings accounts) at Century Bank ranged from \$283,194 on July 1, 2017 to \$325,612 on June 21, 2018. However, the Federal Deposit Insurance Corporation (FDIC) only provides \$250,000 of insurance for demand deposits. Therefore, the Association's demand deposit bank balances in excess of \$250,000 were uninsured during the fiscal year. The Association did not receive any pledged collateral from Century Bank for the uninsured deposits.

Management of the Association did not make any progress in FY18 to correct this prior year finding. However, on June 22, 2018, the Association disbursed \$135,828 to pay off a loan with the New Mexico Finance Authority; therefore, the total cash balance of the Association as of June 30, 2018 was below \$250,000 and pledged collateral is no longer required from Century Bank.

Criteria

State law, Section 6-10-17 NMSA (Amount of Security to be Deposited), states: Any bank or savings and loan association designated as a depository of public money shall deliver securities of the kind specified in Section 6-10-16 NMSA 1978 to a custodial bank described in Section 6-10-21 NMSA 1978 and shall then deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom or the public board from which the public money is received for deposit. The securities delivered shall have an aggregate value equal to one-half the amount of public money to be received in accordance with Subsection B of Section 6-10-16 NMSA 1978. However, any such bank or savings and loan association may deliver a depository bond executed by a surety company as provided in Section 6-10-15 NMSA as security for any portion of a deposit of public money.

Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending June 30, 2018

Effect

The Association's uninsured bank balances are at risk of loss if Century Bank goes bankrupt.

Cause

The Association thought that each bank account balance at Century Bank was insured up to \$250,000.

Recommendation

The Association's Board of Directors should read and become familiar with the state laws regulating the deposit of public funds. If the bank account balances exceed \$250,000 in the future, the Treasurer of the Association should contact its account manager at Century Bank to obtain the required amount of pledged collateral for its uninsured deposits.

Management's Response

Effective November 1, 2018, the Secretary/Treasurer will monitor its total bank account balance on a monthly basis to determine if the cash balance exceeds \$250,000; if it does, the Secretary/Treasurer will contact a Century Bank manager to obtain the pledged collateral required by state law.

Finding 2018-001. Incomplete General Ledger and Inaccurate Quarterly Reports to DFA-LGD

Condition

The Association did not record its capital project revenue and expenditure transactions totaling \$298,003 in its general ledger.

The Association's quarterly reports to DFA-LGD for the fiscal year ending June 30, 2018 did not report the cash and investment balances (certificates of deposit), loan balance and capital project revenues and expenditures.

Also, the revenues and expenditures reported on the quarterly reports to DFA-LGD did not agree with the Association's general ledger as follows:

**Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending June 30, 2018**

	9/30/2017	12/31/2017	3/31/2018	6/30/2018	Total
Revenues per G/L	\$ 23,079.76	\$ 21,692.68	\$ 20,811.03	\$ 21,337.11	\$ 86,920.58
Revenues per Q/R	(22,699.66)	(21,049.45)	(20,175.18)	(13,662.28)	(77,586.57)
Difference	<u>\$ 380.10</u>	<u>\$ 643.23</u>	<u>\$ 635.85</u>	<u>\$ 7,674.83</u>	<u>\$ 9,334.01</u>
Expenditures per G/L	\$ 7,892.87	\$ 12,234.29	\$ 10,193.29	\$ 143,950.50	\$ 174,270.95
Expenditures per Q/R	(7,140.79)	(11,344.54)	(9,436.05)	(143,374.47)	(171,295.85)
Difference	<u>\$ 752.08</u>	<u>\$ 889.75</u>	<u>\$ 757.24</u>	<u>\$ 576.03</u>	<u>\$ 2,975.10</u>

Criteria

As required by generally accepted accounting principles, the Association should record its capital project transactions in its general ledger. As required by Section 6-6-2.F NMSA 1978, the Association should submit complete and accurate quarterly financial reports to DFA-LGD in the manner prescribed by DFA-LGD.

Effect

The Association's financial statements and quarterly reports are misleading to its users if they do not contain complete and accurate financial information.

