



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
www.mgandc.com

STATE OF NEW MEXICO

**REGINA MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2012

STATE OF NEW MEXICO

**REGINA MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying
Agreed-Upon Procedures**

Year Ended June 30, 2012

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

**Table of Contents
June 30, 2012**

| | | <u>Page</u> |
|---|-----------------------|--------------------|
| Title Page | | i |
| Table of Contents | | ii |
| Official Roster | | iii |
| Independent Accountants' Report on Applying Agreed-Upon Procedures | | iv-viii |
| | <u>Exhibit</u> | |
| Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis) | A | 1-4 |
| Copy of year-end cash balance report submitted to DFA | B | 5 |
| Copy of year-end actual income vs. budget statement submitted to DFA | C | 6-7 |
| Schedule of Findings and Responses | | 8-9 |
| Exit Conference | | 10 |

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

**Official Roster
at June 30, 2012**

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



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

*Certified Public Accountants
Member AICPA, NMSCPA*

1302 Calle De La Merced, Suite A
Española, New Mexico 87532
505.747.4415
Fax 505.747.4417

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, 2012, 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 two certificates of deposit (CDs) 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, 2012 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 2012 original proposed and final budget was approved by the RMDWCA governing body through resolution on July 5, 2011. The DFA-LGD approval was granted on September 1, 2011 which was made record of in the September 7, 2011 Board minutes. The RMDWCA made small line item budget adjustments to the original proposed budget for the final approved budget.
- b) Total actual expenditures exceeded the final budget by \$1,281 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, 2012 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 finding 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 27, 2012

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2012

| | Budgeted Amounts | | Actuals | Variance |
|---|------------------|----------------|----------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| Revenues: | | | | |
| Water Service Fees | \$ 96,000 | \$ 96,000 | \$ 99,482 | \$ 3,482 |
| Interest | 900 | 900 | 858 | (42) |
| New Meter Installs | 5,000 | 5,000 | - | (5,000) |
| Water Rights Fees | 4,000 | 4,000 | - | (4,000) |
| Misc. Charges & Credits | 1,400 | 1,400 | 412 | (988) |
| Late Fees | 870 | 870 | 892 | 22 |
| CRS Tax Collected | 5,364 | 5,320 | 4,995 | (325) |
| Total revenues | <u>113,534</u> | <u>113,490</u> | <u>106,639</u> | <u>(6,851)</u> |
| Cash balance budgeted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenues and cash balance budgeted | <u>113,534</u> | <u>113,490</u> | <u>106,639</u> | <u>(6,851)</u> |

Expenditures:**PAYROLL AND TAXES**

| | | | | |
|--------------------------------|---------------|---------------|---------------|--------------|
| O & M Clerk (Net) | 1,060 | 1,060 | 969 | 91 |
| O & M Manager (Net) | 12,000 | 12,800 | 11,694 | 1,106 |
| O & M Asst. Mgr. (Net) | 5,200 | 5,000 | 4,087 | 913 |
| O & M Operator (Net) | 13,500 | 13,500 | 14,424 | (924) |
| O & M Helper (Net) | 7,700 | 7,700 | 6,245 | 1,455 |
| SSI (.104) | 6,450 | 5,044 | 4,554 | 490 |
| Medicare (.029) | - | 1,406 | 1,270 | 136 |
| NM Unemployment Tax (.008) | 350 | 820 | 350 | 470 |
| Workers Comp. Fee | 86 | 86 | 86 | - |
| Withholding Tax (Federal) | 2,950 | 2,950 | 3,203 | (253) |
| Withholding Tax (New Mex) | 900 | 900 | 642 | 258 |
| Water Use Tax (.03/1000 Gal) | 300 | 300 | 327 | (27) |
| Gross Receipts Tax (NM) 5% | 5,363 | 5,320 | 4,995 | 325 |
| Total payroll and taxes | <u>55,859</u> | <u>56,886</u> | <u>52,846</u> | <u>4,040</u> |

