

STATE OF NEW MEXICO

**ALCALDE MUTUAL DOMESTIC WATER USERS
ASSOCIATION**

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

YEAR ENDED December 31, 2015

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STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION

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STATE OF NEW MEXICO

ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION

Official Roster

December 31, 2015

Name

Title

Board of Directors

Alfredo Montoya

President

David Archuleta

Secretary

David Honaberger

Treasurer

Rosiland Martinez

Member

Matthew Valdez

Member

Staff

Matthew Valdez

Water System
Operator

JOSEPH M. SALAZAR
CERTIFIED PUBLIC ACCOUNTANT
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Española, New Mexico 87532
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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

Alfredo Montoya, President
Alcalde Mutual Domestic Water Users Association
and
Honorable Tim Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Alcalde Mutual Domestic Water Users Association (Association) for the year ended December 31, 2015. The Association was determined to be a Tier 5 entity under the Audit Act Section 12-6-3 (B) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The Alcalde Mutual Domestic Water Users Association management is responsible for the organization's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purposes for which this report has been requested or for any other purpose. Our procedures and findings are as follows:

Procedures

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Finding

We determined that the Association is a tier 5 entity for the 2015 calendar year.

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) Perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reporting submitted to DFA-Local Government Division.

- c) Determine whether the local public body's financial institution have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA1978, NM Public Money Act, if applicable.

Findings

- a) The Association has a checking account, savings account and a certificate of deposit account. Bank statements were available for the checking account, saving account and certificate of deposit.. The bank only provides statements for the certificate of deposit only when the certificate of deposit becomes due annually and end of calendar year. The checking account and savings account were reconciled on a monthly basis. All bank statements and reconciliations were complete and on-hand for the entire year.
- b) We tested the bank reconciliations for the months of December and March of 2015 and traced to the general ledger. No exceptions were noted. The Association did prepare and submit financial reports to DFA local government division.
- c) The three bank accounts had FDIC coverage of \$250,000. The bank accounts never exceeded uninsured limits and, therefore, pledged collateral was not required on any of the bank accounts at any time during the year.

3. Capital Assets

Procedures

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

Findings

The Association performed a yearly inventory as required by State Statute. No exceptions noted.

4. Revenues

Procedures

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

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

Select a sample of revenues based on auditor judgment and test using the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statements.
- c) Proper recording of classification, amounts, 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.

Findings:

- a) We were provided financial statements (balance sheet and income statement for the year ended December 31, 2015. The income statement had five revenue accounts which were water revenue, interest income, Reconnect fees income, installation and hook-up fees, and grants-project. We performed an analytical review, tested actual revenue compared to budgeted revenue for the year for each type of revenue account. No exceptions were noted.
- b) Amounts recorded in the general ledger agreed to supporting documentation (deposit slips and bank statements). No exceptions noted.
- c) Amounts were recorded on a cash basis to the five revenue accounts on a monthly basis. We tested \$99,854 of total revenue of \$118,934 of deposit slip amounts and amounts per deposit slips on the bank statements to the amounts posted to the general ledger which was approximately 84% of the total revenues. No exceptions noted.

5. Expenditures

Procedures

Select a sample of cash disbursements based on auditor judgment and test using the following attributes:

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled 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 order, 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).

Findings

- a) Our test of 42 transactions for approximately 76% of the total expenditure amount for the fiscal year revealed that amounts recorded as disbursed agreed to the supporting documentation. The documentation agree as to amount, payee, date and description agree to the vendor's invoice and cancelled check. The Association uses the same vendors on a monthly basis. The Association obtained quotes for goods and services which required compliance with the procurement code. No exceptions noted.
- b) Association disbursements were authorized disbursements for the operations of the association and approved in compliance with budget, legal requirements and established policies and procedures. No exceptions noted.
- c) Association did maintain documentation to demonstrate compliance with the bid process (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 purchase regulations.

6. Journal Entries

Procedures

If non-routine journal entries, such as adjustment or reclassification, are posted to the general ledger, test significant items for the following attribute:

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

Findings

The Association's fee accountant on a monthly basis prepares routine journal entries to record interest income earned for the month, reclassifying gross receipt tax from water revenue and to record returned checks.

Reviewed the monthly listing of journal entries for reasonableness and supporting documentation for the entire 2015 fiscal year. No exceptions were noted. The Association does not have procedures that require the review of journal entries. (See finding 2010-4)

7. Budget

Procedures

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of 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, actual or modified accrual basis) for each individual fund.

