

YAH-TA-HEY WATER & SANITATION DISTRICT

**INDEPENDENT ACCOUNTANT'S REPORT
ON THE APPLICATION OF TIER 4
AGREED-UPON PROCEDURES
YEAR ENDED JUNE 30, 2018**

**YAH-TA-HEY WATER & SANITATION DISTRICT
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**YAH-TA-HEY WATER & SANITATION DISTRICT
OFFICIAL ROSTER
JUNE 30, 2018**

BOARD OF DIRECTORS

Name	Title
Stephen Rogers	President
Loline Hathaway	Secretary/Treasurer
Lena Draper	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
Yah-Ta-Hey Water & Sanitation District
Yah-Ta-Hey, New Mexico

We have performed the procedures enumerated below for the Yah-Ta-Hey Water & Sanitation District (District) for the year ended June 30, 2018. The District 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 District through the Office of the New Mexico State Auditor. The District's management is responsible for the District'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 District's financial position and operations as of and for the year ended June 30, 2018. 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 Yah-Ta-Hey Water & Sanitation District, 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
July 25, 2018

**YAH-TA-HEY WATER & SANITATION DISTRICT
SCOPE OF PROCEDURES AND RESULTS
JUNE 30, 2018**

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 District's cash basis revenues totaled approximately \$92,677 and the District did not expend any appropriated capital outlay from the New Mexico Legislature. The District is 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 three 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 District's funds on deposit with the financial institution did not exceed the \$250,000 Federal Deposit Insurance Corporation's (FDIC) maximum insured coverage during the year. No additional pledged collateral was necessary from the financial institution.

3. Capital Assets	
Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.	The District maintains and annually approves a capital asset inventory listing as required under Section 12-6-10 NMSA 1978.

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.

**YAH-TA-HEY WATER & SANITATION DISTRICT
SCOPE OF PROCEDURES AND RESULTS
JUNE 30, 2018**

4. Revenue (Cont.) Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.	
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).

**YAH-TA-HEY WATER & SANITATION DISTRICT
SCOPE OF PROCEDURES AND RESULTS
JUNE 30, 2018**

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 District 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.
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 Final Budget and Actual (Non-GAAP) schedules on the modified-cash basis follow these procedures and results as noted in the table of contents.

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.

**YAH-TA-HEY WATER & SANITATION DISTRICT
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES				
Charges for Service - Water and Sewer	\$ 72,000	\$ 72,000	\$ 78,109	\$ 6,109
Reconnect and Disconnect Fees	-	-	205	205
Gross Receipts Tax	-	-	395	395
Late Fees	-	-	4,268	4,268
Miscellaneous	10,000	10,000	9,700	(300)
Total Operating Revenues	<u>82,000</u>	<u>82,000</u>	<u>92,677</u>	<u>10,677</u>
OPERATING EXPENSES				
Wages and Salaries	3,000	13,050	13,041	9
Electricity	6,090	5,590	4,966	624
System Parts and Supplies	400	2,300	2,214	86
System Repairs and Maintenance	18,860	98,860	97,860	1,000
Office and Administrative Expense	5,160	1,000	979	21
Professional Fees and Contracted Services	28,606	32,606	31,836	770
Insurance	3,000	100	(100)	200
Dues, Fees, Permits, and Licenses	4,000	1,000	707	293
Taxes	-	400	363	37
Miscellaneous	4,944	10,944	10,918	26
Debt Service - Principal	5,343	5,343	5,343	-
Total Operating Expenses	<u>79,403</u>	<u>171,193</u>	<u>168,127</u>	<u>3,066</u>
Change in Net Position	2,597	(89,193)	(75,450)	<u>\$ 13,743</u>
Cash and Cash Equivalents - Beginning	<u>134,071</u>	<u>134,071</u>	<u>134,071</u>	
Cash and Cash Equivalents - Ending	<u>\$ 136,668</u>	<u>\$ 44,878</u>	<u>\$ 58,621</u>	

