

STATE OF NEW MEXICO
CASAS ADOBES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

Tier 4 of the Audit Act Report

Year Ended December 31, 2019

STATE OF NEW MEXICO
CASAS ADOBES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Mimbres, New Mexico
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STATE OF NEW MEXICO
CASAS ADOBES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Mimbres, New Mexico
Official Roster

Gaetano Siragusa	President
Johnny Coburn	Vice President
Randall Bozelle	Member at Large
Nancy Ketchum	Secretary
Arthur Franklin	Treasurer

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Gaetano Siragusa, President
and Members of the Board
Casas Adobes Mutual Domestic Water Consumers Association
and Brian Colón, New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by Casas Adobes Mutual Domestic Water Consumers Association on performing an agreed-upon procedures engagement for Tier 4 of the Audit Act (Section 12-6-1 et seq., NMSA 1978) for the year ended December 31, 2019. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The management of Casas Adobes Mutual Domestic Water Consumers Association is responsible for the company's accounting records. 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 associated findings are as follows:

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."

We verified Casas Adobes Mutual Domestic Water Consumers Association's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tier System Reporting Main Page" and it was determined that Casas Adobes Mutual Domestic Water Consumers Association falls under Tier 4.

2. Cash

- 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.

The Association has three bank accounts that consist of 1 operating checking account and 2 savings accounts. All statements for each of the 3 accounts were available. However, for the operating account, 3 monthly bank statements were missing a reconciliation. Of the remaining 9 monthly reconciliations, 1 month was not performed timely. For the savings accounts, statements are received and reconciled quarterly. Two of the 4 statement reconciliations were not performed timely. 2019-001 (2017-001)

- 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.

The Association has three bank accounts that consist of 1 operating checking account and 2 savings accounts. The operating account reconciliations were accurate for all months tested. However, 3 of the 4 quarterly DFA financial reports submitted did not tie to the corresponding bank statements for both the operating and savings accounts.
2019-002 (2017-002)

- 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 deposits were properly collateralized as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

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 performed a yearly inventory as of December 31, 2019 and the inventory listing was certified by the board of directors as of January 2020.

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 test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

All supporting documentation was available and agreed to 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.

All supporting documentation was available and classification could be verified.

5. Expenditures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test 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.

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

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

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

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)

6. Journal Entries

Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.

All journal entries tested appear reasonable and have supporting documentation.

- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

No exceptions noted.

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 public body's governing body and DFA-LGD.

A review of the minutes and correspondence revealed that the original budget was approved by the Association board and DFA-LGD.

- b) Determine if the total actual expenditures exceed 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 individual fund.

Schedules of revenues and expenditures – budget to actual, cash basis, were prepared for the general fund.

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(l) (3) (C) NMAC.

No other information indicating any fraud, illegal acts, or any internal control deficiencies were identified.

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 accounting records. 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 you.

This report is intended solely for the information and use of Casas Adobes Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office, Department of Finance and Administration, Local Government Division, and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.



Beasley, Mitchell & Co., LLP
Las Cruces, New Mexico
April 17, 2020

CASAS ADOBES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (CASH BASIS)
OPERATING FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Water sales (water use fees)	\$ 80,000	\$ 80,000	\$ 75,850	\$ (4,150)
Connection/reconnection charges	3,000	3,000	-	(3,000)
Membership and meter sales (utility service fees)	6,000	6,000	6,898	898
Late fees and penalties (other fines and forfeits)	700	700	525	(175)
Gross receipts tax(other state shared taxes)	5,500	5,500	5,101	(399)
Other operating revenue (miscellaneous - other)	150	150	164	14
Total revenues	95,350	95,350	88,538	(6,812)
Expenditures				
Salaries	32,000	32,000	34,378	(2,378)
Employee benefits and expenses	3,000	3,000	3,472	(472)
Electricity	7,000	7,000	6,483	517
Other utilities	2,000	2,000	1,921	79
System parts and supplies	9,000	9,000	4,512	4,488
System repairs and maintenance	17,000	17,000	3,600	13,400
Vehicle expenses	-	-	-	-
Office and administrative expenses	8,000	8,000	4,249	3,751
Professional service	7,000	7,000	4,482	2,518
Insurance	2,000	2,000	2,559	(559)
Dues, fees, permits and licenses	500	500	254	246
Taxes - GRT, water conservative fee	5,500	5,500	5,036	464
Training	500	500	3,547	(3,047)
Miscellaneous	-	-	-	-
Annual debt service loan	1,920	1,920	-	1,920
Total expenditures	95,420	95,420	74,493	20,927
Excess revenues over expenditures	\$ (70)	\$ (70)	\$ 14,045	\$ 14,115

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

Casas Adobes Mutual Domestic Water Consumers Association
 PO Box 571, Mimbres, NM 88049
 camdwcaoffice@gmail.com
 575-536-9340

