

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

**INDEPENDENT ACCOUNTANT'S REPORT
ON THE APPLICATION OF TIER 4
AGREED-UPON PROCEDURES
YEAR ENDED DECEMBER 31, 2017**

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
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DECEMBER 31, 2017**

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**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2017**

BOARD OF DIRECTORS

Name	Title
Jaime Villasenor	President
Oscar Alvidrez	Vice President
Isela Wendler	Secretary/Treasurer
Isabel Fajardo	Director
Jesus Castaneda	Director



SCOTT NORTHAM, CPA, PC
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON THE
APPLICATION OF TIER 4 AGREED-UPON PROCEDURES**

Wayne Johnson, New Mexico State Auditor, and
Board of Directors of
San Pablo Mutual Domestic Water Consumers Association
San Pablo, New Mexico

We have performed the procedures enumerated below for the San Pablo Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2017. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed upon by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the Association'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 results are detailed under Scope of Procedures and Results as noted in the table of contents.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying Schedule of Findings and Responses as noted in the table of contents.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association's financial position and operations as of and for the year ended December 31, 2017. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to those parties specified in the report.

This report is intended solely for the information and use of the San Pablo Mutual Domestic Water Consumers Association, the New Mexico Office of the State Auditor, the New Mexico Legislature, 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.

Scott Northam, CPA, PC
Ruidoso, New Mexico
March 2, 2018

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
SCOPE OF PROCEDURES AND RESULTS
DECEMBER 31, 2017**

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."	
Tier 4 Requirements – Cash basis revenues of \$50,000 or more but less than \$250,000 with no capital outlay award expenditures from the New Mexico Legislature.	The Association's cash basis revenues totaled approximately \$190,886 and the Association did not expend any capital outlay awards. The Association is correctly categorized as a Tier 4 agency.
2. Cash Procedures	
a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements are complete and on-hand.	All twelve fiscal year bank statements for the five accounts were on-hand and available for compliance examination. Reconciliations were timely performed within a reasonable time after the end of the month.
b. Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division..	A review of 100% of bank reconciliations noted the reconciliations were accurate and agreed with the general ledger and DFA 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.	The Association's funds on deposit with the financial institution did not exceed the \$250,000 FDIC maximum insured coverage during the year. The financial institution was not required to provide additional collateralization for any uninsured deposits.
3. Capital Assets	
Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.	The Association maintains and annually approves a capital asset inventory listing as required under Section 12-6-10 NMSA 1978.

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
SCOPE OF PROCEDURES AND RESULTS
DECEMBER 31, 2017**

4. 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.	Analytical review and tests of actual revenue compared to budgeted revenue for the fiscal year noted no exceptions.
b. Select a sample of revenue equal to 30% of the total dollar amount and test whether the amount recorded in the general ledger agrees to the supporting documentation and the bank statement	A review of all twelve of the monthly billings and collections reports (100% of coverage) noted amounts recorded in the general ledger agreed with deposit slips, utility reports and other supporting documentation provided and the bank statements with no exceptions noted.
c. Select a sample of revenue equal to 30% of the total dollar amount and test the 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.	A review of all twelve of the monthly billings and collections reports (100% of coverage) were reconciled to the general ledger revenue entries and noted the amounts were properly recorded on cash basis as to classification, amount and period.

5. Expenditures Select a sample of cash disbursements representative of the of the population equal to at least 30% of the total dollar amount and test the following attributes:	
a. Determine that the 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.	A review of all twelve of the monthly disbursement files was conducted (100% of coverage) and no exceptions with respect to amount, payee, date and description were noted.
b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.	A review of all twelve of the monthly disbursement files was conducted (100% of coverage) and noted no exceptions as to authorization and approval for payment, budget compliance and compliance with 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).	Disbursement testwork revealed no exceptions to the process (or request for proposal process, if applicable), purchase orders, contracts and agreements being 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).

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
SCOPE OF PROCEDURES AND RESULTS
DECEMBER 31, 2017**

6. Journal Entries Test all non-routine journal entries, adjustments, and reclassifications are posted to the general ledger for the following attributes:	
a. Journal entries appear reasonable and have supporting documentation.	There were no non-routine journal entries posted to the general ledger and all reviewed journal entries 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.	There were no non-routine journal entries posted to the general ledger. The Association has policies in place that require any journal entries made by the contract bookkeeper to be reviewed and approved by the Board of Directors at the monthly meeting.
7. 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 body's governing body and DFA-LGD.	The original budget was approved by the Board of Directors and DFA-LGD. There were one subsequent budget adjustment for the fiscal year increasing expenses by \$30,000.
b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.	Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
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 fund.	The Original Approved Budget (Non-GAAP) and the Final Budget and Actual (Non-GAAP) schedules on the modified-cash basis follow these procedures and results.
8. Other	
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed 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.	No other or additional exceptions were noted when applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies.

