



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 (Tier 4)

Year Ended June 30, 2015

STATE OF NEW MEXICO

**REGINA MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
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, 2015**

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



Macias, Gutierrez
& Co., P.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 4)

To: Manuel Medrano, President
Regina Mutual Domestic Water Consumers Association
and
Honorable Timothy M. Keller
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, 2015, 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 and B. 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), all in one financial institution, and utilizes Quickbooks 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, 2015 cash balances to the year-end cash reconciliations submitted to DFA-LGD since, currently, there is no DFA-LGD required cash reporting format.
- c) Cumulative single-institution bank account balances never exceeded uninsured limits and therefore, pledged collateral was not required on any uninsured deposits.

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) An analytical review of prior-year to current-year revenue revealed no unusual or unexplained variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- b) We requested supporting documentation for twenty-five (25) deposits (34% of total revenue) from a total of 52 deposits for the year. For the sample selected, amounts recorded on Quickbooks agreed with supporting documentation and the bank statements without exception.
- 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) We requested supporting documentation for thirty (30) disbursements (30% of total expenses) out of a total of 195 disbursements for the year. For the sample selected, 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 Quickbooks 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 2015 original proposed and final budget was approved by the RMDWCA governing body through resolution. The DFA-LGD approval was granted on August 31, 2014. The RMDWCA did not make any subsequent budget adjustments during the year.
- 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 Profit and Loss budget vs. actual report for the year ended June 30, 2015 to DFA-LGD which is included herein (Exhibit B).

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, noncompliance or any internal control deficiencies.

* * * * *

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 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 Regina Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division, the NM legislature 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
December 8, 2015

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2015

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Water Service Fees	\$ 93,600	\$ 93,600	\$ 101,060	\$ 7,460
Insurance Reimbursement	-	-	1,274	1,274
Interest	857	857	1,174	317
New Meter Installs	3,000	3,000	3,990	990
Water Rights Fees	3,000	3,000	5,040	2,040
Meter Deposit	531	531	1,844	1,313
Late Fees, Penalties, Etc.	720	720	742	22
Meter X-fer , Line Fee, Etc.	456	456	7,973	7,517
Total revenues	102,164	102,164	123,097	20,933
Cash balance budgeted	20,000	20,000	-	(20,000)
Total revenues and cash balance budgeted	122,164	122,164	123,097	933
Expenditures:				
OPERATIONS & MAINTENANCE				
Audit	4,000	4,000	4,017	(17)
Backhoe O & M	1,200	1,200	1,113	87
Internet Charges	240	240	240	-
Mileage	1,370	1,370	1,047	323
Office & Computer Supplies	1,320	1,320	40	1,280
Postage, Freight	1,740	1,740	852	888
Printing and Copying	300	300	321	(21)
Repair Parts	9,600	9,600	13,149	(3,549)
Telephone Charges	167	167	167	-
Training, Motels, Meals, Etc.	1,575	1,575	805	770
Treating	1,260	1,260	219	1,041
Truck Expense	5,400	5,400	3,146	2,254
Utilities	11,400	11,400	8,349	3,051
Total operation and maintenance	39,572	39,572	33,465	6,107
PAYROLL EXPENSES				
Federal Payroll Withholding	3,180	3,180	3,120	60
Medicare	1,200	1,200	1,212	(12)
Monthly Payroll	36,000	36,000	34,921	1,079
NM Payroll Withholding	540	540	499	41
Social Security	5,340	5,340	5,180	160
Unemployment Tax to NM	360	360	197	163
Workers Com. Tax Fee to NM	86	86	86	-
Total payroll expenses	46,706	46,706	45,215	1,491

