



*Doña Ana Mutual Domestic Water Consumers Association
Mailing Address: P.O. Box 866 • Doña Ana, NM • 88032
Physical Address: 5535 Ledesma Dr. • Las Cruces, NM 88007
(575) 526-3491 Office • (575) 526-9306 Fax*

Agenda

The following are the items for consideration at the Regular Board Meeting of the Doña Ana Mutual Domestic Water Consumers Association Board of Directors on March 7, 2019, convening at 9:00 a.m. at the Doña Ana Mutual Domestic Water Consumers Association Board Room 5535 Ledesma Dr., Las Cruces, NM 88007:

Call to Order & Roll Call

Approval of Agenda

Minutes:

1. Minutes of 2-21-2019 Regular Board Meeting

Approval of New Members & Meters

Customer Issues and Public Input

Public Input will be limited to 3 minutes per person

Board President Report

Staff Reports

2. Executive Director

New Business

Consent Agenda

None

Unfinished Business

1. Resolution 2019 – 05 Local Planning Grant Application – Asset Management
2. Resolution 2019 – 06 Local Planning Grant Application – Master Plan
3. Approval of Contract Package 6326344 Phase III of Southeast Collection System Construction Phase Services
4. Approval to Accept FY 2018 Audit

Board Open Discussion

Adjournment

A copy of this agenda may be requested by phone by calling (575) 526-3491 or in person at 5535 Ledesma Drive, Las Cruces, NM 88007. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, if summary or other type of accessible format is needed, or any other form of auxiliary aid or service to attend or participate in the hearing or meeting, please contact Stephanie Suggs at (575) 526-3491 on the Tuesday prior to the meeting or as soon as possible.



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The following are the minutes of the Regular Board Meeting of the Doña Ana Mutual Domestic Water Consumers Association Board of Directors, February 21, 2019 convened at 9:00 a.m. in the Doña Ana Mutual Domestic Water Consumers Association Board Room located at 5535 Ledesma Dr., Las Cruces, NM 88007:

Call to Order & Roll Call

President Melton called the meeting to order at 9:15 a.m. and called roll:

Vice President – Jamie Stull, Absent

Secretary/Treasurer – Kurt Anderson, Present

Board Member – Dan Hortert, Present

Board Member – Paul Maxwell, Present

A Quorum was declared

Others in Attendance:

Executive Director – Jennifer Horton

Approval of Agenda

Dr. Anderson moved to approve the agenda for the February 21, 2019 Regular Board Meeting as presented; the motion was seconded by Mr. Hortert. The Chair called for discussion of the motion. None was brought forward. The motion carried by roll call vote 4-0.

Minutes

Dr. Anderson moved to approve the Regular Board Meeting Minutes of February 7, 2019 as presented; the motion was seconded by Dr. Maxwell. The Chair called for

discussion of the motion. Dr. Anderson requested the minutes reflect who administered the oath of office. Mr. Melton requested Dr. Maxwell's name be corrected from 'Mr.' to 'Dr.' The Chair called for a vote on the amended minutes; the motion carried by roll call vote 4-0.

New Members & New Meters

Dr. Maxwell moved to approve the New Members and New Meters list as presented. Dr. Anderson seconded the motion. The Chair called for discussion of the motion. Ms. Horton advised we have three names on the list as Mr. Diaz is a duplicate. All are new members and meters. The Chair called for a vote on the motion; the motion carried by roll call vote 4-0.

Customer Issues and Public Input

None

Board President Report

Mr. Melton opened the floor to the three Board Members who attended Colonias Day in Santa Fe. Dr. Anderson advised this year was fairly standard. All noted the event is not well organized and a cluster at times. Dr. Maxwell noted Dr. Anderson represented the Association well with the Governor. The Board agreed to be proactive and put together a check list for the next Colonias Day to attempt to be more productive.

Mr. Melton reported the projects continue and Radium Springs continues to experience line breaks throughout the construction. Well two's repairs continue, and wells eleven and fifteen remain under review in Massachusetts through NMED. All legal items are pending. We will be hosting a public meeting for the new members in West Mesa on March 20th at Fairacres Elementary. We have sent the second notice to the new

customers reminding them of their deadline on April 24th to complete their membership forms. We have 112 possible new connections.

Staff Reports

Ms. Horton summarized the reports from customer service, operations, and financials.

Projects are a consuming dynamic at this time. Via Norte is going well, with the tank construction set to begin any day. We do anticipate a finish date for end of March. Radium Springs has begun drilling the first well and the progress is good. We do have many line breaks on this project, but it was to be expected with the fragility of that system. File Construction is ahead of schedule; however we are experiencing an issue with a granted easement. The individual who agreed and signed the contract is now upset with the location of the pipe. A plat of survey was provided with the easement when signed. The equipment for the wastewater treatment plant (WWTP) has been ordered and may create a stop of work until it arrives.

Southeast Collection Phase II has been a major challenge. The contractor's substantial completion date should have been Tuesday February 4th, and SmithCo is not close to being finished. The contractor has been put on notice for liquidated damages until they reach substantial completion of the project. We are now on change order fourteen for forty-five days' worth of work. The contractor has been pushing for additional time, however the contract was only for ninety days and they did not begin work until forty-five days into the contract. The job needs to be completed based off their bid. While there are always unknowns in the field, this contractor did not complete due diligence in the field prior to beginning construction. The amount of time and resources that go into a contractor of this nature is very consuming. Our engineering firm, SMA, is tasked with reviewing the change orders and presenting their recommendations to the

Association. As we are not licensed P.E.'s we will follow the design recommendations from SMA.

Ms. Horton is reviewing additional security measures for all of our tanks. Columbia Elementary School is going to be torn down. We are their service provider so we should be expecting to see their future plans as the new school is scheduled to be built close to the existing structure. Ms. Horton advised subdivision plan set reviews continue. The developer of Rancho Del Gallo and the owner of Casa De Oro have partnered to continue their sewer services. There are challenges with this as SMA was hired by Casa De Oro to complete a design for a lift station and connection, and then we reviewed those plans and approved that plan set with a letter of conditions. The original plan set review occurred in May of 2018. In October the contractor for Casa De Oro called as they were ready to begin construction. We had not received anything from the letter of conditions at that time. When Ms. Horton spoke with SMA she was advised Casa De Oro had changed their plan set. The changes were never communicated to Dona Ana Water, and all parties were informed that we needed the new plan set to review for approval before connection to our service would be allowed. In December 2018 the contractor called requesting to tie into our system as their construction was complete and they were denied as we do not know what the contractor has done. Ms. Horton called the owner of Casa De Oro asking where the plan sets were. The plan set for Casa De Oro arrived yesterday, February 20, 2019. They do want to own their lines. There are issues with this subdivision that have not been addressed by the developer and will not be approved until all of the conditions are met. As a reminder, everything we review and would do on our own projects is the standard we hold for developers as we ultimately will own this infrastructure. Our plan set reviews function on a first in basis for the order received. Mr. Weise's contract will expire in 2021 for potential sewer services, however the plans that have been submitted are not approved and the permits they had have expired. This project is a long way out.

New Business

None

Unfinished Business

Dr. Maxwell moved to approve Resolution 2019-04; the motion was seconded by Mr. Hortert. The Chair called for discussion of the motion. Ms. Horton advised this is the resolution that will begin the process of having developers bring water rights to the table for ten lots or more in lieu of us charging a water right fee. The Chair called for a vote on the motion. The motion carried by roll call vote 4-0.

Open Discussion

Mr. Melton inquired as to when we would need to begin researching a new rate study. Ms. Horton advised this would begin possibly around the five year mark.

Adjournment

Mr. Hortert moved to adjourn at 11:08 a.m., with a second from Dr. Maxwell. The Chair called for a vote on the motion. The motion carried by roll call vote 4-0.

Kurt Anderson
Secretary/ Treasurer

Date

New Meters New Members

Name	Address	District	Tap In Fee	Water Rights	Membership	Tax	Sewer	Other Fees	Total Fees
David S. Bullard	8181 Willow Bloom	5	\$ 2,897.00	\$ 1,750.00	\$ 75.00	\$ 412.50	\$ 3,503.00	\$ 25.00	\$ 8,662.50
Alan Brandon	8132 Willow Bloom	5	\$ 2,897.00	\$ 1,750.00	\$ 75.00	\$ 412.50	\$ 3,503.00	\$ 25.00	\$ 8,662.50
Richard W. Gehring	8144 Willow Bloom	5	\$ 2,897.00	\$ 1,750.00	\$ 75.00	\$ 412.50	\$ 3,503.00	\$ 25.00	\$ 8,662.50
Steinborn&Associates	115 Armadillo	1	\$ 1,255.00			\$ 64.00		\$ 25.00	\$ 1,344.00
Juan Vazquez	5534 Marigold	1			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Meriville Abney	96 De la O	1			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Javier Gomez	542 No Name Ct	2			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Jesus Zamora	935 Bleimeyer	2			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Roberto Valenzuela	5550 Dona Ana Rd	2			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Amie Casados	3026 San Lorenzo	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Marci McGraw	4200 San Ysidro	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Mark Myers	3135 Southwind Rd	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Mary Arbazal	3047 San Elizario Ct	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Neidin Magana	4661 Whispering Pines	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Ramon Anchondo	3019 San Lorenzo	3			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Angela Cavender	434 Bamert	4			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Jamey Cannedy	1825 Meadow Ln	4			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Rafael Vialpando	2855 Calle De Fira	4			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
David Robinson	1614 Arco De Goya	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Helen Chavez	1407 Via Norte	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
James A. Beuram	1286 Sissley	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Peter M. Gardiner	1100 Pueblo Gardens	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Richard DeMarquez	1595 Vista Del Cerro	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Walter Thomas Blackwell	6894 Camino Blanco	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75
Warren Neff	6827 Alhambra	5			\$ 75.00	\$ 6.75		\$ 60.00	\$ 141.75