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Water Sales and Charges for Service	\$ 73,000	\$ 73,000	\$ 73,798	\$ 798
Reconnect and Disconnect Fees	5,000	5,000	2,380	(2,620)
Late Fees and Penalties	6,000	6,000	5,455	(545)
Membership and Meter Sales	-	-	375	375
Miscellaneous	103,000	103,000	108,878	5,878
Total Operating Revenues	<u>187,000</u>	<u>187,000</u>	<u>190,886</u>	<u>3,886</u>
OPERATING EXPENSES				
System Repairs and Maintenance	67,250	67,250	66,170	1,080
System Parts and Supplies	2,500	2,500	621	1,879
Insurance	5,500	5,500	5,140	360
Office Expense	750	750	60	690
Dues, Fees, Permits and Licenses	410	410	538	(128)
Professional Fees and Contracted Services	32,500	32,500	40,070	(7,570)
Training	500	500	-	500
Gross Receipt, Property and Other Taxes	350	350	155	195
Utilities	65,100	65,100	54,331	10,769
Miscellaneous	-	30,000	21,551	8,449
Total Operating Expenses	<u>174,860</u>	<u>204,860</u>	<u>188,636</u>	<u>16,224</u>
Change in Net Position	12,140	(17,860)	2,250	<u>\$ 20,110</u>
Cash and Cash Equivalents - Beginning	<u>139,694</u>	<u>139,694</u>	<u>139,694</u>	
Cash and Cash Equivalents - Ending	<u>\$ 151,834</u>	<u>\$ 121,834</u>	<u>\$ 141,944</u>	

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
YEAR END FINANCIAL REPORT SUBMITTED TO DFA
DECEMBER 31, 2017**

MDWCA Name:
Mailing Address:
Email Address:
Phone number:

San Pablo MDWCA
P.O. Box 1885, Las Cruces, NM 88004
danielwilson@granitemtaccounting.com
575-526-2445

**Calendar Year
2017**

	APPROVED BUDGET	1st QR: Jan - Mar	2nd QR: Apr - Jun	3rd QR: Jul - Sept	4th QR: Oct -Dec	Year to Date(YTD) Totals	YTD (over/under BUDGET	% of Budget
Beginning balances:								
Cash	134,694							
Savings	-							
CDs	5,000							
Investments	-							
Beginning Balance TOTAL	\$ 139,694							
REVENUES								
Water Sales (Water Use Fees)	73,000	16,421	19,440	19,622	18,315	73,798	(798)	101%
Connection/Reconnection Charges	5,000	510	510	680	680	2,380	2,620	48%
Membership and Meter Sales (Utility Service Fees)	0	300	0	0	75	375	(375)	-
Late Fees and Penalties (Other Fines and Forfeits)	6,000	1,389	1,323	1,300	1,444	5,455	545	91%
Gross Receipts Tax (Other State shared taxes)	0	0	0	0	0	0	0	-
Other Operating Revenue (miscellaneous - other)	103,000	28,599	26,552	27,366	26,361	108,878	(5,878)	106%
TOTAL	\$ 187,000	47,219	47,825	48,968	46,874	190,886	(3,886)	102%
EXPENDITURES								
Salaries - Operator, Bookkeeper, etc.	-	0	0	0	0	0	0	-
Employee Benefits and Expenses	-	0	0	0	0	0	0	-
Electricity	7,500	1,409	1,567	2,044	1,315	6,335	1,165	84%
Other Utilities - Gas, Water, Sewer, Telephone	57,600	11,063	13,266	12,978	10,689	47,996	9,604	83%
System Parts and Supplies	2,500	57	0	0	564	621	1,879	25%
System Repairs and Maintenance	67,250	16,684	13,993	18,206	17,286	66,170	1,080	98%
Vehicle Expenses	-	0	0	0	0	0	0	-
Office and Administrative Expenses	750	60	0	0	0	60	690	8%
Professional Services - Accounting, Engineering, Legal	32,500	12,902	10,126	9,973	7,068	40,070	(7,570)	123%
Insurance	5,500	1,230	1,258	1,329	1,323	5,140	360	93%
Dues, Fees, Permits and Licenses	410	402	10	0	126	538	(128)	131%
Taxes - Gross Receipts Tax, Water Conservation Fee	350	0	0	0	155	155	195	44%
Training	500	0	0	0	0	0	500	0%
Miscellaneous	30,000	0	30,869	86	(9,403)	21,551	8,449	72%
Annual debt service - Loan 1	-	0	0	0	0	0	0	-
Annual debt service - Loan 2	-	0	0	0	0	0	0	-
TOTAL	\$ 204,860	43,808	71,089	44,616	29,124	188,636	16,224	92%
Ending Balance	121,834					141,944		
LESS: Operating Reserve	30,000					30,000		
Emergency Reserve	20,000					20,000		
Capital Improvement Reserve	50,000					50,000		
Debt Reserve	-					-		
Ending Available Cash Balance	\$ 21,834					\$ 41,944		

THEREBY CERTIFY THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS.

President/Chairperson

Date

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2017**

FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

NONE

PRIOR YEAR FINDINGS:

NONE

**SAN PABLO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
DECEMBER 31, 2017**

The contents of this report were discussed with the San Pablo Mutual Domestic Water Consumers Association representatives on March 2, 2018. The following individuals were present for the conference:

San Pablo Mutual Domestic Water Consumers Association

Scott Northam, CPA, PC

Isela Wendler - Secretary Treasurer
Daniel Wilson, CPA – Granite Mountain Accounting
Ruby Hernandez – Granite Mountain Accounting

Scott Northam, CPA

The agreed-upon procedures of the San Pablo Mutual Domestic Water Consumers Association were prepared by Scott Northam, CPA, PC, from original books and records provided by and with assistance from the management of the Association.