Findings

- a) The Association prepared and submitted an approved budget by the Board for approval to DFA-LGD for the year ended December 31, 2015.
- b) We determine that total actual expenditures did not exceed the final budget at the legal level of budgetary control.
- c) A schedule of revenues and expenditures was prepared from the Association's records on a cash budgetary basis. This schedule is included herein as Exhibit A. The Association also submitted its quarterly reports to DFA-LGD reports for the calendar year. 31, 2015.

8.. Capital Outlay Appropriations

Procedures

Request and review all state-funded capital outlay awards, joint power agreements, correspondence and other relevant documentation for any capital outlay award funds expended by recipient during the fiscal year.

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor invoice and cancelled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

- c) Determine that the bid process (or request for proposals process if 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 1.4.4 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 per terms of agreement and amounts in 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 state 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 reimbursements 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.

Findings

- a) We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendors invoice. No exceptions noted.
- b) We determined that disbursement were properly authorized and approved in accordance with, legal requirements and established policies and procedures.
- c) We determined that the Association maintained documentation to demonstrate compliance with the bid process (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 purchase regulations.
- d) We determined that physical observation was not feasible since the work is for a geohydrology report as of December 31, 2015. The project is not complete as of December 31, 2015.

- e) According to the Association management no status reports were submitted to the New Mexico Environment Department. Also, no status reports were noted during our review of the grant file supporting documentation.
- f) The project was not intended to be funded in advance but on a cost reimbursement basis.
- g) The project for the appropriation amount of \$125,000 is not complete and determined that there is unexpended balance of \$118,268 as of December 31, 2015. The project is not complete as of December 31, 2015. The project is on a cost reimbursement basis therefore no monies need to revert. Also, the appropriation does not revert until June 2018.
- h) Since the project was approved on a cost reimbursement basis, no separate fund or bank account was required.
- i) We determine that reimbursements requests were properly supported by costs incurred by the Association. We determine that the costs were incurred by the Association prior to the request for reimbursement.

9. Other

Procedures

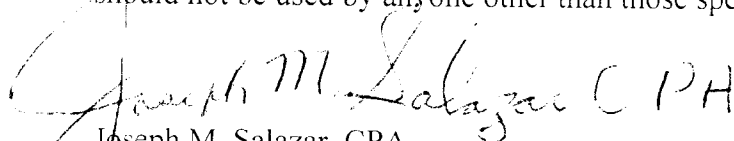
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The finding must include the required contents per Section 2.2.2.1-(1) (3) (C) NMAC.

Findings

No exceptions or information were noted as a result of applying the procedures described above (regardless of materiality) indicating fraud or illegal acts. However, see the Schedule of Findings and Responses related to segregation of duties, late agreed upon procedures report, and late submission of IPA recommendation form.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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


Joseph M. Salazar, CPA
August 5, 2016

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
AGREED UPON PROCEDURES
SCHEDULE OF CAPITAL OUTLAY AWARD
DECEMBER 31, 2015

Capital Appropriations Project No.	Award Amount	Amount Requested/ Recieved in Prior Fiscal Years	Amount Requested/ Recieved in Current Fiscal Years	Total Amount Expended
142-1669 STB	\$125,000	-	\$ 6,732	\$6,732
Total	<u>\$125,000</u>	<u>-</u>	<u>\$6,732</u>	<u>\$6,732</u>

Note:

- The Alcalde Water Association through the New Mexico Department of Environment was appropriated \$125,000 in the Laws of 2014, Chapter 66, Section 16, paragraph 77 to design and construct a water well for the Alcalde Mutual Domestic Water Consumers Association in Rio Arriba County. The award is on a cost reimbursement basis from the New Mexico Department of Environment. The appropriation reversion date is June 30, 2018.

STATE OF NEW MEXICO **Exhibit A**
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
SCHEDULE REVENUE AND EXPENDITURES- BUDGET AND ACTUAL (CASH BASIS)
FOR YEAR ENDED DECEMBER 31,2015

