



STATE OF NEW MEXICO

**Polvadera Mutual Domestic Water Consumers
Association**

Independent Accountants' Report on Applying
Agreed-Upon Procedures-Tier 4

Year Ended December 31, 2014

STATE OF NEW MEXICO

Polvadera Mutual Domestic Water Consumers Association

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Agreed-Upon Procedures-Tier 4**

Year Ended December 31, 2014

STATE OF NEW MEXICO
Polvadera Mutual Domestic Water Consumers Association

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**STATE OF NEW MEXICO
POLVADERA MUTUAL DOMESTIC CONSUMERS ASSOCIATION**

**Official Roster
at December 31, 2014**

<u>Name</u>	<u>Title</u>
<u>Board Members</u>	
Robert Jaramillo	President
William Chavez	Vice President
Jose Vega	Treasurer
Robert Vega	Secretary
David DiBartolomeo	Member



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES**

To: Robert Jaramillo
Polvadera Mutual Domestic Water Consumers Association
Board of Directors
and
Honorable Hector H. Balderas
New Mexico State Auditor

We have performed the procedures enumerated below for the Polvadera Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2014, solely to assist the Association in demonstrating compliance with the provisions of Laws of 2008, Chapter 83, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (5) 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, 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 follow.

1. 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.

Precision Accounting, LLC determined that bank reconciliations were complete and on-hand and appears to have been performed timely.

- b) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.

Precision Accounting, LLC selected three months of bank reconciliations and tested them for accuracy and traced ending balances to the general ledger and other supporting documentation and financial reports.

- 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.

Precision Accounting, LLC noted that the Association did not exceed the \$250,000 FDIC insurance.

2. Capital Assets

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

Precision Accounting, LLC verified that the Association has an inventory listing that is updated annually and that depreciation is being determined and recorded.

3. Revenue

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.

Precision Accounting, LLC performed the analytical review of budget to actual, noting explanations for the differences.

Test a sample of the total amount of revenues for the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

Precision Accounting, LLC reviewed revenues and agreed them to supporting documentation, the general ledger and the bank statements.

- 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.

Precision Accounting, LLC reviewed the revenues, noting agreement with supporting documentation, proper classification and recording in the general ledger.

4. Expenditures

Select a sample of cash disbursements and test the total amount of expenditures for 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 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).

Precision Accounting, LLC reviewed expenditures, and verified the disbursement agrees to the supporting documentation and that the transactions were properly authorized and approved. Precision Accounting, LLC also verified that the transactions were in compliance with the New Mexico Procurement Code and the State Purchasing Act and Regulations Governing the Per Diem and Mileage Act.

5. Journal Entries

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attribute:

- a) Journal entries appear reasonable and have supporting documentation.

Precision Accounting, LLC reviewed all Journal Entries made during the year and determined that they were reasonable and had 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.

Precision Accounting, LLC reviewed all Journal Entries made during the year, noting that a review is done during board meetings and is documented in the board minutes.

6. Budget

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.

Precision Accounting, LLC reviewed the budget submitted to DFA for approval and noted DFA approval was provided in correspondence to the Association.

* * * *

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. 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 Polvadera Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Precision Accounting, LLC