New Members from West Mesa

Teodoro Torres	5214 Sun Fish Ct	5							
Linda Wrobleski	7095 Justin Ln	5							
Jeff Hoovere	6550 Justin Ln	5							
Linda Filosa	995 Weinrech Rd	5							
Frank Whitaker	1033 La Quinta	5							
Henry Rodriguez	5515 Quesenberry	5							
Edward J. Collins	1019 La Quinta	5							
Juan Delgado	5965 Quesenberry Ln	5							
John Xo	7040 Purple Mountain	5							
Nancy Garnett	881 Supreme Ct	5							
Daniel Duffin	1181 Bolin Ln	5							
James A Bucci	6020 Hillcrest	5							
Ron Wimsatt	7080 Justin Ln	5							
Mark R. Henry	1009 La Quinta	5							
Steve A. Jones	7020 Justin Ln	5							
Freida A. Hall	6140 Justin Ln	5							
William Bramleit	1077 La Quinta	5							
Charles Mabry	5518 Quesenberry	5							
Mabry Charles	5518 Quesenberry	5							
Deney-Rae Evans	7150 Justin Ln	5							
Luis Madrid	6845 Justin Ln	5							
Paula A. Leighton	1052 La Quinta	5							
Ray Howard	980 Shakespear Ln	5							
Gordon Berman	6121 Justin Ln	5							
Marvin Mathis	1120 Boling Ln	5							



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RESOLUTION NO. 2019 - 05

**AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED
APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO
THE NEW MEXICO FINANCE AUTHORITY**

WHEREAS, Doña Ana Mutual Domestic Water Consumers Association (the "Governmental Unit") is a duly organized Mutual Domestic created and formed pursuant to the Sanitary Projects Act and is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"); and

WHEREAS, the New Mexico Finance Authority ("Finance Authority") is authorized pursuant to the Act, particularly Section 6-21-6.4 of the Act, to make grants from the local government planning fund (the "Fund") to qualified entities to evaluate and estimate the costs of implementing feasible alternatives for meeting water and wastewater public project needs or to develop water conservation plans, long-term master plans or economic development plans; and

WHEREAS, pursuant to the Act the Finance Authority has developed an application procedure whereby the Governing Body may submit an application ("Application") to the Finance Authority for planning grant financial assistance from the Fund; and

WHEREAS, the Board of Directors of the Governmental Unit (the "Governing Body") desires to submit an Application for financial assistance from the Fund for a Planning Document, as defined in the Rules Governing the Local Government Planning Fund currently in effect and as specifically identified below, for the benefit of the Governmental Unit; and

WHEREAS, the Governing Body intends to submit the Planning Document to develop an Asset Management Plan ("Project") for the benefit of the Governmental Unit and its citizens; and

WHEREAS, the application prescribed by the Finance Authority to finance the Planning Document [in whole/in part] with financial assistance from the Fund has been completed, submitted to, and reviewed by the Governing Body, and this Resolution approving submission of the completed Application to the Finance Authority for its consideration and review is required as part of the Application.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY:

Section 1. That all lawful actions previously taken by the Governing Body and the Governmental Unit and their respective officers and employees in connection with the Application and the Project are hereby ratified, approved and confirmed.

Section 2. That the completed Application submitted to the Governing Body is hereby approved and confirmed.

Section 3. That the Executive Director of the Governmental Unit is hereby directed and requested to submit the completed Application to the Finance Authority, and is further authorized to take such other action as may be requested by the Finance Authority in connection with the Application and to proceed with arrangements for financing the Project.

Section 4. All acts and resolutions in conflict with this Resolution are hereby rescinded, annulled and repealed.

Section 5. This Resolution shall take effect immediately upon its adoption.

PASSES APPROVED AND ADOPTED this 7th day of March, 2019.

(SEAL)

Jim Melton, President of the Board of Directors

Jamie Stull, Vice President of the Board of Directors

Kurt Anderson, Sec/Treasurer of the Board of Directors

Dan Hortert, District 3 Representative

Paul Maxwell, District 5 Representative



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RESOLUTION NO. 2019 - 06

**AUTHORIZING AND APPROVING SUBMISSION OF A COMPLETED
APPLICATION FOR FINANCIAL ASSISTANCE AND PROJECT APPROVAL TO
THE NEW MEXICO FINANCE AUTHORITY**

WHEREAS, Dona Ana Mutual Domestic Water Consumers Association (the "Governmental Unit") is a duly organized Mutual Domestic created and formed pursuant to the Sanitary Projects Act and is a qualified entity under the New Mexico Finance Authority Act, Sections 6-21-1 through 6-21-31, NMSA 1978 ("Act"); and

WHEREAS, the New Mexico Finance Authority ("Finance Authority") is authorized pursuant to the Act, particularly Section 6-21-6.4 of the Act, to make grants from the local government planning fund (the "Fund") to qualified entities to evaluate and estimate the costs of implementing feasible alternatives for meeting water and wastewater public project needs or to develop water conservation plans, long-term master plans or economic development plans; and

WHEREAS, pursuant to the Act the Finance Authority has developed an application procedure whereby the Governing Body may submit an application ("Application") to the Finance Authority for planning grant financial assistance from the Fund; and

WHEREAS, the Board of Directors of the Governmental Unit (the "Governing Body") desires to submit an Application for financial assistance from the Fund for a Planning Document, as defined in the Rules Governing the Local Government Planning Fund currently in effect and as specifically identified below, for the benefit of the Governmental Unit; and

WHEREAS, the Governing Body intends to submit the Planning Document to develop a Master Planning Document for Water and Wastewater Infrastructure ("Project") for the benefit of the Governmental Unit and its citizens; and

WHEREAS, the application prescribed by the Finance Authority to finance the Planning Document [in whole/in part] with financial assistance from the Fund has been completed, submitted to, and reviewed by the Governing Body, and this Resolution approving submission of the completed Application to the Finance Authority for its consideration and review is required as part of the Application.

NOW THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY:

Section 1. That all lawful actions previously taken by the Governing Body and the Governmental Unit and their respective officers and employees in connection with the Application and the Project are hereby ratified, approved and confirmed.

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(SEAL)

Jim Melton, President of the Board of Directors

Jamie Stull, Vice President of the Board of Directors

Kurt Anderson, Sec/Treasurer of the Board of Directors

Dan Hortert, District 3 Representative

Paul Maxwell, District 5 Representative



November 9, 2018

#6326344

Ms. Jennifer J. Horton, Executive Director
Doña Ana Mutual Domestic Water Consumers Association
5535 Ledesma Drive, Las Cruces, NM 88007
P.O. Box 866, Doña Ana, NM 88032
(575) 526-3491, (575) 526-9306 (Fax)
jennifer@dawater.org

RE: CONTRACT PACKAGE FOR PHASE III SOUTHEAST COLLECTION SYSTEM
CONSTRUCTION PHASE SERVICES
DOÑA ANA MDWCA

Dear Ms. Horton:

Enclosed please find the scope of services, attachment and exhibit for ***Southeast Collection System Phase III*** construction phase services, as provided under the ***2015-02*** agreement for wastewater engineering services. The costs and scope of work presented herein are consistent with that discussed with Ms. Jennifer J. Horton, Executive Director of Doña Ana Mutual Domestic Water Consumers Association (MDWCA) in a project progress meeting held on October 18, 2018.

Please feel free to call if you should have any questions regarding the scope of work referred to herein.

Sincerely,

Miller Engineers, Inc. d/b/a
Souder, Miller & Associates

Lilla J. Reid, P.E.
Senior Design Manager
lilla.reid@soudermiller.com

ATTACHMENTS

Please check the appropriate box and include applicable **attachments**

1. As set forth in the AGREEMENT FOR ENGINEERING SERVICES dated the 13th day of January 2015 by and between the Doña Ana Mutual Domestic Water Consumers Association the OWNER, and Souder, Miller & Associates, the ENGINEER, the OWNER and ENGINEER agree this 15th day of November, 2018 that the OWNER shall compensate the ENGINEER for services described in Section B and Section C and further described in

ATTACHMENT I – Planning Services scope of work, cost proposal and compensation for Engineering Services During the Planning Phase

ATTACHMENT II – Design Services scope of work, cost proposal and compensation for Engineering Services During the Design Phase

ATTACHMENT III – Construction Services scope of work, cost proposal and compensation for Engineering Services During the Construction Phase

ATTACHMENT IV – Operational Services scope of work, cost proposal and compensation for Engineering Services During the Operation Phase

2. Compensation for ENGINEERING SERVICES shall be by the

LUMP SUM method of payment. The total amount of compensation for ENGINEERING SERVICES, as described in the appropriate ATTACHMENTS shall not exceed \$56,945.00, excluding gross receipt tax and reimbursables.

STANDARD HOURLY RATE WITH MAXIMUM method of payment. The total amount of hourly charges, excluding gross receipt tax and reimbursables, for ENGINEERING SERVICES as described in the appropriate ATTACHMENTS shall not exceed \$ 70,597.00 without prior written approval of the OWNER, with Funding Agency concurrence.

3. Compensation for ADDITIONAL ENGINEERING SERVICES (provided by the ENGINEER upon written authorization from the OWNER and concurrence of the Funding Agency), shall be by the

LUMP SUM method of payment. The total amount of compensation for ADDITIONAL ENGINEERING SERVICES, as described in the appropriate ATTACHMENT shall not exceed \$_____, excluding gross receipt tax and reimbursables.

STANDARD HOURLY RATE WITH MAXIMUM method of payment. The total amount of hourly charges, excluding gross receipt tax and reimbursables, for ADDITIONAL ENGINEERING SERVICES as described in the appropriate ATTACHMENT shall not exceed \$_____ without prior written approval of the OWNER and with Funding Agency concurrence.

4. The amount of compensation shall not change unless the scope of services to be provided by the ENGINEER changes and this Agreement is formally amended according to Section A-5.

Contract Time under Section B. and for the purpose of Section A.8 shall be as specified in Attachment III - Scope of Services. calendar days (or as specified in the Attachments).

5. The OWNER and ENGINEER agree that as mutually agreeable, reasonable Liquidated Damages for delay (but not as a penalty), ENGINEER shall pay OWNER fifty dollars (\$50.00) (minimum fifty dollars [\$50.00] per day) for each calendar day that expires after the Contract Time specified in the Agreement (See attached project schedule - Gantt chart, bar chart, etc.) until the Work is complete and accepted by the OWNER. OWNER shall have no more than ten (10) calendar days to accept or reject the Work.

