



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

**REGINA MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2011

STATE OF NEW MEXICO

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REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster
at June 30, 2011**

<u>Name</u>	<u>Title</u>
<u>Board of Directors</u>	
George Latham	President
Manuel Medrano	Vice-President
Jeanette Linville	Secretary
Rosemary Anslow	Director
Pat Givens	Director
<u>Staff</u>	
Donald Buttry	Manager/Operator
Troy C. Green	Operator
Rory Reick	Assistant Manager



Macias, Gutierrez
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Member AICPA, NMSCPA*

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: George Latham, President
Regina Mutual Domestic Water Consumers Association
and
Honorable Hector H. Balderas
New Mexico State Auditor

We have performed the procedures enumerated below for Regina Mutual Domestic Water Consumers Association (RMDWCA), for the year ended June 30, 2011, solely to assist RMDWCA in demonstrating compliance with a Tier 4 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, B and C. The procedures were agreed to by RMDWCA through the Office of the New Mexico State Auditor. Regina Mutual Domestic Water Consumers 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 DFA-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.

Findings

- a) RMDWCA has one checking and one savings account and one certificate of deposit and utilizes Lotus, Version 2.2 spreadsheets to record cash transactions. All bank reconciliations are performed on a timely basis and all bank statements for the year were complete and on-hand.
- b) Random tests of bank reconciliations revealed no exceptions. The reconciliations were accurate and agreed with supporting documentation. We traced the June 30, 2011 cash and investment balances to the required quarterly financial report submitted to DFA-LGD, without exception.
- c) Bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any bank account.

2. Capital Assets

Procedures

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

Findings

The RMDWCA performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing.

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.

Findings

- a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) Amounts recorded on Lotus, Version 2.2 spreadsheets agreed with supporting documentation and the bank statements.
- 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 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).

Findings

- a) Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) 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.

Findings

The RMDWCA utilizes Lotus, Version 2.2 spreadsheets to record cash transactions only and does not prepare 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.

Findings

- a) A review of minutes and correspondence revealed that the FY 2011 original budget was approved by the RMDWCA governing body on July 6, 2010 and submitted to DFA-LGD on October 21, 2010, which is considered to be a late submittal since the budget is due no later than June 1 of each year.

The DFA-LGD approval was granted on October 26, 2010. However, there is no mention of DFA-LGD budget approval in the Board minutes. RMDWCA made no subsequent 2011 budget adjustments.

- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual (Exhibit A) was prepared from RMDWCA records on the cash budgetary basis, the basis used by RMDWCA. RMDWCA submitted a budget report (income statement) for the year ended June 30, 2011 to DFA-LGD which is included herein (Exhibit C).

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.

Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or any internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to the budget findings above.

* * * * *

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, B and C. 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 Regina 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.

Macias, Gutierrez & Co., CPAs, P. C.

Macias, Gutierrez & Co., CPAs, P. C.

Espanola, New Mexico

September 9, 2011

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2011

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Water Service Fees	\$ 94,604	\$ 94,604	\$ 95,617	\$ 1,013
Interest	700	700	1,354	654
New Meter Installs	3,750	3,750	3,750	-
Water Rights Fees	3,000	3,000	3,000	-
Misc. Charges & Credits	750	750	1,074	324
CRS Tax Collected	5,140	5,140	5,172	32
Total revenues	107,944	107,944	109,967	2,023
Cash balance budgeted	-	-	-	-
Total revenues and cash balance budgeted	107,944	107,944	109,967	2,023

Expenditures:**PAYROLL AND TAXES**

O & M Clerk (Net)	1,060	1,060	1,004	56
O & M Manager (Net)	10,600	10,600	12,791	(2,191)
O & M Asst. Mgr. (Net)	5,060	5,060	3,583	1,477
O & M Operator (Net)	11,400	11,400	12,024	(624)
O & M Helper (Net)	6,550	6,550	7,574	(1,024)
SSI (.104)	6,100	6,100	5,985	115
Medicare (.029)	-	-	212	(212)
NM Unemployment Tax (.008)	186	186	282	(96)
Workers Comp. Fee	86	86	86	-
Withholding Tax (Federal)	2,950	2,950	2,716	234
Withholding Tax (New Mex)	920	920	723	197
Water Use Tax (.03/1000 Gal)	235	235	282	(47)
Gross Receipts Tax (NM) 5%	5,140	5,140	5,172	(32)
Total payroll and taxes	50,287	50,287	52,434	(2,147)

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2011

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
OTHER EXPENSES				
Location Misc. Expenses	\$ 950	\$ 950	\$ 703	\$ 247
Training Expenses	500	500	376	124
Telephone Expenses	167	167	167	-
Water Testing (Lab)	350	350	240	110
One-Call + Misc. Outside Serv.	500	500	145	355
FUTA (940 Coupon)	170	170	-	170
Jemez Electric	8,250	8,250	9,716	(1,466)
Sales Tax (Paid)	540	540	755	(215)
Attorney Fees	500	500	-	500
Internet Access Fee	240	240	240	-
Audit Fee	3,000	3,000	3,000	-
Total other expenses	15,167	15,167	15,342	(175)
EQUIPMENT				
Backhoe Operating Expense	650	650	894	(244)
Equip. (Misc. Mileage)	1,200	1,200	1,331	(131)
Equip. (Service Truck)	2,700	2,700	4,191	(1,491)
Total equipment	4,550	4,550	6,416	(1,866)
SUPPLIES				
Office Supplies	985	985	392	593
Computer & Supplies	350	350	249	101
Postage, Freight & Box Rent	1,200	1,200	1,291	(91)
Training Supplies	25	25	-	25
Glue, Cleaner, Tape, Etc.	50	50	73	(23)
Misc. Supplies (Other)	250	250	41	209
Line, Valve & Meter Markers	100	100	-	100
Safety Equipment	100	100	-	100
Total supplies	3,060	3,060	2,046	1,014
CHEMICALS				
Chlorine (Liquid)	330	330	98	232
Other Treating Supplies	175	175	-	175
Total chemicals	505	505	98	407

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2011

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
PARTS				
Copper Setters W/Double Chk	\$ 4,100	\$ 4,100	\$ 1,202	\$ 2,898
Meters	1,479	1,479	702	777
Meter Boxes	1,000	1,000	356	644
Meter Box Lids	915	915	544	371
Valves	1,600	1,600	2,689	(1,089)
Valve Boxes & Lids	200	200	-	200
PVC & Poly Pipe	280	280	200	80
PVC Pipe Fittings	350	350	358	(8)
Other (Misc. Parts)	600	600	353	247
Total parts	10,524	10,524	6,404	4,120
TOOLS				
Tools (Misc. Hand Tools)	750	750	30	720
Total tools	750	750	30	720
LICENSES, PERMITS & DUES				
US Forest Service (Use Permit)	661	661	1,326	(665)
NM Rural Water Association	240	240	251	(11)
Other (Not listed)	25	25	45	(20)
PRC Corporation Bureau Fee	10	10	10	-
Total licenses, permits & dues	936	936	1,632	(696)
INSURANCE				
Insurance (Workmans Comp.)	1,131	1,131	1,131	-
Insurance (PL & PD Pkg.)	5,954	5,954	5,954	-
Last Year's W/C Audit	-	-	66	(66)
Total insurance	7,085	7,085	7,151	(66)
Total payroll & expense	92,864	92,864	91,553	1,311

STATE OF NEW MEXICO
 REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
 Year Ended June 30, 2011

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
DEBT SERVICE				
Water Well Payment	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Loan Payment--RIP 97-02	2,108	2,108	2,108	-
Total debt service	<u>4,608</u>	<u>4,608</u>	<u>4,608</u>	<u>-</u>
Total expenditures	<u>97,472</u>	<u>97,472</u>	<u>96,161</u>	<u>1,311</u>
Excess revenues over expenditures	<u>\$ 10,472</u>	<u>\$ 10,472</u>	<u>\$ 13,806</u>	<u>\$ 3,334</u>

OPERATIONS CASH FLOW STATEMENT FOR FYE 06-30-11	
CHECKING--CUBA CREDIT UNION	
CHECKING ACCOUNT (Beginning Bal.) 000449600	JUNE 85,166.03
DEPOSITS (This Month)	7,727.82
CHECKS (Issued This Month)	5,844.77
INTEREST (From Checking, This Month)	7.46
ADJUSTMENTS (Bank Credits-This Month)	0.00
BANK CHARGES, TRANSFERS Out or RETURNS	0.00
CHECKING--(Ending Balance)	\$87,056.54
SAVINGS--CUBA CREDIT UNION	
SAVINGS (Beginning Bal.) 000449600	JUNE 4,545.14
DEPOSITS (This Month)	0.00
WITHDRAWALS (This Month)	0.00
INTEREST ADDED (This Month)	1.13
RESERVE SAVINGS (Ending Balance)	\$4,546.27
CASH (On Hand)	\$0.00
TOTAL OPERATION ACCOUNTS	\$91,602.81
INVESTMENT (WATER RIGHTS FUND)	
CD \$50,000.(3-26-2010)(CU) 000449600	JUNE 50,686.32
DEPOSITS (This Month)	0.00
INTEREST ADDED (Last Month)	139.01
WITHDRAWALS (This Month)	0.00
CD (Ending Balance)	\$50,825.33

**APPROVED FINAL BUDGET for FYE 06-30-11
REGINA MDWCA, INC.**

Exhibit C

Page 1 of 2

ACTUAL CASH REVENUE	2011			
	BUDGET	YTD	BAL	JUN
WATER SERVICE FEES	94,604.00	95,617.08	(1,013.08)	7,309.83
NEW METER INSTALLS	3,750.00	3,750.00	0.00	0.00
WATER RIGHT FEES	3,000.00	3,000.00	0.00	0.00
MISC.(MTR X-FERS,LINE FEES,ETC.)	750.00	1,074.00	(324.00)	50.00
TAXABLE INCOME----->	102,104.00	103,441.08	(1,337.08)	\$7,359.83
CRS TAX @ 5%----->	5,140.20	5,172.05	(31.85)	367.99
INTEREST + OTHER NON-TAX----->	700.00	1,353.99	(653.99)	146.47
TOTAL DEPOSITS & CREDIT	\$107,944.20	\$109,967.12	(\$2,022.92)	\$7,874.29

EXPENSES PAID		2011			
PAYROLL & TAXES	CODE	BUDGET	YTD	BAL	JUN
O & M Clerk (Net)	L1	1,050.00	1,003.60	56.40	73.48
O & M Manager (Net)	L2	10,600.00	12,791.03	(2,191.03)	1,055.20
O & M Ass't. Mgr. (Net)	L3	5,050.00	3,583.48	1,476.52	281.05
O & M Operator (Net)	L4	11,400.00	12,024.27	(624.27)	1,006.35
O & M Helper (Net)	L5	6,550.00	7,573.91	(1,023.91)	505.48
Social Security (.104)	L6a	6,100.00	5,984.80	115.20	351.73
Medicare (.029)	L6b		212.17	(212.17)	98.08
NM Unemployment Tax(.008)	L7	186.00	281.73	(95.73)	87.94
Workers Comp. Fee	L8	86.00	86.00	0.00	21.50
Withholding Tax (Federal)	L9	2,950.00	2,716.47	233.53	203.92
Withholding Tax (New Mex)	L10	920.00	722.64	197.36	55.43
Water Use Tax (.03/1000 Gal)	L11	235.00	282.28	(47.28)	28.10
Gross Receipts Tax (NM)5%	L12	5,140.20	5,172.05	(31.85)	367.99
TOTALS:----->		\$50,287.20	\$52,434.43	(\$2,147.23)	\$4,136.25

EXPENSES					
Location Misc. Expenses	A1	950.00	702.70	247.30	0.00
Training Expenses	A2	500.00	376.31	123.69	0.00
Telephone Expenses	A3	167.00	167.04	(0.04)	13.92
Water Testing (Lab)	A4	350.00	240.00	110.00	0.00
One-Call + Misc. Outside Serv.	A5	500.00	145.18	354.82	0.00
FLUTA (940 Coupon)	A6	170.00	0.00	170.00	0.00
Jemez Electric	A7	8,250.00	9,716.59	(1,466.59)	787.31
Sales Tax (Paid)	A8	540.00	754.71	(214.71)	10.94
Attorney Fees	A9	500.00	0.00	500.00	0
Internet Access Fee	A10	240.00	240.00	0.00	20.00
Audit Fee	A11	3,000.00	3,000.00	0.00	0.00
TOTALS:----->		\$15,167.00	\$15,342.53	(\$175.53)	\$832.17

CHEMICALS					
Chlorine (Liquid)	D1	330.00	98.00	232.00	0.00
Other treating supplies	D2	175.00	0.00	175.00	0.00
TOTALS:----->		\$505.00	\$98.00	\$407.00	\$0.00

EQUIPMENT					
Backhoe Operating Expense	E1	650.00	894.13	(244.13)	0.00
Equip. (Misc. Mileage)	E2	1,200.00	1,330.55	(130.55)	74.69
Equip. (Service Truck)	E3	2,700.00	4,190.88	(1,490.88)	306.53
TOTALS:----->		\$4,550.00	\$6,415.56	(\$1,865.56)	\$381.22

		2011			
SUPPLIES	CODE	BUDGET	YTD	BAL	
Office Supplies	S1	985.00	392.34	592.66	170.53
Computer & Supplies	S2	350.00	248.95	101.05	0.00
Postage, Freight, & Box Rent	S3	1,200.00	1,291.02	(91.02)	300.00
Training Supplies	S4	25.00	0.00	25.00	0.00
Glue, Cleaner, Tape, Etc.	S5	50.00	72.74	(22.74)	0.00
Misc. Supplies (Other)	S6	250.00	41.04	208.96	0.00
Line, Valve & Meter Markers	S7	100.00	0.00	100.00	0.00
Safety Equipment	S8	100.00	0.00	100.00	0.00
TOTALS:----->		\$3,060.00	\$2,046.09	\$1,013.91	\$470.53
PARTS					
Copper Setters W/Double Chk	P1	4,100.00	1,201.56	2,898.44	0.00
Meters	P2	1,479.00	702.00	777.00	0.00
Meter Boxes	P3	1,000.00	355.92	644.08	0.00
Meter Box Lids	P4	915.00	544.29	370.71	0.00
Valves	P5	1,600.00	2,689.25	(1,089.25)	0.00
Valve Boxes & Lids	P6	200.00	0.00	200.00	0.00
PVC & Poly Pipe	P7	280.00	200.00	80.00	0.00
PVC Pipe Fittings	P8	350.00	357.56	(7.56)	0.00
Other (Misc. Parts)	P10	600.00	353.35	246.65	24.60
TOTALS:----->		\$10,524.00	\$6,404.03	\$4,119.97	\$24.60
TOOLS					
Tools (Misc. Hand Tools)	T1	750.00	30.11	719.89	0.00
TOTALS:----->		\$750.00	\$30.11	\$719.89	\$0.00
LICENSES, PERMITS & DUES					
US Forest Service (Use Permit)	X1	560.82	1,325.60	(664.78)	0.00
NM Rural Water Association	X2	240.00	251.00	(11.00)	0.00
Other (Not listed)	X3	25.00	45.00	(20.00)	0.00
PRC Corporation Bureau Fee	X4	10.00	10.00	0.00	0.00
TOTALS:----->		\$935.82	\$1,631.60	(\$695.78)	\$0.00
INSURANCE					
Insurance (Workmans Comp.)	I1	1,131.00	1,131.00	0.00	0.00
Insurance (PL & PD Pkg.)	I2	5,954.00	5,954.00	0.00	0.00
Last Year's W/C Audit	I3	0.00	66.00	(66.00)	0.00
TOTALS:----->		\$7,085.00	\$7,151.00	(\$66.00)	\$0.00
PAYROLL & EXPENSE TOTALS:---->		\$97,471.72	\$96,161.05	\$1,310.67	\$5,844.77
INVENTORY (PARTS)					
Inventory--Repair parts--Beginning of Month-->			2,747.06		7,487.14
Parts--(+Purchased)/(-Returned)----->			5,404.03		24.60
Inventory--End of Month----->			5,696.81		7,459.27
Net Parts Cost per Month----->			\$1,691.82		52.47
NET INCOME--OVER / (UNDER) EXPENSES					\$1,977.05
DEBT SERVICE					
Water Well Payment	C1	2,500.00	2,500.00	0.00	0.00
Loan Payment--RIP 97-02	C2	2,107.70	2,107.70	0.00	0.00
Not Assigned	C3	0.00	0.00	0.00	0.00
TOTALS:----->		\$4,607.70	\$4,607.70	\$0.00	\$0.00
Total Pay Out----->		\$97,471.72	\$96,161.05	\$1,310.67	\$5,844.77
Capital Reserve (Profit)----->		10,472.48	13,806.07		
TOTAL BUDGET----->		\$107,944.20	\$109,967.12		

**STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended June 30, 2011**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Budget Submission/Approval	D	2010-1	2010-1
Follow-up on Prior Year Findings:			
Budget Submission/Approval and 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
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended June 30, 2011**

2010-1

Budget Submission/Approval

Criteria

Section 6-6-2 (A) NMSA, 1978 requires each local public body to furnish and file with the DFA-LGD, on or before June 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.

Condition

Regina Mutual Domestic Water Consumers Association (RMDWCA) did not submit its 2011 budget for DFA-LGD approval by the required deadline. RMDWCA submitted its budget on October 21, 2010 and DFA-LGD approved it on October 26, 2010. However, there is no record of the DFA-LGD approval in the Board minutes.

Cause

RMDWCA was not aware of the DFA-LGD requirements.

Effect

RMDWCA has not complied with Section 6-6-2 NMSA 1978.

Recommendation

We recommend that RMDWCA submit their proposed budget to DFA-LGD for approval, on or before June 1 of each year and that upon receipt of the approved budget cause such budget to be made a part of the minutes.

Entity Response

“The submission date of the proposed budget to DFA-LGD has already been addressed and corrected by submitting the 2011-2012 proposed budget to DFA-LGD before June 1, 2011. The letter of approval was received on September 3, 2011 and, therefore, has been made a part of the September 2011 minutes, as required.

Regina MDWCA, Inc. is now in compliance with Section 6-6-2 NMSA 1978, to the best of our knowledge.”

**STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference
Year Ended June 30, 2011**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on September 16, 2011 with the following in attendance:

Regina Mutual Domestic Water Consumers Association

George Latham, Board President
Donald Buttry Manager/Operator

Accounting Firm

James R. (Jim) Macias, CPA