STATE OF NEW MEXICO
REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2015

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
OUTSIDE SERVICES				
Catering	\$ 600	\$ 600	\$ -	\$ 600
Legal Fees	500	500	-	500
One-Call Service	240	240	143	97
Other Outside Services	13,000	13,000	7,623	5,377
Total outside services	14,340	14,340	7,766	6,574
NON-SUFFICIENT FUNDS				
Non Sufficient Fund Fee	60	60	30	30
Non Sufficient Funds	261	261	3,329	(3,068)
Total non sufficient funds	321	321	3,359	(3,038)
TAXES				
CRS Tax to NM	5,820	5,820	5,448	372
Water Use Tax	300	300	240	60
Total taxes	6,120	6,120	5,688	432
LICENSES, PERMITS & DUES				
US Forest Service (Use Permit)	700	700	1,415	(715)
NM Rural Water Association	275	275	264	11
PRC Corporation Bureau Fee	10	10	-	
Licenses, Permits, Dues - Other	25	25	35	(10)
Total licenses, permits & dues	1,010	1,010	1,714	(714)
INSURANCE				
Insurance (Workmans Comp.)	2,280	2,280	1,423	857
Insurance (PL &PD Pkg.)	6,428	6,428	6,139	289
W/C Audit	180	180	-	180
Total insurance	8,888	8,888	7,562	1,326
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	4,608	4,608	4,608	-

**STATE OF NEW MEXICO
 REGINA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
 Year Ended June 30, 2015**

	Budgeted Amounts		Actuals	Variance Favorable (Unfavorable)
	Original	Final		
OTHER TYPES OF EXPENSES	\$ 50	\$ 50	\$ 30	\$ 20
TOOLS	480	480	706	(226)
REFUND	45	45	93	(48)
Total expenditures	122,140	122,140	110,206	11,924
Excess revenues over expenditures	\$ 24	\$ 24	\$ 12,891	\$ (10,991)

Regina Mutual Domestic Water Consumers Association, Inc.
Profit & Loss Budget vs. Actual
 July 2014 through June 2015

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 Cash Basis

	Jul '14 - Jun 15	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Cash Reserve	0.00	20,000.00	-20,000.00	0.0%
Insurance Reimbursement	1,274.51			
Interest		800.00	291.55	136.4%
Interest on CD	1,091.55	52.80	24.96	147.3%
Interest on Checking Account	77.76	4.54	0.02	100.4%
Interest on Savings Account	4.56			
Total Interest	1,173.87	857.34	316.53	136.9%
Late Fee, Penalties, Etc.	741.56	720.00	21.56	103.0%
Meter Deposit	1,844.10	530.70	1,313.40	347.5%
Meter X-fer, Line Fee, Etc.	7,973.50	456.00	7,517.50	1,748.6%
New Meter Installs	3,990.00	3,000.00	990.00	133.0%
Water Right Fees	5,040.00	3,000.00	2,040.00	168.0%
Water Sales & Service	101,059.66	93,600.00	7,459.66	108.0%
Total Income	123,097.20	122,164.04	933.16	100.8%
Gross Profit	123,097.20	122,164.04	933.16	100.8%
Expense				
Debt Service		2,107.70	0.00	100.0%
RIP 97-02 Loan	2,107.70	2,500.00	0.00	100.0%
Water Well # 1 Payment	2,500.00			
Total Debt Service	4,607.70	4,607.70	0.00	100.0%
Insurance		6,428.00	-289.00	95.5%
Insurance, Combined Auto, PL/PD	6,139.00	2,280.00	-857.00	62.4%
Workermans Comp.	1,423.00	180.00	-180.00	0.0%
Workers Comp Audit	0.00			
Total Insurance	7,562.00	8,888.00	-1,326.00	85.1%
Licenses, Permits, Dues		10.00	-10.00	0.0%
NM PRC	0.00	275.00	-11.00	96.0%
NM Rural Water Dues	264.00	700.00	715.21	202.2%
US Forest Service	1,415.21	25.00	10.00	140.0%
Licenses, Permits, Dues - Other	35.00			
Total Licenses, Permits, Dues	1,714.21	1,010.00	704.21	169.7%
Non Sufficient Fund Fee	30.00	60.00	-30.00	50.0%
Non Sufficient Funds	3,329.04	260.90	3,068.14	1,276.0%