6. The ENGINEER agrees to obtain and maintain, at the ENGINEER's expense, such insurance as will protect the ENGINEER from claims under the Workman's Compensation Act and such comprehensive general liability and automobile insurance as will protect the OWNER and the ENGINEER from all claims for bodily injury, death, or property damage which may arise from the performance by the ENGINEER, or by the ENGINEER's employees, for the ENGINEER's functions and services required under this Agreement. Such insurance shall be in an amount not less than \$ 500,000 for injury to any one person and \$ 1,000,000 on account of any one accident and in the amount of not less than \$ 1,000,000 for property damage. The ENGINEER further agrees to procure and maintain professional liability (errors and omissions) insurance in an amount not less than \$ 1,000,000 per claim and in the aggregate. Prior to commencement of any work, the ENGINEER shall furnish to the OWNER a certificate that complies with this paragraph. The certificate shall provide that the policy shall not be canceled until at least ten (10) calendar days prior written notice shall have been given to the OWNER. ENGINEER shall provide annual updates of the certificate to demonstrate the policy remains in effect for the duration of this Agreement.

7. OWNER shall pay ENGINEER applicable gross receipt taxes and reimbursable expenses at the rates set forth in the appropriate ATTACHMENTS. The amounts payable to ENGINEER for reimbursable expenses will be the project related internal expenses, such as mileage, per diem and reproduction, actually incurred or allocated by ENGINEER, plus all invoiced external reimbursable expenses, including consultants, allocable to the project, the latter multiplied by a factor of 1.1 (1.1 MAXIMUM). Mileage will be reimbursed at the current federally approved IRS rate. Reimbursable expenses shall not exceed the estimate in the ATTACHMENT without prior written approval of the OWNER, with Funding Agency concurrence.

8. The method for interim or partial payments, such as milestone or time & materials, shall be: as specified in Attachment III - Scope of Services.


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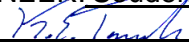
9. Signatures

IN WITNESS THEREOF, the parties hereto have executed, or caused to be executed, by their duly authorized officials, this Agreement in triplicate on the respective dates indicated below.

ATTEST: _____
Type Name Dr. Kurt Anderson
Title Secretary / Treasurer
Date 15Nov18

OWNER: Doña Ana MDWCA
By _____
Type Name Mr. Jim Melton
Title President
Date 15Nov18

ATTEST:  _____
Type Name Lilla J. Reid, P.E.
Title Senior Design Manager
Date 09Nov18

ENGINEER: Souder, Miller & Associates
By  _____
Type Name Karl E. Tonander, P.G., P.E.
Title Senior Vice-President
Address 3500 Sedona Hills Parkway
Las Cruces, NM 88011
Date 09Nov18

REVIEWED: FUNDING AGENCY
NAME: _____
By _____
Type Name _____
Date _____

ATTACHMENT III

SCOPE OF SERVICES

SERVICES RELATING TO CONSTRUCTION PHASE SERVICES FOR PHASE III SOUTHEAST COLLECTION SYSTEM PROJECT DOÑA ANA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION DOÑA ANA COUNTY, NEW MEXICO

Project Description

Souder, Miller & Associates (SMA) prepared this Scope of Services to provide bid administration, construction administration, resident project representative services and closeout/record drawings to Doña Ana Mutual Domestic Water Consumers Association (MDWCA) (Owner) for the Phase III Southeast Collection system project. This scope of services is in response to the request by Doña Ana MDWCA to SMA to complete the construction phase services for the project and is based on the phased approach approved in a project update meeting held on August 9, 2017 and the project progress meeting held with Ms. Jennifer J. Horton, Executive Director.

The Doña Ana MDWCA Phase III Southeast Collection system project includes base and bid alternatives that equal approximately 6,315 linear feet (LF) of vacuum sewer collection lines and related appurtenances on the following roadways/locations:

- Doña Ana Road 1,370 LF
- Casa de Oro Drive 1,500 LF
- Casa de Plata 235 LF
- CA Ridge Drive 600 LF
- Apache Drive 450 LF
- South El Camino Real 500 LF
- North El Camino Real 1,660 LF



Bid Phase Services

1. **Distribute Bid Documents:** SMA will make ten (10) copies of the Construction Documents and will distribute the construction documents to interested Contractors during bidding and to local plan rooms. Contractors may obtain copies by leaving a monetary deposit, or by contacting SMA to obtain access to the digital files via SMA's website. After bids are opened, SMA will keep copies on file for the selected Contractor's use for a period of thirty (30) days. After this time, the surplus copies will be recycled. If the Owner wishes to retain the surplus copies, SMA will deliver the copies to the Owner at the end of the 30 days.
2. **Substitution Evaluation:** SMA will evaluate and determine the acceptability of "or equals" and substitute materials and equipment proposed by bidders, provided that such proposals are allowed by the contract documents prior to award of contracts for the Work. Engineer shall issue a bid addendum to allow approved "or equals" and substitutes.
3. **Answer Questions During Bidding:** SMA will accept and answer questions from Contractors during bidding.
4. **Prepare Addenda:** If any additional information needs to be included in the construction documents, SMA will prepare addenda and distribute these addenda to all interested Contractors, to the Owner and to the funding Agency.
5. **Pre-bid Conference:** Prior to the bid opening, SMA will conduct a pre-bid conference to review the project and to address any outstanding issues with the construction documents. A field review of the project may be conducted during this pre-bid conference. SMA assumes that the Owner can arrange to hold the pre-bid conference at facilities that do not require any fees for their use, so no costs for facility use are included.
6. **Open Bids:** The Contractors will submit their bids to the Owner up to the bid opening deadline. After the bid opening deadline, SMA will read the bids received aloud, and will adjourn the bid opening meeting.
7. **Preparation of Bid Tabulation:** SMA will examine and tabulate the bids received to identify any math or extension errors.
8. **Preparation of Recommendation of Award:** SMA will examine the bid packages received for completeness. SMA will check that the Contractors are properly licensed and will verify the references for the low bidder. SMA will then make a written recommendation to the Owner for the award of the construction contract.

Construction Phase Services

9. **Conform Contract Documents:** Once the Owner and Agency have approved the recommendation of award, SMA will prepare the Notice of Award for execution by the Owner and the Contractor. SMA will also prepare the contract documents for execution. Four (4) original copies will be prepared for execution by the Owner and Contractor and for concurrence by the Funding Agency. SMA will distribute the fully executed copies to the Owner, the Contractor the Funding Agency, and will keep one original.

Attachment III
Construction Phase Services
Scope of Services

10. **Pre-construction Conference:** SMA will conduct a pre-construction conference to address construction related issues with the Owner and Contractor. The cut-off for pay periods will be set as well as the Notice to Proceed date. SMA will prepare the Notice to Proceed for execution by the Contractor and the Owner.
11. **Submittal and Shop Drawing Review:** SMA will review submittals and other data that the Contractor is required to submit for conformance with the information in the contract documents and compatibility with the design concept of the project as a functioning whole. Such reviews will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto. SMA will verify and document whether Contractor submittals are in accordance with the technical specification. SMA will create and maintain a log of all submittals and shop drawings.
12. **Respond to Requests for Information:** SMA will respond to the Contractor's Requests for Information (RFIs) in writing. SMA will create and maintain a log of all RFIs. This may include issuing necessary clarifications and interpretations of the contract documents and technical specifications as appropriate.
13. **Site Visits:** SMA will make periodic visits to the site to observe the progress and quality of the various aspects of the Contractor's work. Based on the information obtained, and to the extent possible during such visits and observations, SMA will determine if the work is proceeding in accordance with the contract documents and technical specifications and will keep the Owner informed of the progress of the work. During such visits, Engineer will recommend to the Owner that the Contractor's work be disapproved and rejected while it is in progress if SMA believes that such work will not produce a completed project that conforms generally to the contract documents and technical specifications or that will prejudice the integrity of the design concept of the completed project as a functioning whole as indicated in the contract documents and technical specifications. The fee is based on making four (4) site visits (1 site visit per month for the 120 calendar day construction project duration).
14. **Progress Meetings:** SMA will establish, coordinate and attend regular project meetings throughout the duration of the project. The fee is based on attending monthly meetings for the 120 calendar day construction project duration and preparing agendas and meeting minutes for these meetings.
15. **Preparation of Periodic Pay Requests:** SMA will prepare periodic pay requests for the work accomplished during the pay period as verified by the construction observer. Based on the construction observer review of applications for payment and engineer review of accompanying support documentation, SMA will recommend the amounts that the Contractor be paid. Such recommendations of payment will be based on such observations and review that, to the best of SMA's knowledge, the work has progressed to the point indicated, the quality of such work is generally in accordance with the contract documents, and the conditions precedent to the Contractor being entitled to such payment appear to have been fulfilled.
16. **Preparation of Contract Change Orders:** SMA will recommend action on any proposed contract changes including review of proposed pricing. SMA will prepare formal change orders required for the project.

17. **Complete Acceptance Meeting:** SMA will schedule and arrange acceptance meetings when notified by the Contractor that the project is ready for acceptance. SMA will complete one (1) acceptance meetings, prepare and distribute a “punchlist” outlining items to be addressed, and complete one (1) follow-up meeting after Contractor indicates that the “punchlist” has been completed and make a recommendation to the Owner regarding project acceptance.
18. **Preparation of Close-out Documents:** At the completion of the project, SMA will complete forms, provide direction and coordinate completion of the closeout documents required by the NMED listed below:
 - a. Certification of Substantial Completion
 - b. Consent of Surety to Final Payment
 - c. Engineer & Community Acceptance
 - d. Labor Standards Certification
 - e. Record Drawings Acceptance
 - f. Release of Liens
19. **Maintain Records:** The Consultant will maintain records of all contract documents, change orders, RFIs, pay requests, funding reimbursement requests, financial status reports, certified payroll, and design and construction documents during the entire construction period and will deliver one (1) copy of the complete project records to the Owner at the completion of construction in digital PDF format.
20. **Preparation of Record Drawings:** SMA will update the construction plans to reflect changes made during construction. Record Drawings will be prepared utilizing the project documentation provided by the Contractor. SMA will submit two sets of record drawings to the owner in printed format, one additional set will be submitted in digital (AutoCAD) format and the owner’s geographic information system (GIS) database will be updated to include this project.
21. **Warranty Meeting:** SMA will schedule and arrange warranty meetings 11 months after the substantial completion date to make recommendations to the Owner regarding corrections covered by the Contractor’s warranty that need to be completed. SMA will complete One (1) warranty meeting, prepare and distribute a “punchlist” outlining items to be addressed, and complete One (1) follow-up meeting after Contractor indicates that the “punchlist” has been completed.