Precision Accounting, LLC
Albuquerque, New Mexico
April 16, 2015

STATE OF NEW MEXICO
 Polvadera Mutual Domestic Water Consumers Association
 Enterprise Fund
 Statement of Revenues and Expenditures
 Budget and Actual (Non-GAAP Basis)
 For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variances
	Original	Final	(Non-GAAP Basis)	(Unfavorable) Favorable Final to Actual
<i>Revenues:</i>				
Fees and charges	\$ 180,000	\$ 180,000	\$ 200,804	\$ 20,804
Miscellaneous	24,000	24,000	7,832	(16,168)
<i>Total revenues</i>	<u>204,000</u>	<u>204,000</u>	<u>208,636</u>	<u>4,636</u>
<i>Expenditures:</i>				
Current:				
Legal and Professional	7,416	7,416	11,025	(3,609)
Licenses and Permits	83	83	73	10
Books, dues & registration	2,060	2,060	5,148	(3,088)
Depreciation	-	-	50,132	(50,132)
Employee salaries	78,000	78,000	70,999	7,001
Field supplies	6,000	6,000	10,709	(4,709)
Insurance	8,100	8,100	9,040	(940)
Interest	9,300	9,300	3,168	6,132
Miscellaneous expense	1,800	1,800	2,028	(228)
Directors Fees	6,000	6,000	5,320	680
Office expenses	4,844	4,844	5,583	(739)
Other contractual services	24,624	24,624	7,766	16,858
Taxes	11,399	11,399	11,566	(167)
Postage and freight	3,300	3,300	3,262	38
Bank Fees	1,800	1,800	2,148	(348)
Repairs & maintenance	-	-	143	(143)
Travel	2,640	2,640	2,829	(189)
Utilities	25,445	25,445	25,477	(32)
<i>Total expenditures</i>	<u>192,811</u>	<u>192,811</u>	<u>226,416</u>	<u>(33,605)</u>
Operating income	<u>11,189</u>	<u>11,189</u>	<u>(17,780)</u>	<u>(28,969)</u>
Non-operating revenues:				
Beginning cash balance	(209,886)	(209,886)	-	209,886
Interest income	16,000	16,000	5,452	(10,548)
Non-operating income	<u>(193,886)</u>	<u>(193,886)</u>	<u>5,452</u>	<u>199,338</u>
Change in Net assets (Non-GAAP basis)	<u>\$ (182,697)</u>	<u>\$ (182,697)</u>	<u>\$ (12,328)</u>	<u>\$ 170,369</u>

DEPARTMENT OF FINANCE AND ADMINISTRATION
 LOCAL GOVERNMENT DIVISION
 BUDGET AND FINANCE BUREAU
SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM

SUBMIT TO LOCAL GOVERNMENT DIVISION NOT LATER
 THAN ONE MONTH AFTER THE CLOSE OF EACH QUARTER.
 I HEREBY CERTIFY THAT THE CONTENTS IN THIS
 REPORT ARE TRUE AND CORRECT TO THE BEST OF
 MY KNOWLEDGE.
 Anita Montoya

Special District: Polvadera Mutual Domestic Water Consumer Assoc.
 Quarter Ending: December 31 2014
 Prepared by: Anita C Montoya, Office Manager

QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS

Fund #	FUND	CASH BALANCE PER BOOKS December 31, 2014	INVESTMENTS YEAR TO DATE	REVENUES TO DATE	NET TRANSFERS	EXPENDITURES TO DATE	BOOK BALANCE END OF PERIOD	ADD: OUTSTANDING CHECKS	LESS: DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE
	CHECKING/SAVINGS	13,168.24		214,071.47	-	226,742.17	497.54	1,616.09	70.81	-	2,042.82	14,713.52	(12,670.70)
	MAINSTAY FUNDS	-	200,589.26	-	-	-	200,589.26				200,589.26		200,589.26
	OTHER	250.00	-	-	-	-	250.00				250.00		250.00
	DEBT SERVICE	-	-	-	-	-	-				-		-
	GRAND TOTAL	\$ 13,418.24	\$ 200,589.26	\$ 214,071.47	\$ -	\$ -	\$ 201,336.80	\$ 1,616.09	\$ 70.81	\$ -	\$ 202,882.08	\$ 14,713.52	\$ 188,168.56

STATE OF NEW MEXICO
Polvadera Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
December 31, 2014

<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
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Current Year Findings:

None

Prior Year Findings:

None

*** Legend for Findings:**

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

STATE OF NEW MEXICO
Polvadera Mutual Domestic Water Consumers Association

Exit Conference
Year Ended December 31, 2014

EXIT CONFERENCE

The report contents were discussed at an exit conference held on April 16, 2015 with the following in attendance:

Polvadera Mutual Domestic Water Consumers Association

Anita Montoya, Office Manager

Accounting Firm

Melissa R. Santistevan, CPA, CFE, CICA, CGMA