Cause

The Association's Secretary/Treasurer stated that he did not report the capital project revenue and expenditure transactions in the general ledger or quarterly reports since the information was being reported to the New Mexico Finance Authority and the New Mexico Environment Department. The Secretary/Treasurer was unaware of DFA-LGD's requirement to include its cash, investment, and loan balances on the quarterly reports. The Secretary/Treasurer was unable to explain the other differences between the revenues and expenditures reported in its general ledger and the quarterly reports to DFA-LGD.

Recommendation

The Association's Secretary/Treasurer should record its capital project revenue and expenditure transactions in the general ledger. The Secretary/Treasurer should then use its general ledger information to report the Association's cash, investment and loan balances, and all the capital project revenue and expenditure transactions in the quarterly and year-end financial reports to DFA-LGD. The Secretary/Treasurer should review its

**Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending June 30, 2018**

quarterly reports to ensure they agree with the general ledger before they are approved by the Association's Board of Directors and submitted to DFA-LGD.

Management's Response

Effective for the quarter ending December 31, 2018, the Secretary/Treasurer will begin to report the Association's cash, loan and investment account balances and capital project transactions in its general ledger and quarterly reports to DFA-LGD. Effective for the quarter ending December 31, 2018, the Secretary/Treasurer will perform review procedures to ensure that the amounts reported on future quarterly reports agree with its general ledger before the reports are reviewed and approved by the Board of Directors and submitted to DFA/LGD.

Finding 2018-002 – Actual Expenses Exceeded the Approved Budget

Condition

For the fiscal year ending June 30, 2018, total expenditures exceeded the approved budget by \$286,905.

Criteria

According to state law, Section 6-6-6 NMSA 1978, "When any budget for a local public body has been approved and received by a local public body, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof, and no official shall pay any check or warrant in excess thereof, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or warrants, and recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials."

Effect

Unbudgeted revenues and expenditures can create over-expenditures and financial problems for the Association. Claims against the officials of the Association could occur for future non-compliance with Section 6-6-6 NMSA 1978.

Cause

Management did not include estimated revenues and expenditures in the annual budget for its well rehabilitation, new water line and uranium removal construction project.

Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending June 30, 2018

Recommendation

In the annual budget for the Association, the Board of Directors should include anticipated revenues and expenditures for its capital improvement projects. For its current capital improvement project, the Secretary/Treasurer should submit a budget adjustment request to the Board of Directors and DFA-LGD for approval.

To avoid overspending the approved budget, management of the Association should monitor its actual expenses throughout the fiscal year. If there is a possibility that actual expenses may exceed the budget at the total fund level during the fiscal year, the Secretary/Treasurer should submit a budget adjustment to the Board of Directors and DFA-LGD for approval.

Management's Response

The Board of Directors will include estimated revenues and expenditures for planned capital improvement projects in the annual budget for the fiscal year ending June 30, 2020 and future fiscal years. Effective December 1, 2018, the Secretary/Treasurer will monitor the actual expenditures on a monthly basis and submit necessary budget adjustments to the Board of Directors and DFA/LGD for approval.

Ojo Caliente Mutual Domestic Water Consumers Association
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP Cash Basis)
For the Fiscal Year Ending June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 633	\$ 633
Water Sales	80,281	80,281	79,983	(297)
New Membership Fees/Meter Hook-Ups	2,400	2,400	2,566	166
Returned Checks/Service Charges	800	800	60	(740)
Water Policy Violation Fees	-	-	100	100
State Capital Outlay Appropriation	-	-	58,809	58,809
State Grant - NMFA	-	-	50,762	50,762
Federal Grant - NMFA	-	-	188,431	188,431
Miscellaneous	-	-	2,415	2,415
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$ 83,481</u>	<u>\$ 83,481</u>	<u>\$ 383,760</u>	<u>\$ 300,280</u>
Expenditures:				
Current:				
Bookkeeping/Billing	\$ 7,200	\$ 7,200	\$ 7,200	\$ -
Water Operator/Meter Reader	7,800	7,800	7,800	-
Audit and Tax Return Services	4,400	4,400	4,276	124
Property/Bond Insurance	883	883	876	7
Training/Meeting Per Diem	2,000	2,000	783	1,217
Utilities - Electricity	5,000	5,000	5,193	(193)
System Maintenance & Repairs	8,176	8,176	2,581	5,595
Office Supplies	1,000	1,000	1,587	(587)
Dues, Fees, Permits, Licenses	220	220	648	(428)
Taxes-GRT and Water Conservation Fee	4,250	4,250	3,967	283
Late Fees	500	500	514	(14)
NM 811 Quarterly Fees	120	120	116	4
Miscellaneous	1,000	1,000	551	449
Board Stipend	2,820	2,820	2,350	470
Legal and Professional/NMFA Loan	140,000	140,000	135,828	4,172
Capital Outlay Project	-	-	298,003	(298,003)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 185,369</u>	<u>\$ 185,369</u>	<u>\$ 472,274</u>	<u>\$ (286,905)</u>