Construction Observation Services

22. **Construction Observation:** SMA will provide an on-site Resident Project Representative (RPR) on a full-time basis during progression of construction. The fee for this work was based on a construction duration of ***120 calendar days (90 days to substantial completion and additional 30 days between substantial completion and final walkthrough)***. Nine (9) hours on-site/travel per day and a daily mileage reimbursement of 20 miles at \$0.545/mile. This work will include coordination of the construction schedule with the Contractor and verification of quality of work for conformance with the Construction Documents.
23. **Preconstruction Conference:** The RPR will participate in the pre-construction conference prior to commencement of work at the site.

- 24. **Quantity Verification:** The RPR will verify the quantities in applications for payment and accompanying support documentation and advise the engineer regarding the amounts that the Contractor should be paid.
- 25. **Material Verification:** While on-site, SMA will verify and document that material received is per the submittals, material installed, tested and measured per the technical specifications.

Schedule

SMA proposes to complete the above scope of services according to the following schedule.

Task	Duration (calendar days)
Bid Phase Services	60 days from the receipt of Agency approval and Owner authorization to Bid
Construction Phase Services	120 days from the construction Notice to Proceed
Construction Observation Services	120 days from the construction Notice to Proceed
Closeout / Record Drawings	60 days from final walkthrough meeting and 13 months from substantial completion meeting for the warranty meeting

Compensation

The budgets shown below exclude New Mexico Gross Receipts Tax (NMGRT). NMGRT will be added to each invoice based on the current rate at the time of billing. The budgets for this phase of the project will use a combination of lump sum (fixed fee) and time and materials (T&M) billing methods. The single task to be billed using a time and materials format will include an itemized breakdown of individual charges. The tasks to be billed on a lump sum basis will have an invoice that will not include an itemized breakdown of charges. Invoices will be issued on a monthly basis reflecting the percentage of each task completed to date.

Lump Sum Budget Summary		
Task	Description	Budget Requested
P5T01	Bid Administration	\$10,692.00
P6T01	Construction Administration	\$33,752.00
P7T01	Closeout / Record Drawings	\$12,501.00
Total Engineering Services Cost (not including NMGRT)		\$56,945.00

Time and Materials Budget Summary		
Task	Description	Budget Requested
P6T10	Resident Project Representative	\$70,597.00
Total Engineering Services Cost (not including NMGRT)		\$70,597.00

Assumptions

SMA made the following assumptions to develop the fee for the above scope of services:

1. SMA assumes that there is no contamination on the project site. If contamination is found on the project site, and investigation is required, SMA will alert the Owner and additional scope and fee will be negotiated with the Owner.
2. SMA assumes that the Owner holds titles or easements to any properties required for the project with the exception of the public rights-of-way listed above. A title search, warranty deed research, boundary surveys or easement preparation will require an amendment to this contract, which will be negotiated with the Owner. If the property descriptions in the easement documents are ambiguous, the Owner may need to provide additional direction regarding the proposed improvement locations or negotiate a fee to have SMA prepare a new easement.
3. SMA assumes that the proposed improvements will have adequate space within the specified corridor to be installed. If existing utilities within the corridor prohibit the installation of the proposed improvements, SMA will alert the Owner, and the corridor will be modified or an additional scope and fee will be negotiated with the Owner to cover the additional engineering required to mitigate the existing utilities.
4. SMA assumes that the bid opening and the preconstruction conference will either be held at SMA's offices or that the Owner can arrange to hold the meetings at facilities that do not require any fees for their use. No costs for use of a third-party facility are included in the fee.
5. SMA assumes that the construction progress meeting can be held at the contractor's trailer or at the Owner's facilities. No costs for use of a third-party facility are included in the fee.
6. During construction, job site safety shall be the sole responsibility of the Contractor. SMA will not manage or control the Contractor's work with respect to means, methods, techniques, sequences or procedures, and/or safety. The Contractor will be responsible for complying with rules, laws, ordinances, codes, or orders in the execution of the work. SMA and its subconsultants shall have no responsibility for the discovery, presence, handling, removal or disposal of or exposure of persons to hazardous materials or toxic substances in any form at the Project site. The Scope of Services and Fee Schedule have been prepared on the basis that no hazardous or toxic substances are present at the Project site. In the event hazardous or toxic substances are discovered on the site, the parties agree to review and renegotiate the terms and conditions of this contract to protect the interests of the parties.
7. SMA assumes that the existing topographic survey is adequate for use for the Design Phase services. If significant changes between the surveyed conditions and the field conditions are observed, SMA will alert the Owner, and additional survey work will be negotiated if required; however, SMA makes no guarantee about the accuracy of the aged survey data.

Summary of Cost Proposal

Souder, Miller & Associates

Professional Services and Expenses Task/Hours/Fee Breakdown Related To

Project Description: Phase III Construction- Southeast Collection System
Project Number: 6326344
Owner: Doña Ana MDWCA
Date of Submittal: November 9, 2018
Tax Rate on Services: 8.3125%

TOTALS

PHASE/ CATEGORY OF WORK	Subtotal	NMGRT	Total
P5T01- Bid Administration- LS	\$ 10,692.00	\$ 888.77	\$ 11,580.77
P6T01- Construction Administration- LS	\$ 33,752.00	\$ 2,805.64	\$ 36,557.64
P6T10- Resident Project Representative- T&M	\$ 70,597.00	\$ 5,868.38	\$ 76,465.38
P7T01- Closeout / Record Drawings- LS	\$ 12,501.00	\$ 1,039.15	\$ 13,540.15
TOTALS	\$ 127,542.00	\$ 10,601.94	\$ 138,143.94

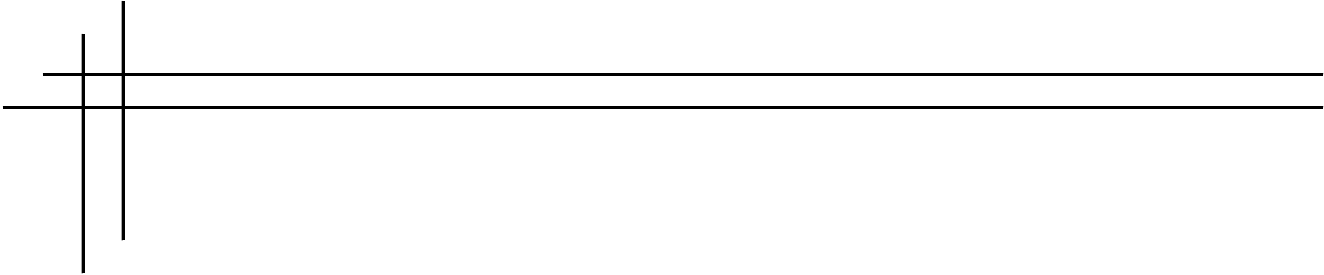
Souder, Miller & Associates
Professional Services and Expenses Task/Hours/Fee Breakdown Related To
CONSTRUCTION PHASE - BASIC ENGINEERING SERVICES

Project Description: Phase III Construction- Southeast Collection System
Project Number: 6326344
Owner: Doña Ana MDWCA
Date of Submittal: November 9, 2018
Tax Rate on Services: 8.3125%

Note: Figures in this table do not include tax.

Job Description	Principal	Senior Design Manager	Senior Eng./Sur. Mgr. II	Project Eng./Sci. Mgr II	Eng/CAD Surv/Field Tech III	Construc. Observer III	Admin III	Mileage	Expenses	Total SMA	Sub Contracts	Total Task
Billing Rate per Unit	\$ 220	\$ 190	\$ 165	\$ 125	\$ 90	\$ 90	\$ 90	\$ 0.545	\$ 1.00			
Unit	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Hrs	Mi	Actual	\$	\$	\$
Task												
P5T01- Bid Administration- LS												
Pre-Advertisement Coordination				1						\$ 125		
Advertisement for Bids			1	1					40	\$ 330		
Preparation/Distribution Packets			1	3	8				200	\$ 1,460		
Pre-Bid Conference		2	2					20		\$ 721		
Addenda and Clarifications	1	4	10	16					20	\$ 4,650		
Receive Bids, Bid Opening Mtg		2	2					20		\$ 721		
Evaluate Bids / Call Ref	1		2	8						\$ 1,550		
Recommendation/Award of Bid		1		4						\$ 690		
Management and Invoicing		1	1				1			\$ 445		
Subtotal Hours:	2	10	19	33	8	0	1	40	260	\$ 10,692	\$ -	\$ 10,692
Subtotal Cost:	\$ 440	\$ 1,900	\$ 3,135	\$ 4,125	\$ 720	\$ -	\$ 90	\$ 22	\$ 260	\$ 10,692		
P6T01- Construction Administration- LS												
Construction Contract	1	2		1						\$ 725		
Pre-Construction Conf Prep			1	6			4		40	\$ 1,315		
Pre-Construction Conference/Site Visit		2	2					20		\$ 721		
Change Orders/Field Orders		1	8	12		1				\$ 3,100		
On-Site Meetings (4)		3	16					60	100	\$ 3,343		
Review/Approve Submittals		1	4	26	2	2				\$ 4,460		
Evaluate Contractor Pay Requests (3)		6	9	24						\$ 5,625		
Coordinate/Attend Partial Payments (3)		6		12			1	40	50	\$ 2,802		
RFI Responses and Engineering Directives	2	2	8	14	3					\$ 4,160		
Client and Agency Update Mtgs	1	3		2						\$ 1,040		
Coordinate/Attend Substantial Completion		2	5	1			1	20	20	\$ 1,451		
Final CO / Pay Request / Punch List		1	3	10						\$ 1,935		
Coordinate / Attend Final Walkthrough		2	3				1	20	20	\$ 996		
Management and Invoicing		10					2			\$ 2,080		
Subtotal Hours:	4	41	59	108	5	3	9	160	230	\$ 33,752	\$ -	\$ 33,752
Subtotal Cost:	\$ 880	\$ 7,790	\$ 9,735	\$ 13,500	\$ 450	\$ 270	\$ 810	\$ 87	\$ 230	\$ 33,752		
P6T10- Resident Project Representative- T&M												
On-site construction observation						774		1720		\$ 70,597		
Number of Visits = 86										\$ -		
Hours per Visit = 9										\$ -		
Frequency of Visits = Daily/Full Time										\$ -		
Subtotal Hours:	0	0	0	0	0	774	0	1720	0	\$ 70,597	\$ -	\$ 70,597
Subtotal Cost:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,660	\$ -	\$ 937	\$ -	\$ 70,597		
P7T01- Closeout / Record Drawings- LS												
Closeout Documents/Procedures	2	4	4	12			2			\$ 3,540		
Record Drawings		2	4	12	48	4	1		200	\$ 7,510		
Coordinate / Attend Warranty Meeting		2		3				20		\$ 766		
Archives			1	2			3			\$ 685		
Subtotal Hours:	2	8	9	29	48	4	6	20	200	\$ 12,501	\$ -	\$ 12,501
Subtotal Cost:	\$ 440	\$ 1,520	\$ 1,485	\$ 3,625	\$ 4,320	\$ 360	\$ 540	\$ 11	\$ 200	\$ 12,501		