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2012

| | Budgeted Amounts | | Actuals | Variance |
|--------------------------------|------------------|---------------|---------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| OTHER EXPENSES | | | | |
| Location Misc. Expenses | \$ 800 | \$ 800 | \$ 7,373 | \$ (6,573) |
| Training Expenses | 500 | 500 | 682 | (182) |
| Telephone Expenses | 170 | 170 | 167 | 3 |
| Water Testing (Lab) | 50 | 50 | - | 50 |
| One-Call + Misc. Outside Serv. | 725 | 850 | 1,905 | (1,055) |
| FUTA (940 Coupon) | - | - | - | - |
| Jemez Electric | 9,850 | 9,850 | 10,177 | (327) |
| Sales Tax (Paid) | 900 | 900 | 432 | 468 |
| Attorney Fees | 250 | 250 | - | 250 |
| Internet Access Fee | 240 | 240 | 240 | - |
| Audit Fee | 3,200 | 3,200 | 3,200 | - |
| Total other expenses | 16,685 | 16,810 | 24,176 | (7,366) |
| EQUIPMENT | | | | |
| Backhoe Operating Expense | 1,000 | 1,000 | 305 | 695 |
| Equip. (Misc. Mileage) | 1,200 | 1,200 | 1,065 | 135 |
| Equip. (Service Truck) | 4,400 | 4,400 | 3,460 | 940 |
| Total equipment | 6,600 | 6,600 | 4,830 | 1,770 |
| SUPPLIES | | | | |
| Office Supplies | 650 | 650 | 255 | 395 |
| Computer & Supplies | 1,300 | 2,000 | 1,625 | 375 |
| Postage, Freight & Box Rent | 1,200 | 1,200 | 1,214 | (14) |
| Training Supplies | 25 | 25 | 32 | (7) |
| Glue, Cleaner, Tape, Etc. | 75 | 75 | - | 75 |
| Misc. Supplies (Other) | 50 | 50 | 21 | 29 |
| Line, Valve & Meter Markers | 25 | 25 | - | 25 |
| Safety Equipment | 120 | 120 | - | 120 |
| Total supplies | 3,445 | 4,145 | 3,147 | 998 |
| CHEMICALS | | | | |
| Chlorine (Liquid) | 200 | 200 | 173 | 27 |
| Other Treating Supplies | - | 100 | 187 | (87) |
| Total chemicals | 200 | 300 | 360 | (60) |

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2012

| | Budgeted Amounts | | Actuals | Variance |
|---|------------------|----------------|----------------|----------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| PARTS | | | | |
| Copper Setters W/Double Chk | \$ 1,220 | \$ 1,220 | \$ - | \$ 1,220 |
| Meters | 990 | 990 | 372 | 618 |
| Meter Boxes | 735 | 735 | - | 735 |
| Meter Box Lids | 900 | 900 | - | 900 |
| Valves | 1,600 | 1,600 | 646 | 954 |
| Valve Boxes & Lids | 100 | 100 | - | 100 |
| PVC & Poly Pipe | 200 | 500 | - | 500 |
| PVC Pipe Fittings | 650 | 650 | 542 | 108 |
| Other (Misc. Parts) | 300 | 300 | 6,491 | (6,191) |
| Total parts | 6,695 | 6,995 | 8,051 | (1,056) |
| TOOLS | | | | |
| Tools (Misc. Hand Tools) | 500 | 500 | 41 | 459 |
| Total tools | 500 | 500 | 41 | 459 |
| LICENSES, PERMITS & DUES | | | | |
| US Forest Service (Use Permit) | 670 | 670 | 681 | (11) |
| NM Rural Water Association | 251 | 250 | 264 | (14) |
| Other (Not listed) | 25 | 25 | 25 | - |
| PRC Corporation Bureau Fee | 10 | 10 | 10 | - |
| Total licenses, permits & dues | 956 | 955 | 980 | (25) |
| INSURANCE | | | | |
| Insurance (Workmans Comp.) | 2,000 | 1,126 | 1,126 | - |
| Insurance (PL &PD Pkg.) | 7,500 | 6,238 | 6,238 | - |
| Last Year's W/C Audit | 75 | 75 | 116 | (41) |
| Total insurance | 9,575 | 7,439 | 7,480 | (41) |
| Total payroll & expense | 100,515 | 100,630 | 101,911 | (1,281) |

STATE OF NEW MEXICO
 REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
 Year Ended June 30, 2012

| | 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>105,123</u> | <u>105,238</u> | <u>106,519</u> | <u>(1,281)</u> |
| | | | | |
| Excess revenues over expenditures | <u>\$ 8,411</u> | <u>\$ 8,252</u> | <u>\$ 120</u> | <u>\$ (8,132)</u> |