Regina Mutual Domestic Water Consumers Association, Inc.
Profit & Loss Budget vs. Actual
July 2014 through June 2015

	Jul '14 - Jun 15	Budget	\$ Over Budget	% of Budget
Operations & Maintenance				
Audit	4,016.81	4,000.00	16.81	100.4%
Backhoe O & M	1,113.08	1,200.00	-86.92	92.8%
Internet Charges	240.00	240.00	0.00	100.0%
Mileage	1,046.64	1,370.00	-323.36	76.4%
Office & Computer Supplies	40.47	1,320.00	-1,279.53	3.1%
Postage, Freight	851.84	1,740.00	-888.16	49.0%
Printing and Copying	320.93	300.00	20.93	107.0%
Repair Parts	13,149.44	9,600.00	3,549.44	137.0%
Telephone Charges	167.04	167.04	0.00	100.0%
Training, Motels, Meals, Etc.	804.55	1,575.00	-770.45	51.1%
Treating	218.66	1,260.00	-1,041.34	17.4%
Truck Expense	3,146.24	5,400.00	-2,253.76	58.3%
Utilities	8,348.92	11,400.00	-3,051.08	73.2%
Total Operations & Maintenance	33,464.62	39,572.04	-6,107.42	84.6%
Other Types of Expenses				
Other Costs	30.00			
Other Types of Expenses - Other	0.00	50.00	-50.00	0.0%
Total Other Types of Expenses	30.00	50.00	-20.00	60.0%
Outside Services				
Catering	0.00	600.00	-600.00	0.0%
Legal Fees	0.00	500.00	-500.00	0.0%
One-Call Service	143.22	240.00	-96.78	59.7%
Other Outside Services	7,570.16	13,000.00	-5,429.84	58.2%
Outside Services - Other	53.13			
Total Outside Services	7,766.51	14,340.00	-6,573.49	54.2%
Payroll Expenses				
Federal Payroll Withholding	3,119.97	3,180.00	-60.03	98.1%
Medicare	1,211.51	1,200.00	11.51	101.0%
Monthly Payroll	34,921.45	36,000.00	-1,078.55	97.0%
NM Payroll Withholding	499.19	540.00	-40.81	92.4%
Social Security	5,180.28	5,340.00	-159.72	97.0%
Unemployment Tax to NM	196.55	360.00	-163.45	54.6%
Workers Com. Tax Fee to NM	86.00	86.00	0.00	100.0%
Total Payroll Expenses	45,214.95	46,706.00	-1,491.05	96.8%
Reconciliation Discrepancies				
Taxes	0.01			
CRS Tax to NM	5,448.18	5,820.00	-371.82	93.6%
Water Use Tax	240.12	300.00	-59.88	80.0%
Total Taxes	5,688.30	6,120.00	-431.70	92.9%

Regina Mutual Domestic Water Consumers Association, Inc.
Profit & Loss Budget vs. Actual
July 2014 through June 2015

	Jul '14 - Jun 15	Budget	\$ Over Budget	% of Budget
Tools				
Total Expense	705.80	480.00	225.80	147.0%
	110,113.14	122,094.64	-11,981.50	90.2%
Net Ordinary Income	12,984.06	69.40	12,914.66	18,709.0%
Other Income/Expense				
Other Expense	92.94	45.00	47.94	206.5%
Refund	92.94	45.00	47.94	206.5%
Total Other Expense				
Net Other Income	-92.94	-45.00	-47.94	206.5%
Net Income	<u>12,891.12</u>	<u>24.40</u>	<u>12,866.72</u>	<u>52,832.5%</u>

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

**Schedule of Findings and Responses
Year Ended June 30, 2015**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings: None	N/A	N/A	N/A
Follow-up on Prior Year Findings: None	N/A	N/A	N/A

*** 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**

**Exit Conference
Year Ended June 30, 2015**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on December 14, 2015 with the following:

Regina Mutual Domestic Water Consumers Association

By telephone:

George Latham, Board Vice-President
Rory Rieck, Manager/Operator

Accounting Firm

James R. (Jim) Macias, CPA