

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Ya-Tah-Hey Water and Sanitation District

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending June 30, 2017

**Ya-Ta-Hey Water and Sanitation District
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For the Fiscal Year Ending June 30, 2017**

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**Ya-Tah-Hey Water and Sanitation District
Official Roster
June 30, 2017**

Board of Directors

Stephen Rogers, President

Vacant, Vice-President

Loline Hathaway, Secretary/Treasurer

Lena Draper, Board Member

Vacant, Board Member

Administrative Staff

None

Independent Accountant's Report on Applying Agreed-Upon Procedures

Stephen Rogers, President
Ya-Tah-Hey Water and Sanitation District
and
Tim Keller
New Mexico State Auditor

I have performed the procedures enumerated below for the Ya-Tah-Hey Water and Sanitation District (District) for the fiscal year ended June 30, 2017, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 4 entity per Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the District through the New Mexico Office of the State Auditor. The District's management is responsible for its accounting records and the subject matter. 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 the parties specified in this 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. 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."

Based on a review of the District's general ledger, total revenues for the fiscal year ending June 30, 2017 were \$82,360 and the District did not receive a capital outlay appropriation. Based on this information, the District was properly determined to be a Tier 4 entity for FY16 since their total revenues were between \$50,000 and \$250,000 and they did not receive or expend a capital outlay appropriation during the fiscal year.

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 District has three bank accounts (Wells Fargo Checking, US Bank Money Market, and US Bank Savings). All of the bank statements for the fiscal year were complete and on hand, and the bank reconciliations for all accounts were performed in a timely manner.

- 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.

Four monthly bank reconciliations were selected and tested. The amounts on the bank reconciliations agreed with the bank statements, general ledger, supporting documentation and the financial reports submitted to 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.

The bank account balances (including the money market and escrow accounts) of the District were fully insured by the FDIC. Pledged collateral was not required since the District's bank balances were below \$250,000 during the fiscal year.

3. Capital Assets

- a. Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

At the end of the fiscal year, the Association performed an inventory but does not have any movable chattels and equipment costing more than \$5,000. No capital asset purchases during the fiscal year were noted during the agreed-upon procedures.

4. Revenues

- a. Identify the nature and amount of revenue from all sources by reviewing the budget, agreements, rate schedules, and underlying documentation. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

The major revenue sources of the District consist of water and sewer charges, administrative fees and rental income. The variances between budgeted revenues and actual revenues were reasonably explained by management. No unusual or unexplained variances were noted.

- b. Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:
 - i. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

A sample of cash receipts was judgmentally selected and tested which amounted to 47% of total revenues. The amount recorded in the general ledger agreed with the supporting documentation and the bank statement.

- ii. 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.

The cash receipts tested were properly classified and recorded in the general ledger. The sample tested was representative of the population.

5. Expenditures

- a. Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:
 - i. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to vendor's invoice, purchase order, contract and canceled check, as appropriate.

A sample of cash disbursements was tested which amounted to 48% of total expenses. The amounts recorded as disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The sample tested was representative of the population. The District does not use purchase order forms and does not receive canceled checks from Wells Fargo Bank.

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

The cash disbursements tested were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

- iii. 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), State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

None of the cash disbursements tested exceeded the amounts requiring sealed bids or requests for proposals. The cash disbursements tested were processed in accordance with applicable provisions of the State Procurement Code, Purchasing Regulations and the Per Diem and Mileage Act, as applicable.

6. Journal Entries

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

- i. Journal entries appear reasonable and have supporting documentation.

According to the District, no non-routine journal entries were posted to the general ledger during the fiscal year and none were noted during the agreed-upon procedures.

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

The District has a procedure in place whereas the Board of Directors will review and approve any non-routine journal entries posted by the contract bookkeeper during its board meetings.

7. Budgets

- a. Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following test work:

- i. 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.

The minutes of the meetings showed that the Board of Directors adopted the original budget on July 11, 2016. The original budget was approved by DFA-LGD on September 6, 2016. There were no budget adjustments during the fiscal year.

