

**STATE OF NEW MEXICO**

**TYRONE WATER AND WASTEWATER ASSOCIATION**

---

**Independent Accountants' Report on Applying Agreed-Upon Procedures**

**For the Year Ended  
June 30, 2024**

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**TABLE OF CONTENTS**  
June 30, 2024

	<u>Page</u>
Official Roster	1
Independent Accountant's Report on Agreed-Upon Procedures – Tier 6	2
Agreed-Upon Procedures:	
Schedule of Procedures and Results	3
Schedule of Revenues and Expenses Budget and (Cash Basis)	9
Capital Outlay Appropriation	11
Copy of Year-End Financial Report to DFA	
Exhibit A- Special District Financial Quarterly Report Form	12-14
Exhibit B- Budget Certification DFA- Contingent	15
Exhibit C- Budget Resolution No 2024-01	16
Schedule of Findings and Responses	17-26
Entrance and Exit Conference	27

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**OFFICIAL ROSTER**  
June 30, 2024

BOARD OF DIRECTORS

Alan Berg	President
Angie Roach	Secretary
Doug Gorthy	Board Member
Jesse Lewis	Board Member
David Stapp	Board Member

**CARNEY FOY**  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 2331  
212 N. ARIZONA STREET  
SILVER CITY, NEW MEXICO 88062

(575) 388-3111

**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

---

To: Joseph M. Maestas, P.E., CFE  
New Mexico State Auditor  
and the Board of Directors of  
Tyrone Water and Wastewater Association

We have performed the procedures enumerated in the attached schedule, which were agreed upon by the Tyrone Water and Wastewater Association (Association) and the Office of the New Mexico State Auditor under the requirements of a Tier 6 of the Audit Act —Section 12-6-3b (6) NMSA 1978 and section 2.2.2.16 NMAC for the year ended June 30, 2024. The Tyrone Water and Wastewater Association's board of directors is responsible for the Association's governance.

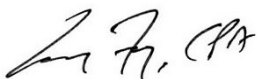
The Association has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the New Mexico State Auditor's Office, Department of Finance Administration -Local Government Division, and the New Mexico Legislature for the year ended June 30, 2024. This report may not be suitable for any other purposes. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and the associated findings are included in pages 3 to page 8.

We were engaged by the Tyrone Water and Wastewater Association to perform these agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier 6 procedures performed. Accordingly, we do not express such an opinion on conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Tyrone Water and Wastewater Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Tyrone Water and Wastewater Association, the Department of Finance and Administration-Local Government Division, the New Mexico State Legislature, the New Mexico Finance Authority and the New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.



Carney Foy, CPA  
Silver City, New Mexico  
February 14, 2025

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**1. REVENUE CALCULATION AND TIER DETERMINATION**

**Procedures:**

Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osa.nm.org](http://www.osa.nm.org) under "Tiered System Reporting Main Page".

**Results of Procedures Performed:**

The Association was determined to be under the Tier 6 reporting procedures as the Association's revenue of \$257,752 was between \$250,000 and \$500,000 (excluding capital outlay funds).

The Association had received a capital outlay award of \$382,320, the expenditures of this award for the fiscal year 06-30-24 is \$286,740.

The Association had received a capital outlay private grant of \$112,000, the expenditures of this award for the fiscal year 06-30-24 is \$25,096.

**2. CASH**

**Procedures:**

- a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.
- b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with 50% pledged collateral on all uninsured deposits as required by Section 6-10-7 NMSA 1978, NM Public Money Act, if applicable.

**Results of Procedures Performed:**

- a) We obtained bank statements and corresponding reconciliations for the year ended June 30, 2024 for all reconciliations for this period. Bank reconciliations were completed in a timely manner, and all bank statements and reconciliations are complete and on hand.
- b) We obtained bank statements and corresponding reconciliations for the year ended June 30, 2024 for 100% of the reconciliations for this period. The bank reconciliations were tested at 100%, with supporting documentation, and agreed to the General Ledger Balances with no exceptions. The cash balances indicated within the quarterly reports submitted to the DFA-LGD at June 30, 2024 did not agree to the cash reconciliation for that period. See finding 2024-001.
- c) The bank statements for the year ending June 30, 2024 were reviewed for balances to determine the need for additional collateral. Bank account balances did not exceed the insured limits during the year ended June 30, 2024 and, therefore, pledged collateral was not required for any bank account.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**3. CAPITAL ASSETS**

**Procedures:**

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

**Results of Procedures Performed:**

The fixed asset (inventory) list agreed with the general ledger balances. The accumulated depreciation listing does agree with the general ledger balance at June 30, 2024.

This fixed asset (inventory) is insufficient in the listing of the detailed assets.

The Board of Directors approved a listing of the assets that were obtained from the Grant County's Assessor's office. This is a comprehensive listing which uses the tax value of the property owned by the Association. This listing is not reconciled to the fixed asset listing that was used within the general ledger system. See finding 2024-002.

**4. DEBT**

**Procedures:**

If the local public body has any debt, verify that the required payments were made during the year. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements.

**Results of Procedures Performed:**

We obtained the annual debt statements for the Association's loan with the USDA, and verified that all payments were made during the year. The Association is in compliance with the debt service reserve requirements of the debt agreement.

**5. REVENUE**

**Procedures:**

Identify the nature and amount of revenue from all sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

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

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statements.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**Results of Procedures Performed:**

- a) For the year ended June 30, 2024, budgeted revenue was not submitted to the DFA-LGD. No formal approval was received. The actual cash basis revenue of the Association was \$367,940. Analytics would not be available for comparisons to budget. See Finding 2024-003.

A sample of cash receipts and deposits of \$202,590 was selected, which represents 55% of the revenue. Items.

- b) The amounts recorded in the general ledger agreed with supporting documentation and the amounts deposited as reflected on the bank statements.
- c) The Association financial records reflect revenue on the cash basis, although an accounts receivable system is utilized for monthly billing to users. Comparison between cash deposit to the bank and the cash received and processed within the billing system provided sufficient supporting documentation to reconcile proper recording to the general ledger.

**6. EXPENDITURES**

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

**Procedures:**

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code. (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1.NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**Results of Procedures Performed:**

We reviewed supporting documentation for 31 disbursements totaling \$138,235 which accounted for 42% of the total expenditures of \$328,707.

- a) Each disbursement was tested to ensure proper recording by vendor, amount and agreement with supporting documentation. Specifically, we verified that the amount paid, payee, date, and description also agreed with the vendors invoice, purchase invoice, purchase order, contract and cancelled check, where appropriate. Our procedures determined that all documentation met the required standards, except for one disbursement of \$6,900. This invoice lacked sufficient supporting documentation specifying the appropriate funding source for the payment. Additionally, it did not include proper approval from an authorized individual before processing. Furthermore, the \$6,900 payment was made from the operating account instead of being submitted to the New Mexico Finance Authority for reimbursement. See Finding 2024-004
- b) We verified that the tested disbursements were properly authorized and approved in accordance with legal requirements and established policies and procedure. However, we noted that the budgetary process was not properly documented, which limits the ability to confirm compliance with the approved budget. There was no formal budget for expenditures for the budgetary process to be applied. See Finding 2024-003.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**Results of Procedures Performed:** (continued)

- c) The bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code. (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1.NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**7. JOURNAL ENTRIES**

**Procedures:**

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

- a) Journal entries should appear reasonable and have supporting documentation.
- b) The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Results of Procedures Performed:**

- a) We reviewed all non-routine journal entries. There were 70 journal entries recorded, and they appeared reasonable and have supporting documentation.
- b) The Association has established policies and procedures requiring the review of journal entries. The contract accountant is responsible for both the preparation and review of these journal entries, ensuring accuracy and compliance.

**8. BUDGET**

**Procedures:**

Obtain the original fiscal year budget and all budget adjustments made through the fiscal year and perform the following test work:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures- budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

**Results of Procedures Performed:**

- a) The local public body submitted its overall budget to the DFA-LGD, and the board of directors approved the fiscal year budget through a signed resolution. Additionally, a request for approval was sent to the DFA-LGD. However, the approval documents reviewed did not clearly reference the specific budgets being approved. Furthermore, there was no documented confirmation of budget approval received from the DFA-LGD for the fiscal year ended June 30, 2024. This issue is further addressed in Finding 2024-003.
- b) Since no formal budget was submitted to the DFA-LGD, a comparison of total actual expenditures to the final budget at the legal level of budgetary control could not be performed. As a result, compliance with budgetary limits could not be determined. See Finding 2024-003 for further details.
- c) A schedule of revenue and expenditures- budget and actual on the budgetary basis was prepared from the Association's records on the cash budgetary basis. This schedule is included herein as located on pages 9 and 10. This report has no budget amounts as there are not budget numbers presented in the DFA-LGD report listed as Exhibit A, pages 11 and 12. See Finding 2024-003.



STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**9. CAPITAL OUTLAY**

**Procedures:**

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations of the New Mexico Legislature that meet Tier 6 criteria. Request and review all state-funded capital outlay awards, joint powers agreement, correspondence and other relevant documentation for any capital outlay award funds expensed by the recipient during the fiscal year that meet the Tier 6 criteria. Perform the following tests on all state- funded capital outlay expenditures:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check as appropriate.
- b) Determine that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Determine that the bid process (or request for proposal process is applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code and State Purchasing Regulations (section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) Verify that status reports were submitted to the state agency charged with oversight per the terms of the agreement and verify that the amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

**Results of Procedures Performed:**

- a) The amount recorded as disbursed agrees to adequate supporting documentation. Amount agrees to invoice as supporting documentation. No exceptions were noted.
- b) The disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) Bid Process- No exceptions were noted as a result of this procedure. There were no capital asset appropriations noted.
- d) The physical existence of the assets appears complete in relationship the progress payments the have been made. No exceptions were noted..
- e) The status reports and the invoicing process is submit to the New Mexico Finance Authority. Upon approval from the Association's president, payment is processed and submitted to the vendor. No exceptions were noted as a result of this procedure.
- f) The project is not funded in advance. Payments are only made upon completion of work. Once completed an invoice is prepared. No exceptions were noted as a result of this procedure.
- g) The project is not complete. As of the fiscal year end June 30 2024 the work in progress of \$364,269 has been accomplished of the total project of \$382,320. It is not anticipated to revert unexpended balances back to the grantor. No exceptions were noted as a result of this procedure.
- h) No cash is being received on this project, as payments are processed directly from the New Mexico Financial Authority to the approved vendors. No exceptions were noted as a result of this procedure.
- i) Reimbursements were properly supported by cost incurred by the recipient. There were not cost paid prior to the request for reimbursement. No exceptions were noted as a result of this procedure.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Agreed Upon Procedures**  
For the Year Ended June 30, 2024

**10. OTHER**

**Procedures:**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content detailed in Section 2.2.2.10 (L)(1)(d) NMAC.

**Results of Procedures Performed:**

The financial Statements need to be prepared under the accrual basis of accounting. See Finding 2024-005.

The Agreed Upon Procedures report was not submitted to the Office of the State Auditor by the required due date of December 15, 2024. See Finding 2024-006.

No other exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud or illegal acts.

All findings and responses 2024-001 through 2024-006 are noted on pages 17 through 25.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Revenues and Expenses**  
**Budget and Actual (Cash Basis)**  
For the Year Ended June 30, 2024

	Budget Amounts		Actual Cash Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating Revenues:</b>				
Residential Assessment	\$ -	-	238,188	238,188
Water Usage Fee	-	-	15,964	15,964
CC Aseessment Fees	-	-	210	210
Water Tower lease Fees	-	-	2,640	2,640
Community Center Rent	-	-	750	750
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ -	-	257,752	257,752
<b>Operating Expenses:</b>				
Contract Water Service	-	-	50,283	(50,283)
Maintenance & Repairs	-	-	95,477	(95,477)
Utitlites	-	-	11,090	(11,090)
Administrative Expenses	-	-	84,521	(84,521)
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	\$ -	-	241,371	(241,371)
Change in Operating Net Position- Budget Basis	-	-	16,381	16,381
<b>Non Operating Revenue (Expenses)</b>				
Interest Income	-	-	1,291	1,291
Grant Revenue-Freeport McMoRan	-	-	112,000	112,000
Grant Revenue- CIF	-	-	213,885	213,885
Loan CIF	-	-	72,854	72,854
Debt Principle & Interest	-	-	(29,040)	(29,040)
Purchase Fixed Assets/System Repairs	-	-	(286,738)	(286,738)
Purchase Fixed Assets/System Repairs	-	-	(25,095)	(25,095)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Non Operating (Expenses) over Revenue	-	-	59,157	59,157
Change in Net Position- Budget Basis	-	-	75,538	75,538
Cash and Cash Equivalents- Beginning	158,053	158,053	158,053	-
Cash and Cash Equivalents- Ending	\$ 158,053	158,053	233,591	75,538

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Revenues and Expenses**  
**Budget and Actual (Cash Basis)**  
 For the Year Ended June 30, 2024

<b>Reconciliation to Statements of Revenues, Expenses and Changes in Net Position</b>	Budget Amounts		Actual Cash	Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Basis	
<b>Change in Net Position-Budget Basis</b>	-	-	\$ 75,538	
Decrease of Depreciation Expense	-	-	(117,482)	
Principle Reductions of Note Payable	-	-	11,877	
Purchase of Fixed Assets-CFI	-	-	286,738	
Purchase of Fixed Assets-Freeport McMoRan	-	-	25,095	
Increase of Loan from CFI	-	-	(72,854)	
Increase of Deferred Revenue Freeport McMoRan	-	-	(86,905)	
Increase in Accounts Receivable	-	-	14,665	
Increase in Prepaid Insurance	-	-	4,164	
Increase in Accounts Payable	-	-	9,806	
Increase in Accounts Payable-Customers	-	-	3,632	
Rounding	-	-	1	
Total changes	-	-	78,737	
<b>Change in Net Position-GAAP Basis</b>			<b>\$ 154,275</b>	

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Capital Outlay Appropriations**  
**Colonias Infrastructure Project Fund (CIF-5799)**  
 For the Year Ended June 30, 2024

Amount Awarded	382,320
Grant Award	305,856
Loan Amount	76,464
Total Awarded	382,320
Total Revenue & Loan	
Grant-FY23	77,532
Grant-FY24	213,885
Loan -FY24	72,854
	364,271
Total Expended	
Amount Expended-FY23	77,531
Amount Expended-FY24	286,740
Total Expended	364,271
Remaining Balance	18,049

Description of Project:	Infrastructure development and improvements to the Water and Wastewater System for the Authority.
State Agency Distributing funds:	New Mexico Finance Authority.
Authority Approval:	Borrower/Grantee Resolution No. 2023-07, adopted February 15, 2023.
Effective Date-Appropriations:	March 31, 2023- Ongoing.
Maturity of Loan:	June 1, 2044.

DEPARTMENT OF FINANCE AND ADMINISTRATION  
 LOCAL GOVERNMENT DIVISION  
 BUDGET AND FINANCE BUREAU

**SPECIAL DISTRICT FINANCIAL QUARTERLY REPORT FORM**

Special District: Lyrene Water & Wastewater Asson  
 Quarter Ending: 6/30/2024

STATE FISCAL YEAR: July 1, 2023 - June 30, 2024

**QUARTERLY YEAR TO DATE TRANSACTIONS PER BOOKS**

FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH BALANCE ON JULY 1	INVESTMENTS, CDs, LGIP, BONDS, SAVINGS	REVENUES YEAR TO DATE	NET TRANSFERS (GRAND TOTAL = 0)	EXPENDITURES YEAR TO DATE	BOOK BALANCE END OF PERIOD	ADD OUTSTANDING CHECKS	LESS DEPOSITS IN TRANSIT	ADJUSTMENTS	ADJUSTED BALANCE END OF PERIOD	BALANCE PER BANK STATEMENTS	DIFFERENCE, MUST EQUAL ZERO
GENERAL FUND - Operating (GF) - MAINT	101	92,403	86,763	335,960	-	388,117	127,009	17,196	520	117,481	261,166	261,166	(0)
INTERGOVERNMENTAL GRANTS	218	-	-	-	-	-	-	-	-	-	-	-	-
OTHER	299	-	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE	400	-	-	-	-	-	-	-	-	-	-	-	-
<b>GRAND TOTAL</b>		<b>\$ 92,403</b>	<b>\$ 86,763</b>	<b>\$ 335,960</b>	<b>\$ -</b>	<b>\$ 388,117</b>	<b>\$ 127,009</b>	<b>\$ 17,196</b>	<b>\$ 520</b>	<b>\$ 117,481</b>	<b>\$ 261,166</b>	<b>\$ 261,166</b>	<b>\$ (0)</b>

SPECIAL DISTRICT: Tyrone Water & Wastewater Assoc

Quarter Ending: 6/30/24

	July-September FIRST QUARTER	August-December SECOND QUARTER	January - March THIRD QUARTER	April - June FOURTH QUARTER	YEAR TO DATE	APPROVED BUDGET	YEAR TO DATE % OF BUDGET
<b>REVENUES</b>							
General Fund 101 ( enter items below )							
Residential Assessment	55,365	57,913	68,107	53,563	234,949		
CC Assessment Fees	42	33	72	63	210		
Water System Repairs	6,419	1,200	4,916	5,979	18,514		
Other Income	500	112,000	65	(31,570)	80,996		
<b>TOTAL GENERAL FUND REVENUES</b>	<b>\$ 62,327</b>	<b>\$ 171,146</b>	<b>\$ 73,160</b>	<b>\$ 28,036</b>	<b>\$ 334,668</b>		
Other Financing Sources:							
Transfers In							
Transfers Out							
<b>Total Transfers</b>							
Intergovernmental Grants 218 ( enter items below )							
<b>TOTAL INTERGOV. GRANT REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
Other Financing Sources:							
Transfers In							
Transfers Out							
<b>Total Transfers</b>							
Other 299 ( enter items below )							
Interest Income	137	44	393	272	845		
Dividend Income	72	72	152	150	446		
<b>TOTAL OTHER REVENUES</b>	<b>\$ 209</b>	<b>\$ 117</b>	<b>\$ 544</b>	<b>\$ 422</b>	<b>\$ 1,292</b>		
Other Financing Sources:							
Transfers In							
Transfers Out							
<b>Total Transfers</b>							
<b>Debt Service 400</b>							
<b>General Obligation Bonds</b>							
General Obligation - (Property tax)							
Investment Income							
Other - Misc.							
<b>Revenue Bonds</b>							
Bond Proceeds							
Revenue Bonds - GRT							
Investment Income							
Revenue Bonds - Other							
<b>Miscellaneous(NMFA, BOF, etc.)</b>							
<b>TOTAL DEBT SERVICE REVENUES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		
Other Financing Sources:							
Transfers In							
Transfers Out							
<b>Total Transfers</b>							
<b>GRAND TOTAL REVENUES</b>	<b>\$ 62,535</b>	<b>\$ 171,262</b>	<b>\$ 73,704</b>	<b>\$ 28,458</b>	<b>\$ 335,960</b>		

SPECIAL DISTRICT: Tyrone Water & Wastewater Assoc

Quarter Ending: 6/30/24

EXPENDITURES	July-September		August-December		January - March		April - June		YEAR TO DATE	APPROVED BUDGET	YEAR TO DATE % OF BUDGET
	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER				
<b>General Fund 101 ( enter items below )</b>											
Repairs and Maintenance	19,662	26,132	15,761	26,371	87,926						
Contract Services	21,578	8,195	9,667	11,074	50,515						
Utilities	2,559	2,487	1,408	4,781	11,235						
Accounting and Legal	9,799	8,188	13,279	9,617	40,883						
Insurance	22,939	-	7,579	(2,932)	27,586						
Office	363	2,048	1,609	1,637	5,656						
Interest Expense	4,449	4,449	4,449	4,449	17,795						
Depreciation	29,370	29,370	29,370	29,370	117,481						
<b>TOTAL GENERAL FUND EXPENDITURES</b>	\$ 110,719	\$ 80,869	\$ 83,122	\$ 84,367	\$ 359,077						
Intergovernmental Grants 218 ( enter items below )											
<b>TOTAL INTERGOV. GRANT EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -						
Other 299 ( enter items below )											
<b>TOTAL OTHER EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ -						
<b>Debt Service 400</b>											
Bond Payments Principal	2,782	2,782	2,782	2,782	11,128						
Bond Payments- Interest	4,478	4,478	4,478	4,478	17,912						
Other Debt Service	-	-	-	-	-						
<b>TOTAL DEBT SERVICE EXPENDITURES</b>	\$ 7,260	\$ 7,260	\$ 7,260	\$ 7,260	\$ 29,040						
<b>GRAND TOTAL EXPENDITURES</b>	\$ 117,979	\$ 88,129	\$ 90,382	\$ 91,627	\$ 388,117						





**New Mexico  
Department of Finance  
and Administration**

**407 Galisteo St,  
Santa Fe, NM 87501  
(505) 827-4985**

**Governor Michelle Lujan Grisham  
Cabinet Secretary Wayne Propst**

**Local Government Division  
Wesley Billingsley, Division Director**

October 1, 2023

Tyron Waste Water Association  
c/o Mike Morones, & Associates LLC  
Tyron Waste Water Association  
608 N Bullard Street  
Silver City, NM 88061

Dear Mr. Morones:

The final budget for your local government entity for **Fiscal Year 2023-2024**, as approved by your governing body, has been examined and reviewed. The Department of Finance and Administration, Local Government Division (LGD) finds it has been developed in accordance with applicable statutes and budgeting guidelines, and sufficient resources appear to be available to cover budgeted expenditures. Pursuant to Section 6-6-2K NMSA 1978, the LGD prescribed format for budget submittal is the Local Government Budget Management System (LGBMS). Your entity **failed** to submit the FY24 Final Budget as required. Therefore, in accordance with Section 6-6-2L NMSA 1978, the LGD grants "**conditional**" certification of your entity's final Fiscal Year 2023-2024 budget.

Please submit your entity's **Fiscal Year 2023-2024** budget on LGBMS within thirty (30) days of today's date so that LGD may provide final approval of your budget.

Also note that state statute requires all revenue sources be expended only for public purposes, and if applicable, in accordance with the Procurement Code, Chapter 13, Article 1, NMSA 1978. In addition, use of public revenue is governed by Article 9, Section 14 of the Constitution of the State of New Mexico, commonly referred to as the anti-donation clause.

Budgets approved by the LGD are required to be made a part of the minutes of your governing body according to Section 6-6-5 NMSA 1978. In addition, Section 6-6-6 NMSA 1978 provides that the approved budget is binding on local officials and governing authorities; and any official or governing authority approving claims or paying warrants in excess of the approved budget or available funds will be liable for the excess amounts.

**Finally, as required by Section 6-6-2H NMSA 1978, LGD is required to approve all budget increases and transfers between funds not included in the final approved budget via submission on the Local Government Budget Management System (LGBMS).**

If you have any questions regarding this matter, please call Jeanell Sanchez of my staff at 505-477-1151 or via email at Jeanell.Sanchez@dfa.nm.gov.

Sincerely,

DocuSigned by:

D891C24BB85B4E9

Wesley Billingsley, Division Director  
Local Government Division

xc: file

**TYRONE WATER & WASTEWATER ASSOCIATION BOARD MEETING  
JULY 19, 2023 – 6:30 P.M. – TYRONE COMMUNITY CENTER  
FINAL AGENDA**

**Website: tyronenmwater.org**

**State of New Mexico  
TYRONE WATER AND WASTEWATER ASSOCIATION  
50 Malachite Avenue, Tyrone, New Mexico 88065-0570  
RESOLUTION NO. 2024-01**

**Budget Adoption  
Fiscal Year 2024**

**WHEREAS,** the governing body in and for the Tyrone Water and Wastewater Association, State of New Mexico has developed a budget for Fiscal Year 2024, and

**WHEREAS,** said was developed on the basis of need and through cooperation with all user departments, elected officials, and other department supervisors, and

**WHEREAS,** the official meetings for the review of said documents were duly advertised in compliance with the State Open Meetings Act, and,

**WHEREAS,** it is the majority opinion of this Board that the proposed budget meets the requirements as currently determined for Fiscal Year 2024,

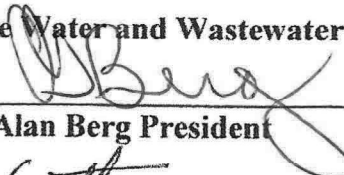
**NOW, THEREFORE, BE IT HEREBY RESOLVED** that the Governing Body of the Tyrone Water and Wastewater Association, State of New Mexico hereby adopts the budget and respectfully requests approval from the Local Government Division of the Department of Finance and Administration.

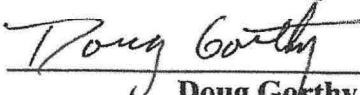
**RESOLVED:** In Governing Body Session this 19th day of July, 2023

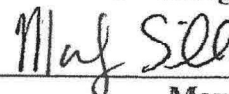
**Attest:**

  
\_\_\_\_\_  
**Angie Roach Secretary**

**Tyrone Water and Wastewater Associatio**

  
\_\_\_\_\_  
**Alan Berg President**

  
\_\_\_\_\_  
**Doug Gorthy Member**

  
\_\_\_\_\_  
**Mandy Lilla Member**

\_\_\_\_\_  
**Jesse Lewis Member**

(Seal)

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

CURRENT YEAR FINDINGS:

- 2024-001 (2022-001) Reconciled Bank Balances did not agree to Cash Report on DFA-LGD 06-30-23 report (Material Non-Compliance)
- 2024-002 (2022-002) Capital Asset Inventory Incomplete (Other Non-Compliance)
- 2024-003 (2022-003) No approved budget reflected in DFA Quarterly Budget Reported (Material Non-Compliance)
- 2024-004 (2023-006) Expenditure Testing (Other Non-Compliance)
- 2024-005 (2023-007) Financial Statements preparation accrual basis (Other Non-Compliance)
- 2024-006 (2022-007) Late AUPs Contract and Report (Other Non-Compliance)

PRIOR YEAR FINDINGS:

- 2023-001 (2022-001) Reconciled Bank Balances did not agree to Cash Report on DFA-LGD 06-30-23 report (Material Non-Compliance)
- 2023-002 (2022-002) Capital Asset Inventory Incomplete (Other Non-Compliance)
- 2023-003 (2022-003) No approved budget reflected in DFA Quarterly Budget Reported (Material Non-Compliance)
- 2023-004 Resolved (2022-004) Revenue Cash Receipts for Accounts Receivable Billing is not in agreement to the Bank Deposits reflecting this application (Significant Deficiency)
- 2023-005 Resolved (2022-005) Journal Entries Procedures (Significant Deficiency)
- 2023-006 (2022-006) Expenditure Testing (Other Non-Compliance)
- 2023-007 Financial Statements preparation accrual basis (Other Non-Compliance)
- 2023-008 (2022-007) Late AUPs Contract and Report (Other Non-Compliance)

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
 Year Ended June 30, 2024

**2024-001 (2022-001) Reconciled Bank Balances Do Not Match Cash Balance Reported to the DFA-LGD at 06-30-24 (Other Non-Compliance)**

**Condition:**

For the fiscal year ended June 30, 2024, the cash balances reported in the quarterly financial reports submitted to the New Mexico Department of Finance and Administration – Local Government Division (DFA-LGD) did not align with the reconciled bank balances at fiscal year-end.

A comparison of the reported figures is outlined below:

Dated	Description	Book Balance End of Period 06-30-24	Outstanding Checks	Transit Deposits	Adjustment	Balance Per Bank Statement 06-30-24
06-30-24	DFA Report	127,009	17,196	(520)	117,481	261,166
06-30-24	Bank Reconciliation	233,591	17,196	(520)	-	250,267
	Difference	<u>(106,582)</u>	<u>-</u>	<u>-</u>	<u>117,481</u>	<u>10,899</u>

This discrepancy indicates that the financial reports submitted to the DFA-LGD did not accurately reflect the Association’s actual reconciled bank balances.

Additionally, the Association was unable to fully address prior-year findings (AUP Tier 6 report for June 30, 2023) because the report was issued on April 25, 2024. As a result, this issue continued into the current audit period.

**Criteria:**

Under Section 6-6-2(F) NMSA 1978, the Association, as a Tier 6 agency, is required to submit accurate and complete quarterly financial reports to the DFA-LGD.

**Effect:**

The discrepancies in cash balances resulted in inaccurate and unreliable financial reporting to the DFA-LGD. This could affect the agency’s financial oversight and decision-making.

**Cause:**

- Lack of proper internal controls and procedures to ensure accurate DFA-LGD reporting.
- Inadequate oversight and reconciliation processes before submitting financial reports.
- Lack of follow-up by DFA-LGD to verify and address discrepancies.

**Recommendation:**

1. Implement standardized reconciliation procedures to ensure that bank balances and reported cash balances match before submitting quarterly reports.
2. Review and correct past reports for the fiscal year ending June 30, 2024, and resubmit amended reports to DFA-LGD.
3. Establish ongoing communication with DFA-LGD officials to ensure accurate and timely financial reporting.
4. Develop a reporting checklist and approval process to improve oversight and prevent future discrepancies.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-001 (2022-001) Reconciled Bank Balances Do Not Match Cash Balance Reported to the DFA-LGD at 06-30-24 (Other Non-Compliance) (continued)**

**Management's Response:**

The Association acknowledges the need for improved reconciliation procedures and will take corrective action to align bank balances with reported cash balances. A new reporting and review process will be implemented, with oversight by the Board of Directors and contract accountant. The expected completion date for these corrective measures is June 30, 2025. The President of the Board will oversee this process.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-002 (2022-002) – Incomplete Capital Assets Inventory not related to the financial statements (Other Non-Compliance)**

**Condition:**

For the fiscal year ended June 30, 2024, the Association's management did not maintain a complete and detailed listing of capital assets and accumulated depreciation that reconciled with the financial statements. The Board of Directors relied on an asset listing compiled from the Grant County Tax Assessor's tax rolls rather than a detailed internal inventory. However, no reconciliation was performed between this tax roll-based listing and the financial records. The Board of Directors certified the tax roll listing on August 16, 2023.

Additionally, the Association had limited opportunity to address the prior year's findings from the AUP Tier 6 report for June 30, 2023, which was issued on April 25, 2024. Due to this timing constraint, the finding was not corrected and is therefore repeated.

**Criteria:**

According to Section 12-6-10 NMSA 1978, governing authorities must conduct an annual physical inventory of all movable chattels and equipment valued at more than \$5,000. This inventory must be certified as accurate by the governing authority.

**Effect:**

The Association is not in compliance with state law, increasing the risk of asset misstatement, loss, or misuse due to inadequate tracking and reconciliation of capital assets.

**Cause:**

When the Association acquired the assets of the Tyrone Property Owners Association (TPOC) on January 17, 2022, a detailed asset listing was not provided or made available. As a result, the capital assets reflected in the financial statements were presented as bulk figures without subsidiary details.

**Recommendation:**

The Board of Directors, or its designated representative, should establish a detailed fixed asset listing that accurately reflects all assets owned by the Association. This listing should include:

- Asset descriptions
- Date acquired
- Cost
- Location
- Useful life
- Accumulated depreciation
- Ending balance

Additionally, at the end of each fiscal year, the Board of Directors should conduct and document a physical inventory of capital assets in compliance with Section 12-6-10(A) NMSA 1978. Proper depreciation procedures should be implemented to ensure that the capital asset values align with financial statements.

The results of this inventory should be documented in a written inventory report, which must be reviewed and certified by the Board of Directors. Ensuring that the fixed asset listing reconciles with the financial statements will improve reliability and compliance.

**Management's Response:**

The Board acknowledges the need for a complete and detailed capital asset inventory to ensure compliance with Section 12-6-10 NMSA 1978. To address this issue, the Board will develop and maintain a fixed asset listing that includes asset descriptions, acquisition dates, costs, locations, useful lives, and accumulated depreciation.

Additionally, an annual physical inventory will be conducted and documented, with results certified by the Board. The asset listing will be reconciled with financial statements to improve accuracy and compliance. These measures will be implemented for the fiscal year ending June 30, 2025. The President of the Board will oversee this process.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-003 (2022-003) No Approved Budget for the Association, and DFA-LGA Quarterly Reporting Lacking Correct Application (Other Non-Compliance)**

**Condition:**

For the fiscal year ended June 30, 2024, the Association did not have an approved budget available for reporting purposes. The document submitted to DFA-LGD as the *Special District Final Annual Budget Form (Exhibit A)* lacked budget figures for comparison. Additionally:

- The *Schedule of Revenues and Expenses - Budget and Actual (Cash Basis)* presented on pages 9 and 10 was missing budgeted amounts.
- The *DFA-LGD Special District Financial Quarterly Report Form* also failed to include comparative budget figures, as reflected in *Exhibit A*.
- Budget-to-actual variance comparisons were not prepared or reported as required.

Additionally, the Association had limited opportunity to address the prior year's findings from the AUP Tier 6 report for June 30, 2023, which was issued on April 25, 2024. Due to this timing constraint, the finding was not corrected and is therefore repeated.

**Criteria:**

Pursuant to Section 6-6-2(A) NMSA 1978, each local public body must submit a proposed budget for the next fiscal year to DFA-LGD by June 1 of each year. The Association falls under this requirement.

Additionally, Section 6-6-2(F) NMSA 1978 mandates that the Association submit quarterly financial reports to DFA-LGD. The Association is also subject to this requirement.

**Effect:**

Operating without an approved budget increases the risk of overspending and financial mismanagement. Furthermore, without proper budgetary reporting, DFA-LGD is unable to perform its oversight function, potentially leading to compliance issues and financial instability.

**Cause:**

The failure to submit an approved budget and complete quarterly reports resulted from:

- Lack of proper procedures implemented by the Board of Directors and the contract accountant.
- Inadequate oversight by DFA-LGD in following up on missing reports.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-003 (2022-003) No Approved Budget for the Association, and DFA-LGA Quarterly Reporting Lacking Correct Application (Other Non-Compliance) (continued)**

**Recommendation:**

Reconstruct and resubmit the DFA-LGD report for the fiscal year ending June 30, 2024, ensuring that it includes the appropriate budgeted figures.

1. Moving forward, the Board of Directors should:
  - Adopt a preliminary operating budget for each fiscal year and document its approval in the meeting minutes.
  - Submit the preliminary budget to DFA-LGD by June 1 and the final budget by July 1, as required by Section 6-6-5 NMSA 1978.
  - Upon receiving DFA-LGD's budget approval, ensure that the budget is recorded in the minutes.
2. Quarterly financial reports should be submitted to DFA-LGD by the last day of the month following the end of each quarter, and must:
  - Include cash balances, loan balances, and cumulative revenue/expenditure totals.
  - Align with the approved budget and the Association's accounting records.
3. Establish ongoing communication with the DFA-LGD official assigned to the Association to address compliance issues.
4. Implement a checklist-based tracking system to ensure all budgetary and reporting requirements are met.

**Management's Response:**

The Board recognizes the importance of maintaining an approved budget and complying with DFA-LGD reporting requirements. To address this issue, the Board will implement formal budgeting procedures to ensure timely adoption, approval, and submission of the annual budget. Additionally, quarterly financial reports will be prepared in accordance with DFA-LGD guidelines, including budget-to-actual comparisons.

A tracking system will be established to monitor compliance with all reporting deadlines, and the Board will maintain regular communication with DFA-LGD to ensure alignment with state requirements. These measures will be in place for the fiscal year ending June 30, 2025. The President of the Board will oversee this process.



STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-004 (2023-006) Expenditure Testing (Other Non-Compliance)**

**Condition:**

During the testing of disbursements, a review was conducted to verify that each transaction had adequate supporting documentation, including verification of the amount, payee, date, and agreement with the vendor's invoice, purchase order, contract, and canceled check, as applicable. One instance of non-compliance was identified.

Out of the 31 disbursements tested, totaling \$138,235 (representing 42% of the total expenditures of \$328,707), the following issue was noted:

- One disbursement for an invoice totaling \$6,900 lacked adequate supporting documentation specifying the appropriate funding source where the invoice should be paid.
- The same invoice did not include proper approval from an authorized individual before payment.
- The \$6,900 invoice was paid from the operating account rather than being submitted to the New Mexico Finance Authority for reimbursement.
- Adequate internal controls were not in place to ensure the proper handling of the disbursement.

While the Association has largely addressed the prior year's findings regarding invoice documentation and approval, this instance highlights the need for continued improvement in financial controls.

**Criteria:**

Establishing strong internal controls is essential for ensuring accountability, transparency, and operational efficiency. Proper approval and documentation of disbursements are fundamental to maintaining financial oversight. Key control measures include:

1. **Adequate Supporting Documentation:**
  - Supporting documents (e.g., invoices, receipts, purchase orders) serve as evidence of legitimate transactions.
  - These documents should include details such as the goods or services purchased, quantity, price, and payment terms.
2. **Proper Approval for Each Disbursement:**
  - Every invoice should be reviewed and approved by an authorized individual within the organization.
  - Approval confirms that goods or services were received in accordance with agreed terms and that the expense aligns with the budget.
3. **Budget Adherence:**
  - Proper approval ensures that expenditures are consistent with the organization's budget.
  - This control prevents overspending in specific budget categories and supports financial planning and oversight.
4. **Written Procurement Policies and Procedures:**
  - Clearly documented procurement policies establish guidelines for purchasing and payment processes.
  - These policies should define approval authority, spending limits, and required documentation for each transaction.
5. **Compliance and Accountability:**
  - Adherence to documented policies ensures compliance with legal and ethical standards.
  - Any deviations from standard procedures should be documented with a clear rationale, reinforcing accountability.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-004 (2023-006) Expenditure Testing (Other Non-Compliance) (continued)**

**Effect:**

The absence of these critical controls can result in financial mismanagement, legal exposure, operational inefficiencies, and reputational harm, ultimately compromising the organization's mission and sustainability. Implementing robust internal controls, including proper documentation, approvals, and policy enforcement, is essential to mitigate these risks and ensure sound financial management.

**Cause:**

The organization lacks a clearly defined written policy outlining the approval and monitoring processes for disbursements.

**Recommendation:**

The Board of Directors should develop and implement comprehensive financial policies and procedures that establish clear guidelines for procurement, approval processes, and documentation requirements. These policies should align with the five criteria outlined above.

At a minimum, each disbursement should:

- Be approved by an authorized individual.
- Be properly documented with an approval date.
- Include coding to specify the appropriate account classification.
- Clearly indicate whether the disbursement is a reimbursement-type expenditure.

Once these policies are in place, the Board should remain actively involved in financial oversight to ensure ongoing compliance and effectiveness.

**Management's Response:**

The Board acknowledges the need for stronger internal controls over disbursements and is committed to improving financial oversight. To address this finding, the Board will develop and implement formal financial policies and procedures that clearly define approval processes, documentation requirements, and proper expenditure classification. These policies will ensure that all disbursements are properly documented, approved by an authorized individual, and coded to the appropriate funding source before payment.

The Board will also conduct periodic reviews to ensure compliance with these procedures. Implementation is expected to be completed by the fiscal year ending June 30, 2025. The President of the Board will oversee this process.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-005 (2023-007) Internal Financial Reporting being reported on the Cash Basis (Other Matter)**

**Condition:**

For the fiscal year ended June 30, 2024 the internal reporting of the financial statements were reported on using the cash basis of accounting. This does not allow for adequate reporting of the financial statements. It does not encompass the payables, receivables and certain other granting information that should be reported within the financial statements.

**Criteria:**

Best practices would dictate that financial reporting should include presentation under the accrual basis of accounting. This will allow for the preparation of financial statements under General Accepted Accounting Procedures (GAAP) This will focus on consistency, relevance, reliability, comparability, understandability and timeliness of the financial information. These criteria will guide the manner in which the informational needs it's users. This will enhance the confidence in the reporting process.

**Effect:**

By not instituting the accrual basis of accounting, the financial statements that are being reported upon, do not provide consistency, relevance, reliability, comparability, understandability and timeliness. The use of these statements are limited.

**Cause:**

The organization has not instituted the presentation of the financial statements using the accrual method of accounting.

**Recommendation:**

For fiscal year ended June 30, 2025 and future fiscal years, the Association should prepare financial statements using the accrual basis in accounting. This will incorporate the Generally Accepted Accounting Principles (GAAP) necessary within this process. This will specifically include all the accrual items of accounts payable, accounts receivable and prepaids that warrant recording. This will increase the value of the financial reporting to it users.

**Management's Response:**

The Board acknowledges the need to transition from cash basis to accrual basis accounting for improved financial reporting. To enhance the accuracy and completeness of financial statements, the Board will work with financial professionals to implement accrual-based reporting, ensuring the inclusion of accounts payable, accounts receivable, and other necessary adjustments in compliance with GAAP.

The expected implementation will begin with the fiscal year ending June 30, 2025. The President of the Board will oversee this process.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2024**

**2024-006 (2022-007) Late Agreed-Upon Procedures Contract and Report (Other Non-Compliance)**

**Condition:**

For the fiscal year ended June 30, 2024 the Association did not submit the Tier 6 agreed-upon procedures report to the New Mexico Office of the State Auditor by the required due dates of December 15, 2024.

Additionally, the Association had limited opportunity to address the prior year's findings from the AUP Tier 6 report for June 30, 2023, which was issued on April 25, 2024. Due to this timing constraint, the finding was not corrected and is therefore repeated.

**Criteria:**

According to the State Audit Rule 2022, Section 2.2.2.16.B (4) NMAC, "if a local public body's annual revenue is between \$250,000 but less than \$500,000, then the local public body shall procure the services of an IPA for the performance of a Tier 6 agreed-upon procedures engagement in accordance with the audit contract for a Tier 6 agreed-upon procedures engagement."

According to the State Auditor Rule 2022, Section 2.2.2.16.H(1) NMAC, this agreed-upon procedures report should have been submitted to the New Mexico Office of the State Auditor by December 15, 2024.

**Effect:**

Since the agreed-upon procedures report for the fiscal year 2024 is late, the users of the agree-upon procedures report did not receive timely information about the results of the agreed-upon procedures.

**Cause:**

The board was in the process of acquiring the necessary knowledge of the specific reporting requirements for agreed-upon procedures (AUP) and the consequences of missing deadlines. Additionally, the transition of office and financial management responsibilities from the TPOA to the board created operational challenges. The delay in issuing the prior year's AUP report (April 25, 2024, for FY23) further limited the board's ability to provide the current year's report on time. This, combined with the learning curve in understanding the Tier 6 reporting requirements, contributed to the late submission for the fiscal year ended June 30, 2024.

**Recommendation:**

For fiscal year ended June 30, 2024 and future fiscal years, the Association shall determine its total revenues and state funded capital outlay award expenditure and apply the criteria noted in Section 2.2.2.16.B (4) NMAC to determine if agreed-upon procedures are required; if so, the Association should submit the contract information to the NM Office of the State Auditor by July 31 as required by State Audit Rule 2022, Section 2.2.2.8.F(8)(e) NMAC, and ensure that the agreed-upon procedures report is submitted to the NM Office of the State Auditor by December 15 in accordance with Section 2.2.2.16.H (1) NMAC.

**Management's Response:**

The Board acknowledges the complexities involved in understanding the Tier 6 AUP reporting requirements. To ensure timely compliance moving forward, the Board will establish clear guidelines and procedures for procuring AUP services and meeting all reporting deadlines. Specifically, the Board will engage an accounting firm and execute the necessary contract by July 31 of each audit year to facilitate timely completion of the AUP report. Additionally, the Board will implement internal tracking measures and designate a responsible party to oversee compliance with State Audit Rule deadlines.

The expected completion date for these corrective actions is the June 30, 2025, AUP reporting cycle, with the report due by December 15, 2025. The President of the Board will oversee this process.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Entrance and Exit Conferences**  
**Year Ended June 30, 2024**

An entrance conference via a zoom conference call was conducted on November 12, 2024 with the following in attendance:

**Tyrone Water and Wastewater Association**

Alan Berg	President
Michael Morones	Contract CPA
Bernadette Polanco	Contract Staff Accountant

**Accounting Firm**

Carney Foy	Certified Public Accountant
------------	-----------------------------

---

An exit conference was conducted on February 12, 2025. The following individuals were in attendance:

**Tyrone Water and Wastewater Association**

Alan Berg	President
Doug Gorthy	Board Member
Eddie Mendoza	Association's - Water Operator

**Accounting Firm**

Carney Foy	Certified Public Accountant
------------	-----------------------------

**STATE OF NEW MEXICO**  
**TYRONE WATER AND WASTEWATER ASSOCIATION**

---

**Independent Accountants' Compilation Report**

**For the Year Ended  
June 30, 2024**

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Table of Contents**  
**For the Year Ended June 30, 2024**

	<u>Page</u>
Official Roster	1
Independent Accountant's Compilation Report	2
Basic Financial Statements:	3
Statement of Net Position	4
Statement of Revenue, Expenses, and Change in Net Position	5
Statement of Cash Flows	7
Notes to Financial Statements	8-20
Supplementary Information	21
Financial Statement Preparation	22

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Official Roster**  
**For the Year Ended June 30, 2024**

BOARD OF DIRECTORS

Alan Berg	President
Angie Roach	Secretary
Doug Gorthy	Board Member
Jesse Lewis	Board Member
David Stapp	Board Member



**CARNEY FOY**  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 2331  
212 N. ARIZONA STREET  
SILVER CITY, NEW MEXICO 88062

(575) 388-3111

**ACCOUNTANT'S COMPILATION REPORT**

Mr. Joseph M. Maestas, P.E., CFE  
New Mexico State Auditor  
and the Board of Directors of  
Tyrone Water and Wastewater Association

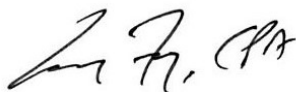
Management is responsible for the accompanying financial statements of the business-type activities of the Tyrone Water and Wastewater Association, as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprise of the Association's basic financial statements as listed in the table of contents, in accordance the requirements of Section 12-6-3 (B) NMSA (1978). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

In order to comply with the requirements of Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, management has presented: (1) the proprietary fund financial statements prepared using the accrual basis of accounting; and (2) only the notes related to those financial statements. However, in complying with these requirements, management has omitted the following financial statements and notes required by accounting principles generally accepted in the United States of America (GAAP): (a) the accompanying government-wide financial statements; and the note disclosures related to items (a). These omissions result in the financial statements being presented on a basis of accounting other than GAAP.

If the omitted management's discussion and analysis, government wide financial statements, and related note disclosures were included in the financial statements, it might influence the users conclusions about the Association's financial position, respective changes in financial position and cash flows, Accordingly, the financial statements are not designed for those who are not informed about such matters.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

The accompanying supplementary information contained in page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.



Carney Foy, CPA  
Silver City, New Mexico  
February 14, 2025

## **Basic Financial Statements**

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Statement of Net Position**  
 As of Year Ended June 30, 2024

**ASSETS**

Current Assets	
Cash	\$ 134,593
Accounts Receivable, net of \$43,631 allowance	28,642
Prepaid Insurance	7,027
Prepaid Expenses	6,900
Total Current Assets	177,162
Non Current Assets	
Restricted Cash	98,998
Capital Assets	
Capital Assets, not being depreciated	389,364
Capital Assets being depreciated	348,904
Total Non Current Assets	837,266
Total Assets	\$ 1,014,428

**LIABILITIES and NET POSITION**

Current Liabilities	
Accounts Payable	\$ 11,929
Accounts Payable-Customers	15,885
Deferred Revenue--FMR	86,905
Current Portion of Note Payables	16,078
Total Current Liabilities	130,797
Long Term Liabilities	
Note Payable	599,499
Total Long Term Liabilities	599,499
Total Liabilities	730,296
Net Position	
Net Investment in Capital Assets	35,786
Restricted Net Position-Restricted Cash	98,998
Unrestricted Net Position	149,348
Total Net Position	284,132
Total Liabilities, and Net Position	\$ 1,014,428

See independent accountants' compilation report and accompanying notes to financial statements

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Statement of Revenues, Expenses and  
 Changes In Net Position**  
 For The Year Ended June 30, 2024

Operating Revenues	
Residential Assessments	\$ 256,485
CC Assessment Fees	210
Water Usage Fees	15,964
Wastewater Access Fees	240
Tower Lease	2,400
Community Center Rent	<u>750</u>
Total Operating Revenues	<u>276,049</u>
Operating Expenses	
System Repairs and maintenance	69,743
Sewer R & M - System R & M	15,927
Contract services - TCA	13,433
Cont Svc - Water & WW Op & Sup	36,849
Electricity	6,350
Telephone - Other Utilities	2,186
Comm Water - Other Utilities	2,553
Accounting - Professional Svc	40,458
Legal fees - Professional Svc	676
Bank charges - Office & Admin	1,831
Insurance expense	30,321
License & Permit Fees	321
Dues & Subscriptions	186
Office Supplies - Office & Adm	529
Real Estate taxes	2,505
Members dues	426
Bad Debt Expenses	3,107
Depreciation Expense	<u>117,482</u>
Total Operating Expenses	<u>344,883</u>
Total Operating Income (Loss)	<u>(68,834)</u>

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Statement of Revenues, Expenses and  
 Changes In Net Position (continued)**  
 For The Year Ended June 30, 2024

Non-Operating Revenues (Expenses)	
Interest Income	1,291
Grant Revenue CIF #5799	213,885
Grant Revenue Freeport McMoRan	25,096
Interest Expense	<u>(17,163)</u>
Total Non-Operating Revenue (Expenses)	<u>223,109</u>
Change in Net Position	154,275
Net Position - Beginning of Year - July 1, 2023	129,857
Prior Period Adjustment	<u>-</u>
Net Position - End of Year - June 30, 2024	<u><u>\$ 284,132</u></u>

See independent accountants' compilation report and accompanying notes to financial statements.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Statement of Cash Flows**  
For The Year Ended June 30, 2024

<b>Cash Flows From Operating Activities</b>	
Cash Received From Customers	\$ 257,752
Cash Paid for Contractor Water Service	(50,283)
Cash Paid for Repairs & Maintenance	(95,476)
Cash Paid to Utilities	(11,090)
Cash Paid for Administrative Expenses	(84,521)
Net Cash Provided By Operating Activities	16,382
 <b>Cash Flows from Non Capital Financing Activities</b>	
Grant Revenue	325,885
Net Cash Provided From Non Capital Financing Activities	325,885
 <b>Cash Flows Capital and Related Financing Activities</b>	
Fixed Asset Purchase	(311,833)
Long Term Debt	(12,254)
Short Term Debt	377
Loan Payable	72,854
Interest expense	(17,163)
Net Cash Provided From Capital and Related Financing Activities	(268,019)
 <b>Cash Flows from Investing Activities</b>	
Interest Income	1,292
Net Cash Provided From Investing Activities	1,292
Net Increase (Decrease) in Cash	75,540
Rounding	(2)
Cash - Beginning of Year	158,053
Cash - End of Year	\$ 233,591
 <b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>	
Operating Income (Loss)	\$ (68,833)
 <b>Noncash Items in Net Income</b>	
Depreciation	117,482
Prior Period Adjustment	-
<b>(Increase) Decrease In:</b>	
Accounts Receivable	(14,665)
Prepaid Insurance	(4,164)
<b>Increase (Decrease) In:</b>	
Accounts Payable	(9,806)
Accounts Payable-Customer	(3,632)
Net Cash Provided by Operating Activities	\$ 16,382

See independent accountants' compilation report and accompanying notes to financial statements

## **Notes to Financial Statements**

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**NOTE 1. ORGANIZATION**

The Tyrone Water and Wastewater Association (the Association) was incorporated in 2022 to exclusively associate its members together for the mutual interest and benefit and in that end, to acquire, construct, install, maintain and operate a water and a wastewater system for supplying and distribution of water and discharge for domestic use and to engage in any activity thereto.

The Association is in the process of applying for its determination letter exemption from federal income tax under Section 501 (c) (12) of the Internal Revenue Code, retroactive from inception of the organization. As a result, no federal or state income taxes have been reflected on the financial statements.

On January 17, 2022 (control date) and subject to the terms and condition of the Agreement dated February 28, 2022, the Association received and Tyrone Property Owners Association (TPOA) agreed to transfer (i) all of TPOA's rights, duties, interest and the ownership in and to the Assets, and (II) TPOA's liabilities, debt and obligations, fees and charges owed by TPOA under the USDA loan and obligations, fees and charges owed by TPOA under the Agreement between TPOA and the Town of Silver City, dated September 26, 2012 and any other TPOA obligations under any agreements assigned by TPOA were assumed by the Association. For this first fiscal period ended June 30, 2024, this is the second full year of operation.

As of June 30, 2024, the water system included 322 memberships (with a few being inactive), and is located in the community of Tyrone, (Grant County) New Mexico.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Association's financial statements are prepared in accordance with accounting principles generally accepted in the United State of America (GAAP) as applied to governmental entities. The Governmental Accounting Standard Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations) and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principal Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**A. FINANCIAL REPORTING ENTITY**

The Association is a quasi-government created pursuant to its bylaws and is comprised of an elected Board of Directors. The officers of the Association are elected annually using a tiered rotation basis. The Association is a governmental subdivision of the State of New Mexico and a body with all the powers of a public or quasi-municipal corporation and these financial statements include all funds and activities over which the Association's board of directors have oversight responsibility. The board of directors have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The Association is not included in any other governmental reporting entity as defined in the *Codification of Governmental Accounting and Financial Reporting Standards*.

**B. BASIC FINANCIAL STATEMENTS –GOVERNMENT –WIDE STATEMENTS**

Because the Association is a special-purpose government, with only a single fund, business-type activity, the basic financial statement do not include both government-wide (based on the Association as a whole) and fund financial statements. The new reporting model focus is on either the Association as a whole or major individual funds (within the fund financial statements). The Association is a single-program government that engages in only business-type activities and has no component units.

In the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, the business type activities are presented on the full accrual basis, flow of economic resources



STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**B. BASIC FINANCIAL STATEMENTS –GOVERNMENT –WIDE STATEMENTS (Continued)**

measurement focus, which incorporates long-term assets and receivables as well as long-term debt obligation. The Association's net positions are reported in three parts – invested in capital assets, restricted net position and unrestricted net position. Business-type operating statement present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. Operating revenues and expenses are presented separately from non-operating items. The principal operating revenues reflect charges to customers for the transmission and distribution of water, and the distribution of waste water disposal. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expense not meeting this definition are reported as non-operating revenues and expenses. Grant revenues are recognized when all of the eligibility requirements have been met.

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted sources first, then unrestricted resources as they are needed.

The Association applies all applicable Financial Accounting Standards Board Statements and Interpretations.

**C. BASIS OF ACCOUNTING**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Business-type activities are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**D. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Association.

**F. ASSETS, LIABILITIES AND NET POSITION**

**Cash, Cash Equivalents and Investments**

The Association is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insurance by an agency of the United States. The Association's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts, certificates of deposit and money market accounts.

State regulations required that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes required that a minimum of fifty (50%) of uninsured balances on deposits with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions. If the securities pledged are United States government securities, they are pledged at market value, if they are New Mexico municipal bonds, they are pledged at par value.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**Cash, Cash Equivalents and Investments (Continued)**

In accordance with Federal Deposit Insurance Authority, public unit deposits are funds owned by the Association. Demand deposit, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insurance up to \$250,000 in aggregate.

**Receivables and Payables**

Accounts receivable consists of revenue earned from sales to customers. The Association has the option of collecting delinquent receivables by filing a lien against properties with delinquent accounts or filing a civil action against the delinquent property owners.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The Association's accounts payable consist of amounts due to vendors and service providers such as subcontractors who have worked on conservation projects for the products purchased and service received in the current year but are paid for in the next fiscal year.

**Net Position**

Net position is the difference between assets and liabilities. Net position is presented on the statement of net position and may be presented in any of three components.

*Net Investment in Capital Assets*

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balanced of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds in not included in the calculation of net investment in capital assets. That portion of the debt is included in restricted for capital projects.

*Restricted Net Position*

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorized the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

*Unrestricted net position*

Unrestricted net position consists of net position that does not meet the definition of "Net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

In the governmental environment, net position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted net position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

**Capital Asset**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**Capital Asset (Continued)**

received. Additions, improvements, computer software and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis with no salvage value. The estimated useful life of the various classes of depreciable capital assets are as follows:

Water system infrastructure and improvements, 10 to 15 years: Sewer Improvements 15 years: and Furniture and Equipment 5 years.

GASB Statement **No. 34** requires the Association to report and depreciate infrastructure assets. Infrastructure assets include roads, bridges, underground pipe, traffic signals, etc. The Association does own underground pipe, which are being depreciated sewer improvements using 15 years straight line. The Association does not own any other infrastructure assets. The Association does not own any assets acquired under capital leases.

In the proprietary fund, interest is capitalized on assets acquired with debt proceeds. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds being applied over the same period.

**Use of Restricted Funds**

When both restricted and unrestricted resources are available for use, it is the Association's policy to use restricted resources first, then unrestricted resources as they are needed.

**G. NEW GOVERNMENTAL ACCOUNTING STANDARDS**

In June 2017, GASB Statement **No. 87**, Leases, was issued. The effective date of this statement was originally postponed. The provisions of this Statement are now effective for financial statements for fiscal years beginning after June 15, 2021. The objective of this Statement is to improve accounting and financial reporting for contracts that meet the definition of a lease and illustrate how the organization should account for and report these leases.

Effective for reporting periods after June 15, 2022, GASB Statement **No. 98** was issued titled "Accounting for Leases". It was to establish accounting and financial reporting standards for leases, distinguishing between leases that transfer control of the underlying asset to the lessee and leases that do not. It provides guidance on the recognition, measurement, and presentation of leases in financial statements for both lessees and lessors. Its aim is to enhance transparency and consistency in the reporting of lease transactions across government entities, and to improve the usefulness of financial information for users of governmental financial statements. The Association does not have any contracts that would require lease accounting and is evaluating how this pronouncement will affect any future lease transactions.

In June 2022, GASB Statement No. 100, *Accounting Changes and Error Corrections*, was issued. The provisions of this Statement are effective for fiscal years beginning after June 15, 2023. This Statement enhances the clarity and consistency of financial reporting by providing guidance on accounting changes and corrections of errors. It distinguishes among changes in accounting principles, changes in estimates, changes to the reporting entity, and error corrections, and prescribes the appropriate retrospective or prospective application for each. The Statement also requires expanded disclosures to improve the transparency of restatements and adjustments. The Association is currently reviewing its financial reporting policies to ensure compliance with the provisions of this Statement.

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Annual budgets for the Association are prepared prior to July 1<sup>st</sup> and must be approved by the Board Members and the New Mexico Department of Finance and Administration. Once the budget has been formally approved, the Association's Board Members and the Department of Finance and Administration must also approve any amendments. A separate budget is prepared for each fund. Line items within each budget may be over-expended; however, it is not legally permissible to over- expend any budget in total.

The budgetary information and the process presented in these financial statements have not been followed with regard to the recording of budgets, the proper approval of budgets and the proper reporting of the budgets.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity and timing differences in the excess (deficiency) or revenues and other sources of financial resources for the year-ended June 30, 2024 is presented.

**Budgetary Control**

The Association is aiming to adhering to the process of procedures that are promulgated by the Department of Finance and Administration-Local Government Division. These procedures are as follows:

- 1) Prior to July 1, the Association's Board submits to the Board of Directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
- 2) Prior to July 1, the budget is legally enacted through formal adoption by the Board and then submitted to the Local Government Division of the State Department of Finance and Administration for review and approval.
- 3) The Association's President is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors and the State Department of Finance and Administration.
- 4) Formal budgetary integration is employed as a management control device during the year for the Enterprise funds.

**NOTE 4. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

New Mexico State Statutes authorize the Association to deposit cash with a bank, savings and loan association, or credit union whose deposits are insured by an agency of the United States of America. All uninsured demand deposits and deposit-type investments such as certificates of deposits, are required to be collateralized with eligible securities, as described by New Mexico State Statues, in amounts equal to at least 50% of the uninsured deposits. State Statutes authorize the Association to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

**Cash Deposited with Financial Institutions**

The Association's policy is to limit cash deposits to insured and/or collateralized demand deposit checking accounts. The Association maintains 9 checking accounts in two financial institutions: Western Bank and First American Bank. All bank balances, as of June 30, 2024 were insured (The Dodd Frank Act of 2010

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**Cash and Deposits with Financial Institutions and Investments (Continued)**

required the FDIC to insure all non-interest bearing accounts). The carrying amount of the Association's deposits with financial institutions was \$250,267 and the balance per the books was \$233,591, and is shown as follows:

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Association. All deposits are collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Associations carrying value of the checking account deposits. Such collateral, as permitted by the state statutes is held in each respective depository banks' collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

Description	Per Bank	Transit Deposit	Outstanding Checks	Balance Financial Statements
First American Bank	29,875	-	-	29,875
Western Bank	220,392	520	(17,196)	203,716
Total Cash Deposits	<u>250,267</u>	<u>520</u>	<u>(17,196)</u>	<u>233,591</u>

The amounts reported as cash for the Association within the financial statements is displayed as:

**Statement of Net Position:**

Cash	134,593
Restricted Cash	98,998
Total	<u>233,591</u>

The Association collateral is sufficient for its cash holdings.

Description	First American Bank	Western Bank	Total
Amount held in banks June 30, 2024	\$ 29,875	220,392	250,267
Less FDIC Insurance & Collateral	29,875	220,392	250,267
	<u>-</u>	<u>-</u>	<u>-</u>
50% Collateral Requirements (Section 6-10-17 NMSA-1978)			-
Letter of Credit Collateral			-
Over (Under) Collateralized			<u>\$ -</u>

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**Cash and Deposits with Financial Institutions and Investments (Continued)**

A schedule of depositories is contained on page 21 of this report. According to the Federal Deposit Insurance Corporation, public unit deposits are owned by the public unit. Demand, time deposits, savings deposits and interest bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate.

Custodial Credit Risk – Deposits.- Custodial credit risk is the risk that, in the event of a bank failure, the Association’s deposits may not be returned to it. The Association does not have a deposit policy for custodial credit risk. As of June 30, 2024, \$0 of the Association’s bank balance of \$250,267 were exposed to custodial credit risk.

**5. ACCOUNTS RECEIVABLES**

Customer accounts receivables as of June 30, 2024 were \$72,273. Based on calculated determined factors the net amount of \$28,642 are considered collectable. Bad debts related to the current year’s receivables are \$3,107.

		Accounts Receivable <u>Operating</u>
Operating Receivables	\$	72,273
Total Accounts Receivable	\$	<u>72,273</u>
Determined to be Uncollectable		(43,631)
Considered Collectable	\$	<u><u>28,642</u></u>
Operating Receivables-Aged		
0 to 30 days		7,311
31- to 60 days		3,505
60 to 90 days		3,657
over 90 days		57,800
Total by Aged	\$	<u><u>72,273</u></u>
Determined Uncollectable		
Current Fiscal Year Bad Debt		(3,107)
Related to Prior Year Bad Debt		(40,524)
Determined to be Uncollectable	\$	<u><u>(43,631)</u></u>

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

Description	Balance 06-30-23	Increases	Decreases	Balance 06-30-24
<b>Business-Type Activities</b>				
Capital assets, not being depreciated				
Construction in progress (CIF#5799)	77,531	286,738	-	364,269
Construction in progress Freeport	-	25,095	-	25,095
Construction in progress (CIF#5799)	<u>\$ 77,531</u>	<u>311,833</u>	<u>-</u>	<u>389,364</u>
<b>Other Capital Asset Being Depreciated</b>				
Furniture	72,830	-	-	72,830
Equipment	681,280	-	-	681,280
Improvements	22,976	-	-	22,976
2020 Park Improvements	36,644	-	-	36,644
2020 Sewer Improvements	221,464	-	-	221,464
2021 Sewer Improvements	136,455	-	-	136,455
2022 Sewer Improvements	117,023	-	-	117,023
Water Improvements	53,213	-	-	53,213
2020 Other Improvements	8,967	-	-	8,967
Total Capital Assets, Being Depreciated	<u>1,350,852</u>	<u>-</u>	<u>-</u>	<u>1,350,852</u>
Less Accumulated Depreciation	884,466	117,482	-	1,001,948
Total Accumulated Depreciation	<u>884,466</u>	<u>117,482</u>	<u>-</u>	<u>1,001,948</u>
Other Capital Assets, Being Depreciated	<u>466,386</u>	<u>(117,482)</u>	<u>-</u>	<u>348,904</u>
<b>Capital Assets, Net</b>	<u>\$ 543,917</u>	<u>194,351</u>	<u>-</u>	<u>738,268</u>

Total Depreciation for the fiscal year ended June 30, 2024 was \$117,482.

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**7. LONG-TERM OBLIGATIONS**

Change in Long-Term Debt during the fiscal year ended June 30, 2024 were as follows:

Description	Balance 06-30-23	Additions	(Reductions)	Balance 06-30-24	Due Within One Year
3.125% Note Payable to USDA RUS in monthly installments of \$2,420, secured by project, matures 2-12-2053	554,600	-	(11,877)	542,723	12,254
0% Note Payable to NM Finance Authority in annual installments of \$3,824 starting June 1, 2025, matures in 2053.	-	72,854	-	72,854	3,824
<b>Total</b>	<b>554,600</b>	<b>72,854</b>	<b>(11,877)</b>	<b>615,577</b>	<b>16,078</b>

The annual debt service requirements are as follows: USDA

Fiscal Year	Principle	Interest	Total
06-30-25	12,254	16,786	29,040
06-30-26	12,642	16,398	29,040
06-30-27	13,043	15,997	29,040
06-30-28	13,456	15,584	29,040
06-30-29	13,883	15,157	29,040
2030-2034	76,307	68,893	145,200
2035-2039	89,193	56,007	145,200
2040-2044	104,256	40,944	145,200
2045-2049	121,863	23,337	145,200
2050-2053	85,826	4,343	90,168
<b>Total</b>	<b>542,723</b>	<b>273,446</b>	<b>816,168</b>

The annual debt service requirements are as follows: NM Finance Authority

Fiscal Year	Principle	Interest	Total
06-30-25	3,824	-	3,824
06-30-26	3,824	-	3,824
06-30-27	3,824	-	3,824
06-30-28	3,824	-	3,824
06-30-29	3,824	-	3,824
2030-2034	19,120	-	19,120
2035-2039	19,120	-	19,120
2040-2044	15,494	-	15,494
<b>Total</b>	<b>72,854</b>	<b>-</b>	<b>72,854</b>



STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**8. COLONIAS INFRASTRUCTURE PROJECT FUND (CIF\_5799)**

There is a Colonias Infrastructure Project loan/grant for \$382,320 dated March 31, 2023 between the New Mexico Finance Authority and the Association. The project is infrastructure development and will consist of improvements to the water and wastewater system, but does not include general operation and maintenance, equipment, housing allowance payments or mortgage subsidies. It is more specifically described as design replacement of existing asbestos-cement pipes throughout Tyrone and shall include such other related work and revisions necessary to complete the Project.

Project Amount	\$382,320
Grant Amount	\$305,856
Loan Amount	\$76,464
Interest Component	0%
Pledged Revenues	Net System Revenues
Outstanding Senior Obligations for Pledged Revenues	2013 USDA Rural Development loan Maturing in 2053
Authoring Legislation	Borrower/Grantee Resolution No. 2023-07 adopted February 15, 2023
Local Match:	Additional Loan Amount in lieu of Local Match
Closing Date	March 31, 2023

Terms on Loan Amortization Payment:

The annual amortization payments of \$3,824 on the 20% loan portion, of \$76,464, will become payable June 1, 2025 and will be due each year on June 1, for the next 20 years. This is a no interest loan. This note will be paid off in 2044.

Work in Progress through June 30, 2024, requisitions are being processed through New Mexico Finance Authority.

Approved Draw	Period of Work	Requisition Number	Amount	Project Cost	Gross Receipt Tax	RUNNING BALANCE AWARD IN PROCESS
	03-31-23	Award				382,320
05-09-23	05-04-23	Number 1	9,275	8,714	561	373,045
06-12-23	06-02-23	Number 2	50,130	47,098	3,032	322,915
07-10-23	06-30-23	Number 3	18,126	17,050	1,076	304,789
			77,531	72,862	4,669	

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**8. COLONIAS INFRASTRUCTURE PROJECT FUND (CIF\_5799) (continued)**

Approved Draw	Period of Work	Requisition Number	Amount	Project Cost	Gross Receipt Tax	RUNNING BALANCE AWARD IN PROCESS
08-04-23	08-04-23	Number 4	17,328.00	16,299.00	1,029.00	287,460.83
09-10-23	09-10-23	Number 5	114,154.00	107,376.00	6,778.00	173,306.83
10-06-23	10-06-23	Number 6	43,616.00	41,026.00	2,590.00	129,690.83
12-08-23	12-08-23	Number 7	34,498.00	32,450.00	2,048.00	95,192.83
04-11-24	01-04-24	Number 8	39,554.00	37,205.00	2,349.00	55,638.83
05-14-24	11-06-23	Number 9	20,292.00	19,087.00	1,205.00	35,346.83
05-14-24	03-06-24	Number 10	8,649.00	8,135.00	514.00	26,697.83
06-18-24	06-07-24	Number 11	8,649.00	8,135.00	514.00	18,048.83
Total FY 24			286,740.00	269,713.00	17,027.00	
Grand Total			364,271.17	342,575.00	21,696.17	

**9. FREEPORT-McMORAN FOUNDATION GRANT**

On October 23, 2023 Freeport-McMoRan Foundation awarded a \$112,000 Grant to the Association. This is called a Grant County Community and Social Investment Grant. These funds will be used to implement major repairs on the only reserve water source of the Tyrone townsite and to support critical water resources for the community. The application of this Grant and the work-in process is reflected below:

10-23-23	Grant Received	112,000
	Amount used:	
FY-24	Work in Process	(25,095)
06-30-24	Cash funds available	<u>86,905</u>
FY-24	Revenue Recognized	<u>(25,095)</u>
FY-24	Work in process	<u>25,095</u>

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2024**

**10. NEW MEXICO STATE BOARD OF FINANCE EMERGENCY GRANT**

On April 4, 2022 the Association was awarded a \$1,915,022 emergency operating fund grant from the New Mexico State Board of Finance. The Southwest New Mexico Council of Governments (SWNMCOG), in Silver City NM, has agreed to act as the fiscal agent for these funds and to pay the costs associated with the installation of a lift station, two new water pumps and other necessary repairs needed to provide for an operable sewage pumping system and for temporary wastewater storage. The audit and fiscal responsibilities are assumed by SWNMCOG. Upon completion of the project, estimated to be December 31, 2024, this capital asset created will be transferred from SWNMCOG to the Association.

**11. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 14, 2025, the date the financial statements were available to be issued.

STATE OF NEW MEXICO  
 TYRONE WATER AND WASTEWATER ASSOCIATION  
**Supplementary Information**  
**Year Ended June 30, 2024**

**Schedule of Depositories**

Financial Institution/ Account Description	Type	Amount Per Bank	Transit Deposits	Outstanding Checks	Balance Per Books
Western Bank P.O. Box 2024 Silver City, NM 8862					
Operating Account	Checking	145,705	-	(17,196)	128,509
USDA Short Term Restricted	Checking	15,995	520	-	16,515
USDA Debt Restricted	Checking	33,962	-	-	33,962
USDA O&M Restricted	Checking	11,334	-	-	11,334
Pollution Reserve Restricted	Checking	13,396	-	-	13,396
Total		<u>220,391</u>	<u>520</u>	<u>(17,196)</u>	<u>203,716</u>
First American Bank PO Box AA Artesia, NM 88211					
Payroll Account	Checking	6,083	-	-	6,083
Operating Reserve	Checking	12,486	-	-	12,486
Water Reserve	Checking	5,662	-	-	5,662
Water Tower Reserve	Checking	5,644	-	-	5,644
Total		<u>29,875</u>	<u>-</u>	<u>-</u>	<u>29,875</u>
Total Cash		<u><u>250,266</u></u>	<u><u>520</u></u>	<u><u>(17,196)</u></u>	<u><u>233,591</u></u>

STATE OF NEW MEXICO  
TYRONE WATER AND WASTEWATER ASSOCIATION  
**Financial Statement Preparation**  
**Year Ended June 30, 2024**

The financial statements of the Tyrone Water and Wastewater Association as of, and for the year ended, June 30, 2024 were prepared by Carney Foy, CPA with the aid of responsible Board personnel. The Board Members, agree that the presentations are made with their knowledge and acceptance.