Copy of Year-End Financial Report Submitted to DFA-LGD

QUARTELY BUDGET
July 1, 2017-June 30,2018

OJO CALIENTE MDWCA
PO BOX 275
OJO CALIENTE, NEW MEXICO 87549

CONTACT:
GLENN LOVATO
505 583-2498

	Budget 2017-2018	Q1: July-Sept.	Q2: Oct.-Dec.	Q3: Jan.-March.	Q4: April.-June.	Budget 17-18 To Date	2017-18 Actual Year To Date (Over) Under Budget
OPERATING INCOME							
1 Beginning Balance	\$ 344,279.32						
2 Water Sales Revenue	\$ 80,280.71	\$ 21,262.31	\$ 19,441.93	\$ 19,873.45	\$ 13,308.27	\$ 73,885.96	\$ 6,394.75
3 Membership Sales	\$ 2,400.00	\$ 1,200.00	\$ -	\$ -	\$ -	\$ 1,200.00	\$ 1,200.00
4 Returned Checks/Delinquent Service Charge	\$ 800.00	\$ 184.00	\$ 188.00	\$ 146.24	\$ 108.00	\$ 624.24	\$ 175.76
5 Interest Income	\$ 634.09	\$ 53.35	\$ 53.71	\$ 155.49	\$ 248.01	\$ 510.56	\$ 123.53
6 TOTAL OPERATING INCOME	\$ 84,114.80	\$ 22,699.66	\$ 19,883.64	\$ 20,175.18	\$ 13,862.28	\$ 76,220.76	\$ 7,894.04
OPERATING EXPENSES							
7 Bookkeeping/Billing Contractual Services	\$ 7,200.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 7,200.00	\$ -
8 Water Operator/Meter Reader	\$ 7,800.00	\$ 1,950.00	\$ 1,950.00	\$ 1,950.00	\$ 1,950.00	\$ 7,800.00	\$ -
10 Total Salaries	\$ 15,000.00	\$ 3,750.00	\$ 3,750.00	\$ 3,750.00	\$ 3,750.00	\$ 15,000.00	\$ -
11 Utilities	\$ 5,000.00	\$ 941.42	\$ 1,098.55	\$ 2,029.88	\$ 1,125.25	\$ 5,192.90	\$ (192.90)
12 Secretary of State Annual Fee	\$ 10.00	\$ -	\$ 10.00	\$ -	\$ -	\$ 10.00	\$ -
13 Postage	\$ 1,000.00	\$ -	\$ -	\$ 914.45	\$ -	\$ 914.45	\$ 85.55
14 Training/Meeting Per Diem	\$ 2,000.00	\$ -	\$ -	\$ 450.00	\$ 783.16	\$ 1,233.16	\$ 766.84
15 Total Office Expenses	\$ 8,010.00	\$ 941.42	\$ 1,108.55	\$ 3,394.13	\$ 1,908.41	\$ 7,350.51	\$ 659.49
16 O&M	\$ 5,000.00	\$ 450.00	\$ 1,180.00	\$ -	\$ -	\$ 1,610.00	\$ 3,390.00
17 NM GRT (CRS Tax)	\$ 4,000.00	\$ 1,012.40	\$ 925.81	\$ 948.38	\$ 924.09	\$ 3,808.66	\$ 191.34
18 Water Conservation Fee	\$ 250.00	\$ 49.84	\$ 37.87	\$ 23.65	\$ 50.97	\$ 162.23	\$ 87.77
19 NM One Call Cable Locate	\$ 100.00	\$ 81.92	\$ -	\$ 33.95	\$ -	\$ 115.87	\$ (15.87)
20 Audit and Tax Return	\$ 4,400.00	\$ -	\$ 3,583.10	\$ 398.38	\$ 316.43	\$ 4,275.89	\$ 124.11
21 Legal and professional/Loan NMFA	\$ 140,000.00	\$ -	\$ -	\$ -	\$ 135,828.30	\$ 135,828.30	\$ 4,171.70
22 Miscellaneous Expenses	\$ 1,000.00	\$ 105.11	\$ 685.41	\$ 92.60	\$ 598.27	\$ 1,479.39	\$ (479.39)
23 Property / Insurance Bond	\$ 883.00	\$ 750.00	\$ -	\$ 128.00	\$ -	\$ 878.00	\$ 7.00
24 Office Supplies	\$ 1,000.00	\$ 750.00	\$ -	\$ 873.00	\$ -	\$ 1,423.00	\$ (423.00)
25 Post Office Box Fee	\$ 116.00	\$ -	\$ 116.00	\$ -	\$ -	\$ 116.00	\$ -
Total Association Expenses	\$ 156,749.00	\$ 2,449.37	\$ 6,487.99	\$ 2,291.92	\$ 137,716.06	\$ 148,156.34	\$ 8,592.66
26 TOTAL OPERATING EXPENSES	\$ 179,759.00	\$ 7,140.79	\$ 11,344.54	\$ 8,436.05	\$ 143,374.47	\$ 170,506.85	\$ 9,252.15
27							
Net Operating Income	\$ (95,644.20)	\$ 15,558.87	\$ 8,339.10	\$ 10,739.13	\$ (129,712.19)	\$ (84,286.09)	\$ (1,358.11)
27							
NONOPERATING INCOME							
New Memberships	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28 Service Connections	\$ -	\$ -	\$ 1,365.81	\$ -	\$ -	\$ 1,365.81	\$ -
29 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31 TOTAL NONOPERATING INCOME	\$ -	\$ -	\$ 1,365.81	\$ -	\$ -	\$ 1,365.81	\$ -
32							
NONOPERATING EXPENSE							
33 Loan Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34 TOTAL NONOPERATING EXPENSE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35							
Net Nonoperating Income	\$ -	\$ -	\$ 1,365.81	\$ -	\$ -	\$ 1,365.81	\$ (1,365.81)
36							
Net Income (loss)	\$ (95,644.20)	\$ 15,558.87	\$ 9,704.91	\$ 10,739.13	\$ (129,712.19)	\$ (92,920.28)	\$ (2,723.92)
37 *Taxes billed directly to the users							