Calendar Year
 2019

	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	25,299							
Savings	25,093							
CDs								
Investments								
Beginning Balance TOTAL	\$ 50,392							
REVENUES								
Water Sales (Water Use Fees)	80,000	18,940	18,819	20,266	17,825	75,850	4,150	95%
Connection/Reconnection Charges	3,000					0	3,000	0%
Membership and Meter Sales (Utility Service Fees)	6,000	2,875	2,325	1,424	274	6,898	(898)	115%
Late Fees and Penalties (Other Fines and Forfeits)	700	138	201		186	525	175	75%
Gross Receipts Tax (Other State shared taxes)	5,500	1,237	1,275	1,109	1,480	5,101	399	93%
Other Operating Revenue (miscellaneous - other)	150		74	44	46	164	(14)	109%
TOTAL	\$ 95,350	23,190	22,694	22,843	19,811	88,538	6,812	93%
EXPENDITURES								
Salaries - Operator, Bookkeeper, etc.	32,000	9,226	7,280	9,064	8,809	34,379	(2,379)	107%
Employee Benefits and Expenses	3,000	830	874	889	879	3,472	(472)	116%
Electricity	7,000	1,399	1,424	2,031	1,629	6,483	517	93%
Other Utilities - Gas, Water, Sewer, Telephone	2,000	443	483	489	506	1,921	79	96%
System Parts and Supplies	9,000	1,870	50	47	2,545	4,512	4,488	50%
System Repairs and Maintenance	17,000	75	1,207	1,345	973	3,600	13,400	21%
Vehicle Expenses						0	0	-
Office and Administrative Expenses	8,000	992	1,113	1,373	771	4,249	3,751	53%
Professional Services - Accounting, Engineering, Legal	7,000	180			4,302	4,482	2,518	64%
Insurance	2,000	2,339		220		2,559	(559)	128%
Dues, Fees, Permits and Licenses	500	10			244	254	246	51%
Taxes - Gross Receipts Tax, Water Conservation Fee	5,500	815	1,470	1,041	1,710	5,036	464	92%
Training	500	1,441	907	818	381	3,547	(3,047)	709%
Miscellaneous		648	(648)			0	0	-
Loans								
Annual debt service - Loan 1	1,920					0	1,920	0%
Annual debt service - Loan 2						0	0	-
TOTAL	\$ 95,420	20,268	14,159	17,317	22,749	74,493	20,927	78%
Ending Balance	50,322					64,437		
LESS: Operating Reserve								
Emergency Reserve	15,056					17,734		
Capital Improvement Reserve	10,037					10,099		
Debt Reserve								
Ending Available Cash Balance	\$ 25,229					\$ 36,604		

I HEREBY 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

STATE OF NEW MEXICO
Casas Adobes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Year ended December 31, 2019

STATUS OF PRIOR YEAR FINDINGS

2019-001 (2017-001)	Untimely preparation and variances in bank reconciliations – Material Weakness	Revised and Repeated
2019-002 (2017-002)	Differences in the cash balances submitted to DFA - Material Weakness	Revised and Repeated
2017-003	Late AUP Report – Significant Deficiency	Resolved
2017-004	Year to date total revenue and expenses amount do not tie to DFA reports – Significant Deficiency	Resolved
2017-006	Annual inventory not performed as required – Material Weakness	Resolved

CURRENT YEAR FINDINGS

No new findings

STATE OF NEW MEXICO
Casas Adobes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Year ended December 31, 2019

Missing and untimely preparation of bank reconciliations 2019-001 (2017-001) – Material Weakness

Condition: The Association has three bank accounts that consist of 1 operating checking account and 2 savings accounts. For the operating account, 3 monthly bank statements were missing a reconciliation. Of the remaining 9 monthly reconciliations, 1 month was not performed timely. The two savings accounts all had quarterly statements available, however, 2 of the quarterly statements had reconciliations that were not performed timely.

There has not been any progress made from prior year.

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- 1) Keep all the books, records, and accounts in their respective offices in the form prescribed by the local government division;
- 2) Make all reports as may be required by the local government division; and
- 3) Conform to the rules and regulations adopted by the local government division.

Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, The Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Cause: The Association experienced technology related data loss and thus did not have reconciliations for all bank statements.

Effect: Incomplete and untimely preparation of bank reconciliations could lead to errors on cash balances.

Recommendation: The Association should make sure bank reconciliations are performed by the end of the following month for checking accounts and at least quarterly for savings accounts.

Response: The Association will ensure bank statements are obtained on time and bank reconciliations are performed timely.

Expected Completion Date: 12/31/2020

Employee Responsible: Treasurer

STATE OF NEW MEXICO
Casas Adobes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Year ended December 31, 2019

Differences in the cash balances submitted to DFA 2019-002 (2017-002) - Material Weakness

Condition: The Association submitted a complete quarterly financial report to Department of Finance and Administration (DFA) for all quarters of the fiscal year 2019. Cash balances submitted in the DFA report to DFA were incorrect for a total of three out of the four quarters reported. The dollar discrepancy amounts were \$1,639 for quarter one, \$1,299 for quarter two, and \$285 for quarter three.

There has been minimal progress toward resolving this finding from prior year. The fourth quarter DFA report for 2019 cash balance was accurately reported.

Criteria: Per Section 6-6-3 NMSA 1978, every local public body shall:

- 1) Keep all the books, records, and accounts in their respective offices in the form prescribed by the local government division;
- 2) Make all reports as may be required by the local government division; and
- 3) Conform to the rules and regulations adopted by the local government division.

Within Title 2, Chapter 20, Part 5, Public Finance Accounting by Governmental Entities of the New Mexico Administrative Code, The Department of Finance and Administration requires all accounting systems, including subsidiary systems, record transactions timely, completely, and accurately.

Cause: Lack of oversight in reporting.

Effect: Cash balances of the Association were inaccurately submitted to DFA.

Recommendation: The Association should make sure the cash balance reported in the DFA report, and bank reconciliation matches with the cash general ledger.

Response: The Association will ensure that the cash balances reported in the DFA report, and bank reconciliation matches with the cash general ledger.

Expected Completion Date: 12/31/2020

Employee Responsible: Treasurer

STATE OF NEW MEXICO
Casas Adobes Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Year ended December 31, 2019

EXIT CONFERENCE

An exit conference was held on April 7, 2020 with Gaetano Sirgusa, President and Glenn Persons, Office Manager. Representing Beasley, Mitchell & Co., LLP was Ashley Tierney, CFE, CGFM, Staff II Auditor.