| OPERATIONS CASH FLOW STATEMENT FOR FYE 06-30-12 | | |
|---|-----------|--------------------|
| CHECKING--CUBA CREDIT UNION | | JUNE |
| CHECKING ACCOUNT (Beginning Bal.) | 000449606 | 21,719.00 |
| DEPOSITS (This Month) | | 9,837.55 |
| CHECKS (Issued This Month) | | 20,284.39 |
| INTEREST (From Checking, This Month) | | 2.17 |
| ADJUSTMENTS (Bank Credits-This Month) | | 0.00 |
| BANK CHARGES, TRANSFERS Out or RETURNS | | 40.98 |
| CHECKING--(Ending Balance) | | \$11,233.35 |
| ----- | | |
| SAVINGS--CUBA CREDIT UNION | | JUNE |
| SAVINGS (Beginning Bal.) | 000449600 | 4,549.70 |
| DEPOSITS (This Month) | | 0.00 |
| WITHDRAWALS (This Month) | | 0.00 |
| INTEREST ADDED (This Month) | | 1.13 |
| RESERVE SAVINGS (Ending Balance) | | \$4,550.83 |
| ----- | | |
| CD \$75,000.00 #5077 | 000449600 | 75,030.74 |
| DEPOSITS (This Month) | | 0.00 |
| INTEREST ADDED (Last Month) | | 186.55 |
| WITHDRAWALS (This Month) | | 0.00 |
| CD (Ending Balance) | | \$75,217.29 |
| ----- | | |
| CASH (On Hand) | | \$0.00 |
| ----- | | |
| TOTAL OPERATION ACCOUNTS | | \$91,001.47 |
| ----- | | |
| INVESTMENT (WATER RIGHTS FUND) | | JUNE |
| CD \$50,000 (3-26-2010)(CU) | 000449600 | 51,246.66 |
| DEPOSITS (This Month) | | 0.00 |
| INTEREST ADDED (Last Month) | | 127.42 |
| WITHDRAWALS (This Month) | | 0.00 |
| CD (Ending Balance) | | \$51,374.08 |

FINAL BUDGET for FYE 06-30-12
REGINA MDWCA, INC.

Page 1 of 2

| ACTUAL CASH REVENUE | 2012 | | | END of QTR. |
|------------------------------------|---------------------|---------------------|-------------------|--------------------|
| | BUDGET | YTD | BAL. | JUN. |
| WATER SERVICE FEES | 96,000.00 | 99,481.67 | (3,481.67) | 9,272.42 |
| NEW METER INSTALLS | 5,000.00 | 0.00 | 5,000.00 | 0.00 |
| WATER RIGHT FEES | 4,000.00 | 0.00 | 4,000.00 | 0.00 |
| MISC.(MTR X-FERS,LINE FEES,ETC.) | 1,400.00 | 412.50 | 987.50 | 0.00 |
| TAXABLE INCOME----- | 106,400.00 | 99,894.17 | 6,505.83 | \$9,272.42 |
| CRS TAX @ 5%----- | 5,320.00 | 4,994.71 | 325.29 | 463.62 |
| INTEREST ----- | 900.00 | 857.75 | 42.25 | 317.27 |
| LATE FEES + OTHER NON TAXABLE-- | 870.00 | 892.41 | (22.41) | 70.53 |
| TOTAL DEPOSITS & CREDIT | \$113,490.00 | \$106,639.04 | \$6,873.37 | \$10,123.84 |