**Ojo Caliente Mutual Domestic Water Consumers Association
 Schedule of Capital Outlay Awards
 For the Fiscal Year Ending June 30, 2018**

	<u>1</u>
Amount Awarded for Project	\$ 130,000.00
Amount Received and Expended in FY15-16	(57,745.09)
Amount Received and Expended in FY17	(13,445.60)
Amount Received and Expended in FY18	<u>(58,809.31)</u>
Remaining Balance	<u><u>\$ -</u></u>

Agreement Provisions

**1 - Grant Agreement Between the New Mexico Department of Environment and the
 Ojo Caliente Mutual Domestic Water Consumers Association - Fund 89200 Capital Outlay
 Appropriation Project #14-1735-STB**

Legislative Authority: NM Laws of 2014, Chapter 66, Section 16, Paragraph 144

Date of Agreement: April 27, 2015

Project Description: To plan, design and construct water system improvements, including
 water supply wells and a treatment facility for the Ojo Caliente Mutual Domestic Water
 Consumers Association in Rio Arriba and Taos counties.

Estimated Project Cost: \$744,000

State Grant Amount: \$130,000

Agreement termination/reversion date: June 30, 2018

**Ojo Caliente Mutual Domestic Water Consumers Association
Exit Conference
Fiscal Year Ended June 30, 2018**

On October 26, 2018, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Ojo Caliente MDWCA

Glenn Lovato, Secretary/Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager