

**STATE OF NEW MEXICO
SAN ANTONIO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
Independent Accountants' Report on
Applying Agreed-Upon Procedures
Year Ended December 31, 2010**

**STATE OF NEW MEXICO
SAN ANTONIO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
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**STATE OF NEW MEXICO
SAN ANTONIO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
December 31, 2010
Official Roster**

Board of Supervisors

Richard Anderson
William Weiss
E.F. Wade
Jane Farmer
Kevin Grinder
John Jones
Jeffery Betterley

President
Treasurer
Vice President
Secretary
Director
Director
Director

Staff

Barbara Attwood

Office Manager

**Dan Austin CPA, PC
700 Mechem Drive Ste. 15
Ruidoso, NM 88345**

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ryan Schwebach, Chairman and
The Board of Supervisors
San Antonio Mutual Domestic Water Consumers Association
and Honorable Hector H. Balderas New Mexico State Auditor

We have performed the procedures enumerated below for the San Antonio Mutual Domestic Water Consumers Association (SAMDWCA), for the year ended December 31, 2010. The SAMDWCA was determined to be a Tier 5 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the UCSWCD through the Office of the New Mexico State Auditor. The San Antonio 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:

The SAMDWCA has five bank accounts and utilizes Quickbooks to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand.

Random tests of bank reconciliations revealed that the reconciliations were accurate and agreed with supporting documentation and with the no quarterly financial reports submitted to DFA-LGD.

All Deposits were insured by the FDIC.

2. Capital Assets

Procedures:

- (a) Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA1978.

Findings

The SAMDWCA 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.
- (b) Test 50% of the total amount of revenues for the following attributes:

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

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. Amounts recorded in Quickbooks agreed with supporting documentation and the bank statements.

Amounts were properly recorded on a accrual basis as to classification, amount and period per review of supporting documentation.

4. Expenditures

Procedures:

- (a) Select a sample of cash disbursements and test at least 25 transactions and 50% of the total amount of expenditures for the following attributes:

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.

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

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:

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.

Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

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:

- (a) If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:
- (b) Journal entries appear reasonable and have supporting documentation.
- (c) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Findings

The SAMDWCA utilizes Quickbooks to record transactions and prepares journal entries only to record miscellaneous correcting entries and accruals. All journal entries were reviewed and appear reasonable.

6. Budget

Procedures

- (a) Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:
- (b) 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.
- (c) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- (d) 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 review of the minutes revealed that the original budget was approved by the SAMDWCA and was submitted to USDA-Rural Utilities Service per their loan covenants. Inquiries were made of the State of New Mexico – Local Government Division concerning requirements to submit a budget for approval. DFA-LGD had not contacted the entity and had not assigned an analyst.

Total actual total expenditures did not exceed the final total budgeted expenditures at the fund level, the legal level of budgetary control.

A schedule of revenues and expenditures - budget and actual was prepared on the accrual budgetary basis used by the SAMDWCA.

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 (l) (3) (C)NMAC.

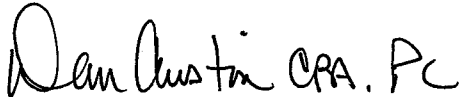
Findings

See page 8 for findings related to non-compliance.

Nothing came to our attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies with the exception of those reported on page 8..

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 San Antonio Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.



Dan Austin CPA, P. C.
Ruidoso, New Mexico
December 28, 2011

STATE OF NEW MEXICO
 SAN ANTONIO MUTUAL DOMESTIC WATER USER ASSOCIATION
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (ACCRUAL BASIS)
 PROPRIETARY FUND
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund			
	Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Water Service Fees	\$ 269,572	\$ 269,572	\$ 220,041	\$ (49,531)
Grant Revenue	-	-	38,771	38,771
Interest Income	60	60	79	-
Other Income	-	-	204	204
Total revenues	269,632	269,632	259,095	(10,556)
Expenditures				
Advertising	60	60	174	(114)
Auto Expense	4,200	4,200	4,412	(212)
Bank Charges	240	240	247	(7)
Chemicals	873	873	731	142
Conference	-	-	400	(400)
Contact Labor	1,000	1,000	250	750
Contract System Repair	400	400	340	60
Depreciation Expense	110,000	189,671	189,671	-
Director Fees	2,100	2,100	1,625	475
Dues	400	400	1,000	(600)
Insurance	9,240	9,240	11,860	(2,620)
Interest	45,986	45,986	45,625	361
Internet	300	300	241	59
Lab Fees	824	824	-	824
License	-	-	75	(75)
Miscellaneous	500	500	-	500
Office Expense	-	-	160	(160)
Penalties	-	-	44	(44)
Postage	1,654	1,654	1,354	300
Professional Fees	13,230	13,230	23,230	(10,000)
Rental Equipment	-	-	223	(223)
Rents-Land	160	160	160	-
Repairs and Maintenance	21,100	21,100	1,851	19,249
Salaries and Wages	63,502	63,502	63,502	-
Supplies	4,400	4,400	6,010	(1,610)
Taxes	18,760	18,760	17,942	818
Telephone	1,551	1,551	2,547	(996)
Travel	2,422	2,422	5,312	(2,890)
Utilities	12,697	12,697	13,719	(1,022)
Total expenditures	315,599	395,270	392,705	\$ 2,565
Excess (Deficiency) of Revenues over Expenditures	(45,967)	(125,638)	\$ (133,610)	
Retained Earnings, Beginning	(693,153)	(693,153)	(693,153)	
Retained Earnings, Ending	\$ (739,120)	\$ (818,791)	\$ (826,763)	

**STATE OF NEW MEXICO
SAN ANTONIO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
Schedule of Findings and Responses
Year Ended December 31, 2010**

Prior Year Audit Findings

None

Current Year Findings

10-1. Agreed Upon Procedures Report Submitted Late

Condition: The AUP report was not submitted to the New Mexico State Auditor's office by the due date of July 1, 2011.

Criteria: The New Mexico State Auditor requires public entities to submit AUP reports within five months of year-end. If the reports are submitted late, it is considered to be an instance of noncompliance with Subsection A of 2.2.2.9 NMAC.

Cause: The entity failed to contract the engagement in a timely manner.

Effect: Noncompliance with state audit rule.

Recommendation: Complete the audit reports in a timely manner.

Response: The Association will submit future AUP reports by the due date.

10-2 Budget Compliance

Condition: The SAMDWCA did not submit budgets the New Mexico Department of Finance and Administration-Local Governments Division.

Criteria: All entities subject to the tiered requirements of reporting per the State Audit Rule should submit budgets in compliance with (6-3-1 to 6-3-25 NMSA 1978).

Effect: Non-compliance with Budget Compliance Statutes resulting inability to monitor budgets by NM Department of Finance and Administration.

Cause: Lack of information on Budget Requirements provided by DFA-LGD.

Recommendation: Submit budgets to the DFA-LGD.

Response: The Board of Directors will prepare and submit budgets to DFA-LGD.

**STATE OF NEW MEXICO
SAN ANTONIO 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 December 28, 2011 with the following in attendance:

San Antonio Mutual Domestic Water Users Association

Richard Anderson, President
Barbara Attwood, Office Manager

Accounting Firm

Dan Austin, CPA