| EXPENSES PAID | | 2012 | | | |
|--------------------------------|------|--------------------|--------------------|-------------------|-------------------|
| PAYROLL & TAXES | CODE | BUDGET | YTD | BAL. | JUN |
| O & M Clerk (Net) | L1 | 1,060.00 | 968.52 | 91.48 | 73.48 |
| O & M Manager (Net) | L2 | 12,800.00 | 11,693.62 | 1,106.38 | 723.80 |
| O & M Ass't. Mgr. (Net) | L3 | 5,000.00 | 4,086.56 | 913.44 | 437.86 |
| O & M Operator (Net) | L4 | 13,500.00 | 14,424.40 | (924.40) | 2,006.09 |
| O & M Helper (Net) | L5 | 7,700.00 | 6,245.06 | 1,454.94 | 376.29 |
| Social Security (.104) | L6 | 5,044.00 | 4,554.45 | 489.55 | 451.15 |
| Medicare (.029) | L6a | 1,406.00 | 1,269.98 | 136.02 | 125.8 |
| NM Unemployment Tax(.008) | L7 | 820.00 | 350.35 | 469.65 | 88.50 |
| Workers Comp. Fee | L8 | 86.00 | 86.00 | 0.00 | 21.50 |
| Withholding Tax (Federal) | L9 | 2,950.00 | 3,203.20 | (253.20) | 401.20 |
| Withholding Tax (New Mex) | L10 | 900.00 | 641.74 | 258.26 | 59.79 |
| Water Use Tax (.03/1000 Gal) | L11 | 300.00 | 327.04 | (27.04) | 31.97 |
| Gross Receipts Tax (NM)5% | L12 | 5,320.00 | 4,994.71 | 325.29 | 463.62 |
| TOTALS:-----> | | \$56,886.00 | \$52,845.53 | 4,040.37 | \$5,261.04 |
| EXPENSES | | | | | |
| Location Misc. Expenses | A1 | 800.00 | 7,373.40 | (6,573.40) | 6,410.60 |
| Training Expenses | A2 | 500.00 | 681.74 | (181.74) | 0.00 |
| Telephone Expenses | A3 | 170.00 | 167.04 | 2.96 | 13.92 |
| Water Testing (Lab) | A4 | 50.00 | 0.00 | 50.00 | 0.00 |
| One-Call + Misc. Outside Serv. | A5 | 850.00 | 1,905.35 | (1,055.35) | 65.37 |
| FLUTA (940 Coupon) | A6 | 0.00 | 0.00 | 0.00 | 0.00 |
| Jemez Electric | A7 | 9,850.00 | 10,176.92 | (326.92) | 814.85 |
| Sales Tax (Paid) | A8 | 900.00 | 431.72 | 468.28 | 0.00 |
| Attorney Fees | A9 | 250.00 | 0.00 | 250.00 | 0 |
| Internet Access Fee | A10 | 240.00 | 240.00 | 0.00 | 20.00 |
| Audit Fee | A11 | 3,200.00 | 3,200.00 | 0.00 | 0.00 |
| TOTALS:-----> | | \$16,810.00 | \$24,176.21 | (7,366.21) | \$7,324.74 |
| CHEMICALS | | | | | |
| Chlorine (Liquid) | D1 | 200.00 | 173.72 | 26.28 | 0.00 |
| Other treating supplies | D2 | 100.00 | 185.78 | (85.78) | 0.00 |
| TOTALS:-----> | | \$300.00 | \$359.50 | (60.50) | \$0.00 |
| EQUIPMENT | | | | | |
| Backhoe Operating Expense | E1 | 1,000.00 | 304.54 | 695.46 | 0.00 |
| Equip. (Misc. Mileage) | E2 | 1,200.00 | 1,065.07 | 134.93 | 65.96 |
| Equip. (Service Truck) | E3 | 4,400.00 | 3,460.29 | 939.71 | 439.86 |
| TOTALS:-----> | | \$6,600.00 | \$4,829.90 | 1,770.10 | \$505.82 |

| SUPPLIES | CODE | BUDGET | YTD | BAL | |
|--|------|---------------------|---------------------|---------------------|----------------------|
| Office Supplies | S1 | 650.00 | 255.26 | 394.74 | 0.00 |
| Computer & Supplies | S2 | 2,000.00 | 1,625.18 | 374.82 | 219.45 |
| Postage, Freight, & Box Rent | S3 | 1,200.00 | 1,213.90 | (13.90) | 245.00 |
| Training Supplies | S4 | 25.00 | 31.91 | (6.91) | 0.00 |
| Glue, Cleaner, Tape, Etc. | S5 | 75.00 | 0.00 | 75.00 | 0.00 |
| Misc. Supplies (Other) | S6 | 50.00 | 21.12 | 28.88 | 0.00 |
| Line, Valve & Meter Markers | S7 | 25.00 | 0.00 | 25.00 | 0.00 |
| Safety Equipment | S8 | 120.00 | 0.00 | 120.00 | 0.00 |
| TOTALS:-----> | | \$4,145.00 | \$3,147.37 | 997.63 | \$454.45 |
| PARTS | | | | | |
| Copper Setters W/Double Chk | P1 | 1,220.00 | 0.00 | 1,220.00 | 0.00 |
| Meters | P2 | 990.00 | 372.36 | 617.64 | 372.36 |
| Meter Boxes | P3 | 735.00 | 0.00 | 735.00 | 0.00 |
| Meter Box Lids | P4 | 900.00 | 0.00 | 900.00 | 0.00 |
| Valves | P5 | 1,600.00 | 645.91 | 954.09 | 0.00 |
| Valve Boxes & Lids | P6 | 100.00 | 0.00 | 100.00 | 0.00 |
| PVC & Poly Pipe | P7 | 500.00 | 0.00 | 500.00 | 0.00 |
| PVC Pipe Fittings | P8 | 650.00 | 542.18 | 107.82 | 0.00 |
| Other (Misc. Parts) | P10 | 300.00 | 6,490.46 | (6,190.46) | 6,355.98 |
| TOTALS:-----> | | \$6,995.00 | \$8,050.91 | (1,055.91) | \$5,728.34 |
| TOOLS | | | | | |
| Tools (Misc. Hand Tools) | T1 | 500.00 | 40.98 | 459.02 | 0.00 |
| TOTALS:-----> | | \$500.00 | \$40.98 | 459.02 | \$0.00 |
| LICENSES, PERMITS & DUES | | | | | |
| US Forest Service (Use Permit) | X1 | 670.00 | 680.73 | (10.73) | 0.00 |
| NM Rural Water Association | X2 | 250.00 | 264.00 | (14.00) | 0.00 |
| Other (Not listed) | X3 | 25.00 | 25.00 | 0.00 | 0.00 |
| PRC Corporation Bureau Fee | X4 | 10.00 | 10.00 | 0.00 | 0.00 |
| TOTALS:-----> | | \$955.00 | \$979.73 | (24.73) | \$0.00 |
| INSURANCE | | | | | |
| Insurance (Workmans Comp.) | I1 | 1,126.00 | 1,126.00 | 0.00 | 0.00 |
| Insurance (PL & FD Pkg.) | I2 | 6,238.00 | 6,238.00 | 0.00 | 0.00 |
| Last Year's W/C Audit | I3 | 75.00 | 116.00 | (41.00) | 0.00 |
| TOTALS:-----> | | \$7,439.00 | \$7,480.00 | (41.00) | \$0.00 |
| PAYROLL & EXPENSE TOTALS:----> | | \$100,630.00 | \$101,911.23 | (\$1,281.23) | \$20,284.39 |
| 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-----> | | \$105,237.70 | \$106,518.93 | (\$1,281.23) | \$20,284.39 |
| Capital Reserve (Profit)-----> | | \$8,252.30 | | | |
| TOTAL BUDGET-----> | | \$113,490.00 | | | |
| INVENTORY (PARTS) | | | | | |
| Inventory--Repair parts--Beginning of Month--> | | | | | 7,249.67 |
| Parts--(+Purchased)/(-Returned)-----> | | | | | 6,728.34 |
| Inventory--End of Month-----> | | | | | 7,260.54 |
| Net Parts Cost per Month-----> | | | | | 6,717.47 |
| NET INCOME-OVER / (UNDER) EXPENSES | | | | | (\$16,878.02) |

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

**Schedule of Findings and Responses
Year Ended June 30, 2012**

| | <u>Type of Finding *</u> | <u>Prior Year Finding Number</u> | <u>Current Year Finding Number</u> |
|--|----------------------------------|--|--|
| Current Year Findings: Budget Overexpended | D | N/A | 2012-1 |
| Follow-up on Prior Year Findings: Budget Submission/Approval | D | 2010-1 | Resolved |

*** 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, 2012**

2012-1

Budget Overexpended

Criteria

Section 6-6-2 (A) NMSA, 1978 requires each local public body to furnish and file with the Department of Finance and Administration-Local Government Division (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. Section 6-6-6 NMSA 1978 states that when any budget for a local public body has been approved, it is binding upon all officials and governing authorities, and no governing authority or official shall allow or approve claims in excess thereof.

Condition

Primarily due to unanticipated location miscellaneous expenses and purchases of other miscellaneous parts, total actual expenditures exceeded the total final budget by \$1,281 for the year ended June 30, 2012.

Cause

The Regina Mutual Domestic Water Consumers Association did not recognize the need to increase the expenditure budget before the end of the fiscal year.

Effect

The Regina Mutual Domestic Water Consumers Association has not complied with Section 6-6-6 NMSA 1978.

Recommendation

We recommend that the Regina Mutual Domestic Water Consumers Association make appropriate budget adjustments to insure that total actual expenditures do not exceed total budgeted expenditures.

Entity Response

“Regina MDWCA, Inc. was not alerted to the overage of \$1,281.31 until the last day of the fiscal year and therefore did not have a chance to make a budget adjustment. We will make the appropriate budget adjustments in the future to avoid actual expenditures from exceeding budgeted expenditures.”

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

**Exit Conference
Year Ended June 30, 2012**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on October 11, 2012 with the following in attendance:

Regina Mutual Domestic Water Consumers Association

George Latham, Board President
Donald Buttry, Manager/Operator
Rory Reick, Assistant Manager

Accounting Firm

James R. (Jim) Macias, CPA