- ii. Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

For the fiscal year ending June 30, 2017, total expenses did not exceed the final approved budget. See Exhibit 1 on p. 7.

- iii. 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.

See Exhibit 1 on p. 7.

8. Other

- a. 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 all required content per Section 2.2.2.10 (L) NMAC.

No findings were noted during the agreed-upon procedures.

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 subject matter. 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 management and others with the District, the New Mexico State Auditor, the Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

September 6, 2017

**Ya-Tah-Hey Water and Sanitation District
Schedule of Findings and Responses
For the Fiscal Year Ending June 30, 2017**

Status of Prior Year Findings

Finding 2010-001 – Untimely Bank Account Reconciliations – Resolved.

Finding 2004-001 – Non-compliance with Budget Laws and Regulations – Resolved.

Finding 2004-005 – No Capital Asset Inventory Listing and No Board Certification of Inventory at Fiscal Year-End – Resolved.

Finding 2011-005 – Improper Payments for Water Storage Tank Lease Site – Resolved.

Finding 2016-001 – Actual Expenses Exceeded the Adopted Budget – Resolved.

Current Year Findings

None.

Ya-Tah-Hey Water Conservation District
Schedule of Revenues and Expenses
Budget and Actual (Non-GAAP Cash Basis)
For the Fiscal Year Ending June 30, 2017

Exhibit 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Water Usage Charge	\$ 24,000	\$ 24,000	\$ 20,576	\$ (3,424)
Sewer Usage Charge	21,000	21,000	22,129	1,129
Administrative Fees	23,000	23,000	25,265	2,265
Rental Income	9,600	9,600	10,003	403
Interest	100	100	114	14
Other Fees	-	-	4,274	4,274
Total Revenues	<u>\$ 77,700</u>	<u>\$ 77,700</u>	<u>\$ 82,360</u>	<u>\$ 4,660</u>
Expenses:				
Administration	\$ 35,000	\$ 35,000	\$ 34,536	\$ 464
Operations	30,000	30,000	31,887	(1,887)
Other	6,700	6,700	3,174	3,526
Rental	360	360	361	(1)
Total Expenses	<u>\$ 72,060</u>	<u>\$ 72,060</u>	<u>\$ 69,957</u>	<u>\$ 2,103</u>

Copy of Year-End Financial Report Submitted to DFA-LGD

9:45 AM
07/06/17
Cash Basis

Yah-ta-hey Water and Sanitation District Balance Sheet As of June 30, 2017

	Jun 30, 17
ASSETS	
Current Assets	
Checking/Savings	
Bank	
Wells Fargo Business Checking	25,031.78
USBank Money Market 8525	
Debt Reserve - CWSRLF	5,342.50
USBank Money Market 8525 - Ot...	102,396.83
Total USBank Money Market 8525	107,739.33
USBank Savings Account 8139	1,300.18
Total Bank	134,071.29
Total Checking/Savings	134,071.29
Total Current Assets	134,071.29
Fixed Assets	
Building & Land	
Water System Improvements	48,880.09
Total Building & Land	48,880.09
Total Fixed Assets	48,880.09
TOTAL ASSETS	182,951.38
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
NM Constructions Bureau	5,342.50
Total Long Term Liabilities	5,342.50
Total Liabilities	5,342.50
Equity	
Opening Balance Equity	40,553.66
Retained Earnings	124,652.26
Net Income	12,402.96
Total Equity	177,608.88
TOTAL LIABILITIES & EQUITY	182,951.38

Copy of Year-End Financial Report Submitted to DFA-LGD

Yah-ta-hey Water and Sanitation District
 FY 2016 - 2017 Profit & Loss by Class
 July 2016 through June 2017