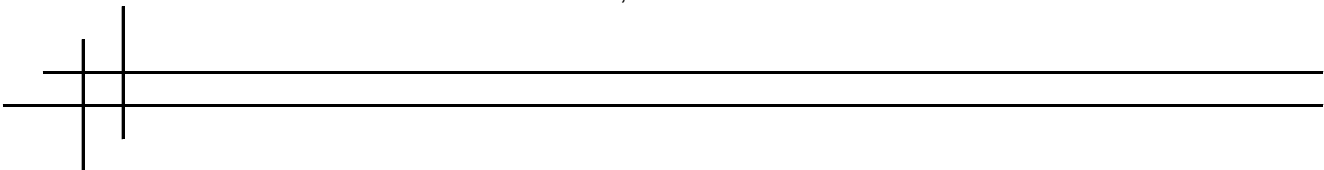
Total Cost of Construction Phase Services: \$ 127,542



State of New Mexico
**Doña Ana Mutual Domestic
Water Consumers Association**

Annual Financial Report
June 30, 2018

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



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State of New Mexico
Doña Ana Mutual Domestic Water Consumers Association
Official Roster
June 30, 2018

Board of Directors

James Melton	President
Jamie Stull	Vice President
Kurt Anderson	Secretary/Treasurer
Dan Hortert	Member
Tod Roberts	Member

Administrative Official

Jennifer Horton	Executive Director
-----------------	--------------------

De'Aun Willoughby CPA, PC

Certified Public Accountant

225 Innsdale Terrace Clovis, NM 88101

(855) 253-4313

Independent Auditor's Report

Mr. Wayne Johnson
State Auditor of the State of New Mexico
Board Members of the Doña Ana Mutual Domestic Water Consumers Association

Mr. Johnson and Members of the Board

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities for the Doña Ana Mutual Domestic Water Consumers Association (Association), as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Association's basic financial statements as listed in the table of contents. We also have audited the budgetary comparison presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2018, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Association as of June 30, 2018, and the respective changes in financial position and cash flows for the for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedules of Required Supplementary Information for the Pension Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018, on our consideration of the Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Association's internal control over financial reporting and compliance.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
December 11, 2018

Financial Section

State of New Mexico
Doña Ana Mutual Domestic Water Consumers Association
Statement of Net Position
June 30, 2018

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 957,144
Receivables (Net of Allowance for Uncollectibles)	
Accounts	505,447
Inventory	60,101
Prepaid Expenses	7,189
Restricted Cash	5,310,096
Investments	1,638,919
Total Current Assets	<u>8,478,896</u>
Noncurrent Assets	
Capital Assets	40,850,389
Accumulated Depreciation	(9,542,171)
Total Noncurrent Assets	<u>31,308,218</u>
Total Assets	<u>39,787,114</u>
Deferred Outflows of Resources	
Deferred Outflows Related to Pensions	
Actuarial Experience	36,606
Investment Experience	76,435
Changes of Assumptions	42,962
Changes in Proportion	48,458
Contributions Subsequent to Measurement Date	64,170
Total Deferred Outflows of Resources	<u>268,631</u>
Liabilities	
Current Liabilities	
Accounts Payable	75,377
Accrued Salaries and Benefits	17,540
Accrued Interest	42,053
Compensated Absences	19,472
Current Maturities of Long-Term Debt	689,512
Total Current Liabilities	<u>843,954</u>
Noncurrent Liabilities	
Customer Deposits	72,385
Pension Liability	931,629
Long-Term Debt	14,956,559
Total Noncurrent Liabilities	<u>15,960,573</u>
Total Liabilities	<u>16,804,527</u>
Deferred Inflows of Resources	
Deferred Inflows Related to Pensions	
Actuarial Experience	47,715
Changes of Assumptions	9,627
Changes in Proportion	61,193
Total Deferred Inflows of Resources	<u>118,535</u>
Net Position	
Invested in Capital Assets	15,662,147
Restricted for Construction	5,243,604
Restricted for Debt Service	66,511
Unrestricted	2,160,421
Total Net Position	<u>\$ 23,132,683</u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Doña Ana Mutual Domestic Water Consumers Association
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2018

Operating Revenues	
Sales and Services	\$ 3,953,488
Fees	458,933
Fines and Penalties	135,522
Miscellaneous	66,085
Total Operating Revenues	<u>4,614,028</u>
Operating Expenses	
Salaries and Benefits	1,114,595
Supplies	309,327
Utilities	287,706
Taxes	243,668
System Maintenance	201,389
Professional Services	199,968
Fees	99,379
Insurance	87,280
Repairs	40,080
Office Expenses	37,376
Travel and Training	34,627
Vehicle Expense	27,749
Other	12,006
Depreciation	1,226,197
Total Operating Expenses	<u>3,921,347</u>
Operating Income (Loss)	<u>692,681</u>
Nonoperating Revenue (Expenses)	
Investment Income	15,759
Decrease in Fair Value of Investments	(17,890)
Interest Expense	(167,772)
Total Nonoperating Revenue (Expense)	<u>(169,903)</u>
Income Before Capital Grants	522,778
Capital Grants	<u>702,000</u>
Change in Net Position	<u>1,224,778</u>
Total Net Position - Beginning	21,928,637
Restatement-Note J	(20,732)
Restated Beginning Net Position	<u>21,907,905</u>
Total Net Position - Ending	<u><u>\$ 23,132,683</u></u>

The notes to the financial statements are an integral part of this statement.

State of New Mexico
Doña Ana Mutual Domestic Water Consumers Association
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 4,437,364
Payments to Suppliers and Employees	(2,601,274)
Net Cash Provided (Used) by Operating Activities	<u>1,836,090</u>
Cash Flows from Capital & Related Financing Activities	
Acquisition of Capital Assets	(2,090,346)
Capital Grants	702,000
Proceeds from Long-Term Debt	78,000
Principal Paid on Long-Term Debt	(503,512)
Interest Expense	(167,772)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(1,981,630)</u>
Cash Flows from Investing Activities	
Investment Income	15,759
Decrease in Fair Value of Investments	(17,890)
Net Cash Provided by Investing Activities	<u>(2,131)</u>
Net Increase (Decrease) in Cash	(147,671)
Cash, Beginning of the Year	<u>8,053,830</u>
Cash, End of the Year	<u>\$ 7,906,159</u>
Cash and Cash Equivalents	\$ 957,144
Restricted Cash	5,310,096
Restricted Investments	1,638,919
Total Cash	<u>\$ 7,906,159</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 692,681
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	1,226,197
(Increase) Decrease in Accounts Receivable	(188,747)
(Increase) Decrease in Inventory	21,064
(Increase) Decrease in Prepaid Expenses	(1,081)
(Increase) Decrease in Deferred Outflow	221,121
Increase (Decrease) in Accounts Payable	15,463
Increase (Decrease) in Accrued Salaries	2,450
Increase (Decrease) in Accrued Interest	(1,441)
Increase (Decrease) in Compensated Absences	3,224
Increase (Decrease) in Customer Deposits	12,085
Increase (Decrease) in Pension Liability	(266,618)
Increase (Decrease) in Deferred Inflow	99,692
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,836,090</u>

The notes to the financial statements are an integral part of this statement.

Form and Function

The Doña Ana Mutual Domestic Water Consumers Association (Association) is a not-for-profit Mutual Domestic Association, incorporated under the provision of the Sanitary Projects Act (SPA) of the State of New Mexico on May 3, 1974. It was established for the purpose of constructing, maintaining and operating a water and wastewater system for the members of the Association in Doña Ana community in Doña Ana County, New Mexico. The business and affairs of the Association are conducted and managed by a Board of Directors consisting of five director selected by the membership. Bona fide occupants and residents within and in the vicinity of the community of Doña Ana, New Mexico, may apply to become members by payment of a \$75, non-refundable membership fee, and must be approved by the Board of Directors. The rights, privileges, a and obligations of the members are equal. No capital stock is authorized nor issued.

An Attorney General's (AG) opinion (90-30, dated December 27, 1990) concluded that entities created under the SPA are subject to the New Mexico Audit Act. Additionally, another AG opinion (68-38) states Mutual Domestic Associations (MDA) under the SPA are created for "one purpose only, and that is to establish and maintain a water system" Further, it concluded MDAs are not municipal corporations. HB 297, enacted during the 2009 legislative session, exempts MDAs from being subject to ad valorem taxes.

The Association is considered to be a special-purpose governmental entity in accordance with Governmental Accounting Standards Board Statement No. 14. The Association is not a component unit of a governmental entity nor does it have any component units. This conclusion was reached because the Association was converted from a cooperative to an MDWA, pursuant to NMSA 3-29-20, by a vote of the Board of Directors rather than through legislative action or action by the entire membership; it does not have the ability to levy taxes but it does have the ability to set and change rates for service, it continues to file not-for-profit tax returns, and it is not a subdivision of any governmental entity.

Attorney General Opinion 06-02 determined that MDWAs created pursuant to the Sanitary Projects Act, NMSA 1978 are public bodies/political subdivisions, whose revenues are "public money" and they have statutory responsibilities to abide by: the Open Meetings Act, the Inspection of Public Records Act, the Procurement Code, and the Per Diem and Mileage Act. Due to the fact that MDWAs have officially been determined to be governmental nonprofit organizations, their financial statements must follow the government format as described in GASB 34 beginning with the fiscal year ending June 30, 2007.

Summary of Significant Accounting Policies

Basis of Presentation

The Association's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Association's accounting policies are described below.

The accounts of the Association are organized and operated on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a self-balancing set of accounts that comprise the Association's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; (ii) that are required by laws or regulations that the activity's cost of providing services, including capital costs (such as depreciation debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Association is determined by its measurement focus. The transactions of the Association are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, Investments are stated at market value. For the purpose of reporting cash flows, all highly liquid investments(including restricted assets) with a maturity date of three months or less are considered to be cash equivalents.

Investments

All money not immediately necessary for the public uses of the Association may be invested in :

(a) bonds or negotiable securities of the United States, the state or any county or municipality which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or

(b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.

(c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables

Substantially all of the Association's outstanding receivables are from its customers for water sales. Account receivable are shown net of an allowance for uncollectible accounts.

Concentrations of Credit Risk

The Association grants credit without collateral to its customer for its services, but the customers are subject to service termination if the receivables are not settled within a specified time frame.

Inventory

The inventory held by the Association is recorded at cost, with cost being determined on the first-in, first-out basis.

Prepaid Expenses

Prepaid expenses are for payments made by the Association in the current year for insurance that is in effect through part of the next year.

Restricted Assets

Certain resources are set aside for replacement reserves, debt service and emergencies, and are classified as restricted investments on the Statement of Net Position. The use of these monies is limited by the Association's by-laws and loan covenants. In addition, customers' meter deposits are classified as restricted cash.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the Association as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight line depreciation is used based on the following estimated useful lives:

Utility Plant	40 Years
Equipment	5-8 Years
Vehicles	5 Years
Office Furniture and Equipment	10 Years
Engineering Cost	10 Years
Right of Way Permits	25 Years
Waste Water Acquisition Costs	5 Years

Compensated Absences

It is the Association's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave may be accumulated up to 80 hours. Upon termination, the Association will compensate an employee for unused accrued vacation leave up to a maximum of 80 hours. Accrued sick leave may be accrued and carried over, however upon termination sick leave is not paid out.

Medical Benefits

The Association pay's 100% of the employee's medical insurance premiums. The Employee is responsible for any dependent on the plan. Total paid on behalf of the Association employees for the fiscal year ended June 30, 2018 totaled \$114,512.90.

Net Position

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments. When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the Association's policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

Revenues

Revenues are classified as operating or non-operating according to the following criteria:

(1) Operating revenues include activities that have the characteristics of an exchange transaction, such as charges for services and fees, net of allowance for uncollectible accounts.

(2) Non-operating revenues include activities that have the characteristics of non-exchange transactions such as capital grants and investment income.

The Association receives grants as well as contributions in the course of operations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Expenses

Expenses are classified as operating or non-operating according to the following criteria:

(1) Operating expenses include activities that have the characteristics of an exchange transaction such as employee salaries, benefits and related expenses; maintenance, operations and contractual services; materials and supplies; office expenses; and depreciation expenses related to the Association's capital assets.

(2) Non-operating expenses include activities that have the characteristics of non-exchange transactions such as interest on debt and bond expenses.

Budgetary Compliance

An operating budget is adopted each fiscal year and is approved by the Board of Directors and the New Mexico Department of Finance and Administration (DFA). The budget is prepared on a cash basis as required by DFA. The Board of Directors is authorized to transfer budgetary amounts between the items within the fund; however, any revision that alters the total expenditures must be approved by DFA. In conjunction with this, the Association can overspend line items within the fund, but it is a violation of state statute to over-expend a fund total.

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are as follows included on each Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

Use of Estimates

Management of the Association has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results may differ from those estimates.

Tax Status

The Association operates as a not-for profit association and has received exempt status under Code Section 501 (C)(12) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

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A. Deposits

The Association had cash and cash equivalents on deposit with local financial institutions, consisting of checking accounts. Following is a schedule as of June 30, 2018 of the cash and cash equivalents.

Wells Fargo Bank	Balance Per Bank 6/30/18	Reconciled Balance	
Operating	\$ 50,000	\$ (66,862)	Checking - Interest Bearing
Grants	1,004,140	1,004,140	Checking - Non-Interest Bearing
DAMDWCA	0	0	Checking - Interest Bearing
DAMDWCA-Water Rights	0	0	Checking - Non-Interest Bearing
USDA RD-Restricted Cash	28,747	28,747	Checking - Non-Interest Bearing
USDA Fort Sheldon-Restricted Cash	37,764	37,764	Savings - Interest Bearing
 Citizens Bank of Las Cruces			
<u>Checking Accounts</u>			
Operating	<u>19,066</u>	<u>19,066</u>	
Total Cash in Banks	<u>\$ 1,139,717</u>	<u>1,022,855</u>	

There is \$800 cash on hand.

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

In accordance with Section 6-10-17, NMSA 1978 compilation, deposits of public monies are required to be collateralized. Pledged collateral is required in amounts in aggregate equal to one half of the amount of uninsured public money in each account during the fiscal year. Securities are valued at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation.

Total Deposited at Wells Fargo Bank	\$ 1,120,651
Less FDIC Coverage	<u>(287,764)</u>
Uninsured Amount	832,887
50% collateral requirement	416,444
Pledged securities	<u>493,801</u>
Over (Under) requirement	<u>\$ 77,358</u>

The following securities are pledged at Wells Fargo Bank

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FNMA FNMS	3138W3QC0	\$ 454,923	02/01/34	Mellon, NY
FNMA FNMS	3138WG3V4	38,879	05/01/31	Mellon, NY
		<u>\$ 493,801</u>		

Total Deposited at Citizens Bank of Las Cruces	\$ 19,066
Less FDIC Coverage	<u>(19,066)</u>
Uninsured Amount	<u>0</u>

Custodial Credit Risk-Deposits

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 306,830
Collateralized:	
Collateral held by the pledging bank in Association's name	493,801
Uninsured and uncollateralized	339,086
Total Deposits	\$ 1,139,717

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Association does not have a deposit policy for custodial credit risk. As of June 30, 2018 \$339,086 of the Association's bank balance of \$1,139,717 was exposed to custodial credit risk.

The two bank accounts listed above as restricted cash are reserves for two USDA loans. They total \$66,511. The balance of the restricted cash, \$5,243,604, is held at NMFA reserved for construction projects.

B. Investments

Pursuant to a resolution by the Board of Directors, the Association has established a reserve fund for future plant expansion, debt service, emergencies, and water rights acquisition. This reserve is funded by a hook-up charge as stated below:

Water-New Connections			
Meter Size	Service Line Up To 25'	Water Rights	Total Charges
3/4"	1,255	1,750	3,005
1"	1,795	2,188	3,983
1.5"	2,660	2,625	5,285
2"	4,125	3,500	7,625
3"	8,580	5,250	13,830
4"	8,890	7,000	15,890
6"	11,340	10,500	21,840
	Pavement Cut (up to 3 sq. ft.)		400

Wastewater-New Connections		
Line Size	Service Line Up To 25'	
4"	1,560	
6"	1,585	
	Pavement Cut (up to 3 sq. ft.)	
		400

The reserve fund consists of the following investments:

	Fair Value	Investment Maturities		
		Current	1 to 5 years	6 to 10 years
Scottrade				
Cash	\$ 302,651	\$ 302,651	\$ -	\$ -
FHLB	888,947	-	888,947	-
FNMA	95,556	-	95,556	-
FFCB	351,765	-	351,765	-
Total Investments	\$ 1,638,919	\$ 302,651	\$ 1,336,268	\$ 0

Credit Risk Investments

The Association's weighted average days to maturity and ratings are as follows:

Investments	Weighted Average Days to Maturity	Standard & Poor's Ratings	Moody's Ratings
Federal Home Loan Bank (FHLB)	780	AA+	Aaa
Federal National Mortgage Association (FNMA)	1278	AA+	Aaa
Federal Farm Credit Bank (FFCB)	1151	AA+	Aaa

Custodial Credit Risk

All of the Association's investments are purchased through a Scottrade managed account, which holds all U.S. depository eligible securities with the federally regulated Depository Trust Company or through the Federal Reserve Bank System in Scottrade's name. The Total Investor Protection for Scottrade per account is \$25,000,000, including up to \$1,150,000 in cash. The Association does not have an investment policy for custodial credit risk.

Interest Rate Risk

The Association does not have a policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The Association places no limits on the amount the Association may invest in any one issuer. Approximately 54.24% of the Association's investments are invested in FHLB, 5.83% in FNMA, 21.46% in FFCB.

C. Accounts Receivable

The accounts receivable are shown net of an allowance for uncollectable accounts. Total customer accounts receivables were \$584,971 and the allowance for uncollectable accounts was \$79,524 for a net amount of receivables of \$505,447.

D. Capital Assets

Capital assets balances and activity for the year ended June 30, 2018 are as follows:

	Balance 6/30/17	Increases	Adjustments Deletions	Balance 6/30/18
Capital Assets not being Depreciated				
Land	\$ 1,211,928	\$ 0	\$ 0	\$ 1,211,928
Water Rights	1,821,179	0	0	1,821,179
Construction in Progress	3,970,210	1,977,257	(4,750,752)	1,196,715
Total Capital Assets not being Depreciated	<u>7,003,317</u>	<u>1,977,257</u>	<u>(4,750,752)</u>	<u>4,229,822</u>
Capital Assets being Depreciated				
Buildings and Improvements	1,243,568	0	0	1,243,568
Distributions Systems	32,164,730	4,841,292	(2,587,550)	34,418,472
Equipment and Vehicles	1,139,438	22,548	(203,459)	958,527
Total Capital Assets being Depreciated	<u>\$ 34,547,736</u>	<u>\$ 4,863,840</u>	<u>\$ (2,791,009)</u>	<u>\$ 36,620,567</u>

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Less Accumulated Depreciation								
Buildings and Improvements	\$	300,948	\$	39,190	\$	0	\$	340,138
Distributions Systems		7,386,436		1,181,320		0		8,567,756
Equipment and Vehicles		628,589		5,688		0		634,277
Total Accumulated Depreciation		<u>8,315,973</u>		<u>1,226,198</u>		<u>0</u>		<u>9,542,171</u>
Capital Assets, net	\$	<u>33,235,080</u>	\$	<u>5,614,899</u>	\$	<u>(7,541,761)</u>	\$	<u>31,308,218</u>

E. Long-Term Debt and Other Liabilities

A summary of activity in the Long-Term Debt is as follows:

Loans	Balance 6/30/17	Additions	Reductions	Balance 6/30/18	Amounts Due Within One Year
USDA/RUS	\$ 369,686	\$ 0	\$ 18,762	\$ 350,924	\$ 19,274
USDA/RUS	1,041,400	0	60,115	981,285	61,758
NMED/RIP-2013	1,756,454	0	85,069	1,671,385	87,089
NMED/RIP-2014	2,000,000	0	0	2,000,000	79,284
NMED/RIP-2015	2,000,000	0	0	2,000,000	79,284
NMFA WTB-55	23,428	0	1,926	21,502	1,930
NMFA WTB-83	234,282	0	19,256	215,026	19,304
NMFA WTB-105	8,611	0	708	7,903	709
NMFA WTB-243	1,089,053	0	71,341	1,017,712	71,520
NMFA WTB-271	1,365,791	0	78,746	1,287,045	78,955
NMFA CI-2770	27,785	0	1,853	25,932	1,853
NMFA CI-2972	130,356	0	7,668	122,688	7,668
NMFA CI-3177	17,028	0	946	16,082	964
NMFA CI-3184	9,075	0	505	8,570	505
NMFA CI-3349	67,049	0	7,058	59,991	3,529
NMFA CI-3507	120,000	0	0	120,000	6,000
NMFA CI-4121	0	78,000	0	78,000	12,399
NMFA DW 2868	1,491,034	0	65,280	1,425,754	66,137
NMFA DW 3227	2,048,064	0	84,292	1,963,772	87,449
NMFA DW 3382	2,272,500	0	0	2,272,500	12,399
	<u>\$ 16,071,596</u>	<u>\$ 78,000</u>	<u>\$ 503,525</u>	<u>\$ 15,646,071</u>	<u>\$ 698,010</u>
Compensated					
Absences	\$ 16,248	\$ 25,184	\$ 21,960	\$ 19,472	\$ 19,472
	<u>\$ 16,248</u>	<u>\$ 25,184</u>	<u>\$ 21,960</u>	<u>\$ 19,472</u>	<u>\$ 19,472</u>

Loans consist of the following:

USDA/RUS-The Association entered into an agreement with the U.S. Department of Agriculture's Rural Utilities Services on January 22, 2001, to purchase two tracts of land in Doña Ana County. The original amount of the note was \$509,800, bearing 4.75% interest. Principal and interest payments are due monthly, with the note maturing on January 22, 2041.

USDA/RUS-The Association entered into an agreement with the U.S. Department of Agriculture's Rural Utilities Services on April 22, 2013, for the purchase of the Fort Selden Water Company, Inc., which includes land, water distribution systems and equipment. The original amount of the note was \$2,119,317, bearing 2.75% interest. Principal and interest payments are due monthly, with the note maturing on April 22, 2053. The Association has pledged as collateral all gross receipts, income accounts, deposit accounts, goods, supplies, inventory, equipment, the water works and distribution system and all facilities now owned of the Fort Selden Water Company, Inc.

NMED/RIP-2013-The Association entered into an agreement with the N.M. Environmental Department on June 7, 2013, for the purchase of the Picacho Hills Utility Company. The original amount of the note was \$2,000,000, bearing 2.375% interest. Principal and interest payments are due yearly starting December 13, 2014, with the note maturing on December 13, 2033. The Association has pledged net revenues for the water utility system to the payment of the loan.

NMED/RIP-2014-The Association entered into an agreement with the N.M. Environmental Department on June 7, 2013 for the improvements of the water system in Picacho Hills District 5 which also included repairing known issues and planning for future growth and long term sustainability. The original amount of the note was \$2,000,000 and bears interest at 2.375%. Principal payments on the note are due yearly and will begin one year after project completion. The Association has pledged net revenues from the water utility system to the payment of the loan.

NMED/RIP-2015-The Association entered into an agreement with the N.M. Environmental Department on June 17, 2015 for the improvements of the wastewater system in Picacho Hills District 5 which also included repairing known issues and planning for future growth and long term sustainability. The original amount of the note was \$2,000,000 and bears interest at 2.375%. As of June 30, 2015 none of these loan funds have been expended. Principal payments on the note are due yearly and will begin one year after project completion. The Association has pledged net revenues from the water utility system to the payment of the loan.

New Mexico Finance Authority (NMFA) Loans

WTB-55-The Association entered into an agreement with the NMFA on March 27, 2009 to finance the site acquisition, design, planning, engineering and construction of a water reclamation plant. The original amount of the note was \$38,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note mature on June 1, 2029. The Association has pledged net revenues from the water utility system to the payment of the loan.

WTB-83-The Association entered into an agreement with NMFA on March 27, 2009 to finance the cost of designing, planning, engineering and construction of a water reclamation plant. The original amount of the note was \$380,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2029. The Association has pledged net revenues from the water utility system to the payment of the loan.

WTB-105-The Association entered into an agreement with NMFA on March 27, 2009 to finance the cost of designing, planning, engineering and construction of a water reclamation plant. The original amount of the note was \$14,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2029. The Association has pledged net revenues from the water utility system to the payment of the loan.

WTB-243-The Association entered into an agreement with NMFA on December 21, 2012 for the completion of phase II of the surface water transmission line. The original amount of the note was \$1,404,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2032. The Association has pledged net revenues from the water utility system to the payment of the loan.

WTB-271-The Association entered into an agreement with NMFA on March 14, 2014 for the construction of improvements to the transmission mains and distribution lines through the collective water delivery area. The original amount of the note was \$1,600,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2032. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-2770-The Association entered into an agreement with NMFA on February 22, 2013 for the construction of the final phase of line extension and additional capacity for a regional project that includes four Colonias. The original amount of the note was \$35,706 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2032. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-2972-The Association entered into an agreement with NMFA on April 4, 2014 for the construction of water transmission lines from the main water lines to Doña Ana and San Ysidro Colonias. The original amount of the note was \$153,360 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2034. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-3177-The Association entered into an agreement with NMFA on July 17, 2015 for the construction of water transmission lines from the main water lines to Doña Ana and San Ysidro Colonias. The original amount of the note was \$18,800 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2034. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-3184-The Association entered into an agreement with NMFA on July 17, 2015 for the construction of water transmission lines from the main water lines to Doña Ana and San Ysidro Colonias. The original amount of the note was \$10,020 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2035. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-3349-The Association entered into an agreement with NMFA on February 9, 2016 for the construction of water transmission lines from the main water lines to Doña Ana and San Ysidro Colonias. The original amount of the note was \$67,764 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2035. The Association has pledged net revenues from the water utility system to the payment of the loan.

CI-3507-The Association entered into an agreement with NMFA on January 6, 2017 for the construction of water transmission lines from the main water lines to Doña Ana and San Ysidro Colonias. The original amount of the note was \$120,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2038. The Association has pledged net revenues from the water utility system to the payment of the loan.

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CI-4121-The Association entered into an agreement with NMFA on March 31, 2018 for the construction of wastewater improvements. The original amount of the note was \$78,000 and is noninterest bearing. Principal payments on the note are due yearly on June 1st. The note matures on June 1, 2038. The Association has pledged net revenues from the wastewater utility system to the payment of the loan.

DW-2868-The Association entered into an agreement with NMFA Drinking Water State Revolving Loan Fund (DWRLF) on May 13, 2013 for the completion of phase II of the surface water transmission line. The original amount of the note was \$2,059,390, of which \$514,848 may be forgiven. The maximum aggregate repayable principal is \$1,544,542. The note bears interest of 2%, which includes the administrative fee. Principal payments on the note are due yearly on May 1st. The note matures on May 1, 2035. The Association has pledged net revenues from the water utility system to the payment of the loan.

DW-3227-The Association entered into an agreement with NMFA on November 20, 2015 for the construction of water transmission lines from the main water lines. The original amount of the note was \$2,083,125. The interest rate is 2%. Principal payments on the note are due monthly when construction is complete. The note matures on October 20, 2036. The Association has pledged net revenues from the water utility system to the payment of the loan.

DW-3382-The Association entered into an agreement with NMFA on November 10, 2015 for the construction of water transmission lines from the main water lines. The original amount of the note was \$2,272,500. The interest rate is 2%. Principal payments are paid monthly when construction is complete on the note are due yearly on June 1st. The note matures on October 10, 2036. The Association has pledged net revenues from the water utility system to the payment of the loan.

The annual requirements to amortize the general obligation bonds as of June 30, 2018, including interest payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 689,512	\$ 289,150	\$ 978,662
2020	701,316	277,405	978,721
2021	713,382	265,393	978,775
2022	725,723	242,188	967,911
2023	738,342	240,544	978,886
2024-2028	3,891,243	1,004,024	4,895,267
2029-2033	4,009,299	645,719	4,655,018
2034-2038	4,177,254	268,833	4,446,087
	<u>\$ 15,646,071</u>	<u>\$ 3,233,256</u>	<u>\$ 18,879,327</u>

F. Retirement Plan

Summary of Significant Accounting Policies

Pensions-For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA's. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Public Employees Retirement Fund-is a cost-sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits Provided – Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

Tier II-The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

Contributions – The following tables illustrate the various coverage options under the PERA plan and the contribution rates effective during the year.

PERA Contribution Rates and Pension Factors as of July 1, 2017						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	16.99%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.4%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.55%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.55%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.05%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
MUNICIPAL FIRE PLANS 1 - 5						
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.9%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, ETC.						
State Police and Adult Correctional Officer Plan 1	7.6%	9.1%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2017, the District reported a liability of \$931,629 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was 0.0678%, which was a decrease of 0.0072% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$125,349. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 36,606	\$ 47,715
Net difference between projected and actual earnings on pension plan investments	76,435	0
Changes of assumptions	42,962	9,627
Changes in proportion and differences between the District's contributions and proportionate share of contributions	48,458	61,193
District's contributions subsequent to the measurement date	64,170	0
Total	<u>\$ 268,631</u>	<u>\$ 118,535</u>

\$64,170 reported as deferred outflows of resources related to pensions resulting from Association's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 39,042
2018	74,550
2019	(5,328)
2020	(22,338)
Total	<u>\$ 85,926</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	4 Year Smoothed Market Value
Actuarial assumptions:	
(1) Investment rate of return	7.51% annual rate, net of investment expense
(2) Projected benefit payment	100 years
(3) Payroll growth	2.75% for first 9 years, then 3.5% annual rate
(4) Projected salary increases	2.75% to 14.00% annual rate
(5) Includes inflation at	2.75% annual rate for the first 9 years and 2.75% all other years
(6) Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirements, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
(7) Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2016 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2017. These assumptions were adopted by the Board use in the June 30, 2016 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
Total	100.00%	

Discount rate. A single discount rate of 7.51% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.51%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate. The following presents the employer name’s proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what the employer name’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.51 percent) or 1-percentage-point higher (8.51 percent) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
The District’s proportionate share of the net pension liability	\$ 1,460,171	\$ 931,629	\$ 492,074

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued PERA’S financial reports.

G. Risk Management

The Association is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, and worker’s compensation. Commercial insurance covers all losses. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the prior three years. There were no claim liabilities at year end.

H. Commitments, Contingencies and Subsequent Events

Westmoreland Water Rights-The Association has filed a lawsuit for breach of contract, fraud and unfair trade practices against Forrest and Joyce Westmoreland regarding the contract for and purchase of 82 acre feet of water rights. The Association requested the return from the Westmoreland’s of the \$147,600 paid, plus interest, punitive damages, treble damages, costs and attorney fees. As of the date of this audit report, the judge has agreed the Association will get the money back, however, the decision has been appealed.

The Association is involved in several improvement projects throughout the system.

I. Related Party

One of the vendors for the Association is Johnny’s Septic. The Accounting clerk is married to the son of the owners of Johnny’s Septic. The husband is an employee of Johnny’s Septic. The total paid to Johnny’s Septic for fiscal year 2018 totaled \$39,360.

State of New Mexico

Doña Ana Mutual Domestic Water Consumers Association

Notes to the Financial Statements

June 30, 2018

J. Restatement

Net Position was restated by a total of \$(20,732). \$2,676,216 of that amount was to record restricted cash for the unfunded portion of NMED/RIP-2014 and NMED/RIP-2015. The loans closed in fiscal years ending 2014 and 2015. The debt was included on the financial statements however the restricted cash was not. \$(2,791,010) of the amount was a restatement to capital assets, construction in progress, for the same reason. The net difference in the restricted cash restatement and the capital asset restatement was \$(114,794). Deferred Inflows related to pensions was restated (6,950). Prior year was \$11,893 and should have been \$18,843. This error was an oversight of the auditor. The beginning accounts receivables was restated \$101,012 for a meter reading timing difference.

Required Supplemental Information

State of New Mexico
Doña Ana Mutual Domestic Water Consumers Association
Schedules of Required Supplementary Information and Notes for Pension Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

Last 10 Fiscal Years*

	Fiscal Year Measurement Date	2015 2014	2016 2015	2017 2016	2018 2017
Association's proportionate share of the net pension liability.		0.0618%	0.0719%	0.0750%	0.0678%
Association's proportionate share of the net pension liability.	\$	482,106	\$ 733,083	\$ 931,629	\$ 931,629
Association's covered-employee payroll.	\$	572,660	\$ 617,907	\$ 595,123	\$ 671,933
Association's proportionate share of the net pension liability as a percentage of its covered-employee payroll.		84.19%	118.64%	156.54%	138.65%
Plan fiduciary net position as a percentage of the total pension liability.		81.29%	76.99%	69.18%	73.74%

Schedule of Association's Contributions

Last 10 Fiscal Years*

	June 30,			
	2015	2016	2017	2018
Contractually required contribution.	\$ 54,689	\$ 59,010	\$ 56,834	\$ 64,170
Contributions in relation to the contractually required contribution.	54,689	59,010	56,834	64,170
Contribution deficiency (excess).	\$ 0	\$ 0	\$ 0	\$ 0
Association's covered-employee payroll.	\$ 572,660	\$ 617,907	\$ 595,123	\$ 671,933
Contributions as a percentage of covered-employee payroll.	9.55%	9.55%	9.55%	9.55%

* These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Association will present information for those years for which information is available.

Notes to Required Supplementary Information for Pension Plan

Changes of benefit terms. The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CFAR. <https://www.saonm.org>

Assumptions: The Public Employ Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org>

The notes to the financial statements are an integral part of this statement.

Other Supplemental Information

State of New Mexico

Doña Ana Mutual Domestic Water Consumers Association

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues				
Sales and Services	\$ 3,475,000	\$ 4,032,500	\$ 3,776,825	\$ (255,675)
Installation Charges	173,000	290,000	270,666	(19,334)
Fees	190,000	198,000	188,266	(9,734)
Fines and Penalties	151,500	158,500	135,522	(22,978)
Miscellaneous	48,700	56,700	66,085	9,385
Investment Income	33,000	22,000	15,759	(6,241)
Grants	11,221,017	6,800,000	702,000	(6,098,000)
Loan Proceeds	0	0	78,000	78,000
Total Revenues	15,292,217	11,557,700	5,233,123	(6,324,577)
Expenses				
Water				
Salaries and Benefits	1,194,500	1,155,700	1,010,837	144,863
System Maintenance	160,000	160,000	148,287	11,713
Utilities	267,100	266,700	263,443	3,257
Supplies	172,000	315,500	207,550	107,950
Taxes	196,000	209,000	214,154	(5,154)
Repairs	82,100	92,100	47,042	45,058
Professional Services	249,900	220,900	168,136	52,764
Fees	94,100	110,000	96,277	13,723
Insurance	40,000	40,000	87,782	(47,782)
Vehicle Expense	23,500	33,500	27,749	5,751
Office Expenses	70,120	71,120	39,395	31,725
Other	16,650	29,900	7,556	22,344
Travel and Training	38,900	40,900	29,349	11,551
Capital Outlay	12,086,266	6,341,000	2,090,346	4,250,654
Debt Service				
Principal	377,500	584,000	496,454	87,546
Interest	201,300	240,000	169,214	70,786
Wastewater				
Salaries and Benefits	20,000	53,000	41,366	11,634
System Maintenance	51,500	264,000	32,038	231,962
Utilities	36,750	45,750	49,423	(3,673)
Supplies	33,000	84,500	68,827	15,673
Taxes	30,000	28,000	10,369	17,631
Other	13,015	13,915	7,555	6,360
Professional Services	55,000	55,000	42,697	12,303
Capital Outlay	0	780,000	0	780,000
Debt Service				
Principal	0	0	7,058	(7,058)
Interest	0	0	0	0
Decrease in Fair Value of Investments	0	0	17,890	(17,890)
Total Expenses	\$ 15,509,201	\$ 11,234,485	\$ 5,380,794	\$ 5,853,691

State of New Mexico

Doña Ana Mutual Domestic Water Consumers Association

Statement of Revenues, Expenditures, and Changes in Cash Balance -

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2018

Net Change in Cash Balance	\$	(216,984)	\$	323,215	\$	(147,671)	\$	(470,886)
Cash Balance Beginning of Year		<u>8,053,830</u>		<u>8,053,830</u>		<u>8,053,830</u>		<u>0</u>
Cash Balance End of Year	\$	<u><u>7,836,846</u></u>	\$	<u><u>8,377,045</u></u>	\$	<u><u>7,906,159</u></u>	\$	<u><u>(470,886)</u></u>

Reconciliation of Budgetary Basis to GAAP Basis

Net Change in Cash Balance-Cash Basis	\$	(147,671)
Capital Outlay		2,090,346
Depreciation		(1,226,197)
Loan Proceeds		(78,000)
Principal Paid		503,512
Net Change in Receivables		188,747
Net Change in Inventory		(21,064)
Net Change in Prepaid Expenses		1,081
Net Change in Deferred Outflows		(221,121)
Net Change in Payables		(15,463)
Net Change in Accrued Salaries & Benefits		(2,450)
Net Change in Accrued Interest		1,441
Net Change in Compensated Absences		(3,224)
Net Change in Customer Deposits		(12,085)
Net Change in Pension Liability		266,618
Net Change in Deferred Inflows		(99,692)
Change in Net Position-GAAP Basis	\$	<u><u>1,224,778</u></u>

The notes to the financial statements are an integral part of this statement.

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

Independent Auditor's Report

Mr. Wayne Johnson
State Auditor of the State of New Mexico
Board Members of the Doña Ana Mutual Domestic Water Consumers Association

Mr. Johnson and Members of the Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Doña Ana Mutual Domestic Water Consumers Association (Association) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and related budgetary comparison of the Association, presented as supplemental information, and have issued our report thereon dated December 11, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that are less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, material weaknesses may exist that have not been identified.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Responses as item 2018-001.

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Responses. Responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

De'Aun Willoughby, CPA, PC

Clovis, New Mexico
December 11, 2018

Financial Statements Findings

Prior Year Audit Findings

None

Current Year Audit Findings

2018-001 Improper Reimbursement of Travel Expense - Other Non-Compliance

Condition

One of the 104 expenditures sampled was for a travel reimbursement. The reimbursement include both per diem for mileage as well as actual reimbursement for fuel. The resulting overpayment was \$82.30.

Criteria

2.42.2.9 NMAC 1978: Reimbursement of Actual Expenses in Lieu of Per Diem Rates.

Cause

The error was an oversight.

Effect

The Associations is in violation with 2.42.2.9 NMAC.

Recommendation

We recommend that before reimbursing an employee for business travel, the CPO needs to review travel reimbursement log request for any discrepancies.

Response

We agree with the recommendation.

Responsible Party and Timeline

The involved employee has been notified of the mistake and has agreed to pay the Association back for the overpayment of \$82.30. The employee has agreed to pay the full amount back in January 2019.

Financial Statement Preparation

The financial statements were prepared by De'Aun Willoughby CPA. However, they are the responsibility of management.

Exit Conference

An exit conference was held on December 11, 2018. Those present were James Melton - President, Jamie Stull - Vice President, Jennifer Horton - Executive Director and De'Aun Willoughby, CPA.