**YAH-TA-HEY WATER & SANITATION DISTRICT
YEAR END FINANCIAL REPORT SUBMITTED TO DFA
JUNE 30, 2018**

INSTRUCTIONS: Cells in which are meant to be filled out are explained below. All other columns are locked and not meant to be filled out.
 Fill out the Approved Budget, 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr columns.
 Fill out Cash, Savings, CDs, Investments under the "Approved Budget" column with APPROVED BUDGET at beginning of yr. **THESE AMOUNTS DO NOT CHANGE THROUGHOUT THE YEAR**
 Fill out Reserves (if reserve amounts change throughout the year under the "Year to Date(YTD) Totals" column.
MDWCA Name: Yah-ta-hey Water and Sanitation District
Mailing Address: 320 Osuna Rd NE Unit G3, Albuquerque, NM 87107
Email Address: barguello@accountingnewme.com
Phone number: 505-205-1900

Calendar Year
July 2017 - June 2018

	APPROVED BUDGET	1st Qtr: Jul - Sep	2nd Qtr: Oct - Dec	3rd Qtr: Jan - Mar	4th Qtr: Apr - Jun	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
Beginning balances:								
Cash	25,032							
Savings	109,039							
GDs								
Investments								
Beginning Balance TOTAL	\$ 134,071							
REVENUES								
Water Sales (Water Use Fees)	72,000	17,655	18,930	21,409	20,321	78,314	(6,314)	109%
Connection/Reconnection Charges						0	0	-
Membership and Meter Sales (Utility Service Fees)						0	0	-
Late Fees and Penalties (Other Fines and Forfeits)		1,053	937	1,149	1,129	4,268	(4,268)	-
Gross Receipts Tax (Other State shared taxes)						395	(395)	-
Other Operating Revenue (miscellaneous - other)	10,000	2,754	2,230	2,465	2,251	9,700	300	97%
TOTAL	\$ 82,000	21,463	22,096	25,022	24,095	92,677	(10,677)	113%
EXPENDITURES								
Salaries - Operator, Bookkeeper, etc.	13,050	300	3,419	7,331	1,991	13,041	9	100%
Employee Benefits and Expenses						0	0	-
Electricity	5,590	638	1,581	1,656	1,091	4,966	624	89%
Other Utilities - Gas, Water, Sewer, Telephone						0	0	-
System Parts and Supplies	2,300		499	1,556	159	2,214	86	96%
System Repairs and Maintenance	98,860	14,332	76,891	6,309	328	97,860	1,000	99%
Vehicle Expenses						0	0	-
Office and Administrative Expenses	1,000	252	423	147	156	979	21	98%
Professional Services - Accounting, Engineering, Legal	32,606	7,511	10,588	7,048	6,690	31,836	770	98%
Insurance	100	(100)				(100)	200	-100%
Dues, Fees, Permits and Licenses	1,000	129	97	337	144	707	293	71%
Taxes - Gross Receipts Tax, Water Conservation Fee	400		363			363	37	91%
Training						0	0	-
Miscellaneous	10,944	1,083	3,172	612	6,051	10,919	26	100%
Annual debt service - Loan 1	5,343				5,343	5,343	1	100%
Annual debt service - Loan 2						0	0	-
TOTAL	\$ 171,193	24,145	97,032	24,997	21,952	168,127	3,066	98%
Ending Balance	44,878					58,621		
LESS: Operating Reserve								
Emergency Reserve								
Capital Improvement Reserve								
Debt Reserve								
Ending Available Cash Balance	\$ 44,878					\$ 58,621		

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.

John Hathaway
 President/Chairperson
Secy. Member

13 July 2018
 Date

**YAH-TA-HEY WATER & SANITATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018**

FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

NONE

PRIOR YEAR FINDINGS:

NONE

**YAH-TA-HEY WATER & SANITATION DISTRICT
EXIT CONFERENCE
JUNE 30, 2018**

The contents of this report were discussed with the Yah-Ta-Hey Water & Sanitation District representatives on July 25, 2018. The following individuals were present for the conference:

Yah-Ta-Hey Water & Sanitation District

Scott Northam, CPA, PC

Loline Hathaway –Secretary/Treasurer

Scott Northam, CPA

Benjamin Arguello, CPA – Integrity Accounting & Consulting, LLC
(Contract Accountant)

The agreed-upon procedures report of the Yah-Ta-Hey Water & Sanitation District was prepared by Scott Northam, CPA, PC, from original books and records provided by and with assistance from the management of the District.