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 07/06/17
 Cash Basis

Ordinary Income/Expense	Sewer	Space Rental	Water	TOTAL
Income				
Revenue				
Water	0.00	0.00	20,576.36	20,576.36
Disc/Reconnect Fees	0.00	0.00	55.98	55.98
Late Fees	2,108.79	0.00	2,108.84	4,217.63
Sewer	22,128.55	0.00	0.00	22,128.55
Space Rental	0.00	10,002.57	0.00	10,002.57
Administrative Fee	12,632.72	0.00	12,632.76	25,265.48
Total Revenue	36,870.06	10,002.57	35,373.94	82,246.57
Total Income	36,870.06	10,002.57	35,373.94	82,246.57
Expense				
Administration				
Bank Service Charges	0.00	0.00	91.50	91.50
Computer and Internet Expenses	370.09	0.00	370.09	740.18
CPA	1,391.00	0.00	1,391.00	2,782.00
Election Costs	150.00	0.00	150.00	300.00
Office Supplies	286.02	0.00	286.04	572.06
Postage	524.51	0.00	524.49	1,049.00
Administrative Services	14,500.60	0.00	14,500.60	29,001.20
Total Administration	17,222.22	0.00	17,313.72	34,535.94
Operations				
Chlorine	0.00	0.00	354.19	354.19
Conservation Fee	0.00	0.00	215.52	215.52
Contract Services	1,218.51	0.00	2,289.32	3,507.83
Meter Reader	0.00	0.00	2,475.00	2,475.00
Repairs and Maintenance				
Sewer Repairs & Maintenance				
Lift Station #1 - North	1,261.25	0.00	0.00	1,261.25
Lift Station #2 - Middle	325.00	0.00	0.00	325.00
Lift Station #3 - South	325.00	0.00	0.00	325.00
Sewer Repairs & Maintenance - ...	4,177.67	0.00	0.00	4,177.67
Total Sewer Repairs & Maintenance	6,088.92	0.00	0.00	6,088.92
Water Repairs & Maintenance	0.00	0.00	12,135.89	12,135.89
Total Repairs and Maintenance	6,088.92	0.00	12,135.89	18,224.81
Sampling & Testing	0.00	0.00	513.40	513.40
Sanitation Sampling & Testing	407.79	0.00	0.00	407.79
Security	0.00	0.00	158.31	158.31
Shutoff/Reconnect Charges	0.00	0.00	50.00	50.00

Yah-ta-hey Water and Sanitation District
FY 2016 - 2017 Profit & Loss by Class
 July 2016 through June 2017

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 07/06/17
 Cash Basis

	Sewer	Space Rental	Water	TOTAL
Utilities				
GJU Water Standby	181.98	0.00	0.00	181.98
Lift Station #1 - North (8800)	328.68	0.00	0.00	328.68
Lift Station #2 - S. of Hwy 264	466.80	0.00	0.00	466.80
Lift Station #3 - S. of Nav.Est	543.90	0.00	0.00	543.90
N.Side Nav Est Water Well	0.00	0.00	3,945.97	3,945.97
Shut-off Valve (9700)	0.00	0.00	256.32	256.32
Tank, SCADA (2800)	0.00	0.00	256.32	256.32
Total Utilities	1,521.36	0.00	4,458.61	5,979.97
Total Operations	9,236.58	0.00	22,650.24	31,886.82
Other				
Dues & Fees	259.64	0.00	214.03	473.67
Insurance Expense	0.00	0.00	200.00	200.00
Legal Fees	1,250.00	0.00	1,250.00	2,500.00
Property Taxes	0.00	360.72	0.00	360.72
Total Other	1,509.64	360.72	1,664.03	3,534.39
Total Expense	27,968.44	360.72	41,627.99	69,957.15
Net Ordinary Income	8,901.62	9,641.85	-6,254.05	12,289.42
Other Income/Expense				
Other Income	0.00	0.00	113.54	113.54
Interests/Dividends	0.00	0.00	113.54	113.54
Total Other Income	0.00	0.00	113.54	113.54
Net Other Income	0.00	0.00	113.54	113.54
Net Income	8,901.62	9,641.85	-6,140.51	12,402.96

**Ya-Ta-Hey Water and Sanitation District
Exit Conference
For the Fiscal Year Ending June 30, 2017**

On September 6, 2017, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

Ya-Tah-Hey Water and Sanitation District

Loline Hathaway, Secretary/Treasurer
Diane Nunez, eWaterbilling.com (Contract Bookkeeper)

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, General Manager