	Budget Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Water revenue	\$ 112,000	\$ 112,000	\$ 104,559	(7,441)
Interest income	200	200	89	(111)
Installation and hook-up fee	-	-	7,500	7,500
Re-connect fees income	-	-	53	53
Grants-projects 2014	-	-	6,732	6,732
Total revenues	<u>\$ 112,200</u>	<u>\$ 112,200</u>	<u>\$ 118,933</u>	<u>\$ 6,733</u>
Expenditures				
Wages	\$ 16,800	\$ 16,800	\$ 16,800	-
Contract labor	1,000	1,000	-	\$ 1,000
Payroll taxes	1,332	1,332	1,399	(67)
Water conservation fee	500	500	486	14
Acequia Assessment	-	-	1,199	(1,199)
Accounting	18,840	18,840	19,288	(448)
Audit	4,600	4,600	7,880	(3,280)
Bad debt	1,000	1,000	327	673
Bank charges	-	-	98	(98)
Dues	240	240	652	(412)
Penalties	-	-	5	(5)
Interest expense	900	900	626	274
Insurance	4,400	4,400	3,616	784
Miscellaneous expenses	600	600	330	270
Office expense	570	570	514	56
Postage	1,580	1,580	1,459	121
Repairs-well	4,000	4,000	-	4,000
Maintenance	5,000	5,000	230	4,770
Testing	500	500	128	372
Tools	500	500	148	352
Supplies	-	-	12,820	(12,820)
Travel	-	-	144	(144)
Contract-Arsenic treatment	15,000	15,000	-	15,000
Electrical service	23,000	23,000	18,996	4,004
Total expenditures	<u>\$ 100,362</u>	<u>\$ 100,362</u>	<u>87,145</u>	<u>13,217</u>
Revenue over (under) expenditures	<u>\$ 11,838</u>	<u>\$ 11,838</u>	<u>\$ 31,788</u>	<u>\$ 19,950</u>

ALCALDE WATER ASSOCIATION
Balance Sheet
December 30, 2015

ASSETS

Current Assets:

CENTURY BANK-CHECKING	\$ 21,244.53
CENTURY BANK-SAVINGS	33,122.44
CENTURY BANK-CD	21,371.52
SAVINGS- Alcalde Comm Cntr	30,036.65
ACCOUNTS RECEIVABLE	32,096.03
CHANGE FUND	100.00
RETURNED CHECKS	181.25
RECEIVABLE-GRANT	<u>1,075.85</u>

Total Current Assets

\$ 139,228.27

Fixed Assets

UTILITY LINES, EQUIPMENT	6,058,859.08
LINE EXTENSION	15,063.86
PROJECT 2014	246,507.69
ACCUMULATED DEPRECIATION	(184,987.00)
WATER RIGHTS	<u>50,256.76</u>

Total Fixed Assets

6,185,700.39

Total Assets

\$ 6,324,928.66

ALCALDE WATER ASSOCIATION

Balance Sheet

December 30, 2015

LIABILITIES AND EQUITY

Current Liabilities

FICA TAXES PAYABLE	\$	642.60
DEPT OF LABOR		13.86
FUTA TAXES PAYABLE		42.00
NOTE PAY-STATE OF NEW MEXICO		10,134.07
N/P - FINANCE AUTHORITY		40,890.00
AL/COM/CNTR- CONTINGENCY FUNDS		30,036.65
SALES TAX PAYABLE		<u>462.32</u>

Total Current Liabilities

\$ 82,221.50

Equity

RETAINED EARNINGS	6,207,243.76
MEMBERSHIP	3,675.00
Current Income (Loss)	<u>31,788.40</u>

Total Equity

6,242,707.16

Total Liabilities & Equity

\$ 6,324,928.66

ALCALDE WATER ASSOCIATION
Income Statement
For the Period Ended December 30, 2015

	<u>1 Month Ended</u> <u>Dec. 30, 2015</u>		<u>12 Months Ended</u> <u>Dec. 30, 2015</u>	
		Pct		Pct
Revenue				
WATER REVENUE	\$ 9,246.67	99.98	\$ 104,559.35	87.91
INTEREST INCOME	2.24	0.02	89.57	0.08
INSTALLATIONS & HOOK-UP FEES	0.00	0.00	7,500.00	6.31
RE-CONNECT FEES INCOME	0.00	0.00	52.50	0.04
GRANTS - PROJECT 2014	<u>0.00</u>	<u>0.00</u>	<u>6,732.08</u>	<u>5.66</u>
Total Revenue	9,248.91	100.00	118,933.50	100.00
Operating Expenses				
WAGES	1,400.00	15.14	16,800.00	14.13
PAYROLL TAXES	111.72	1.21	1,399.84	1.18
WATER CONSERVATION FEES	0.00	0.00	485.66	0.41
ACEQUIA ASSESSMENTS	0.00	0.00	1,198.75	1.01
ACCOUNTING	1,574.16	17.02	19,288.35	16.22
AUDIT	0.00	0.00	7,880.00	6.63
BAD DEBTS	(1,936.75)	(20.94)	327.00	0.27
BANK CHARGES	8.14	0.09	97.61	0.08
DUES	343.09	3.71	652.33	0.55
PENALTIES	0.00	0.00	5.00	0.00
INTEREST EXPENSE	0.00	0.00	626.14	0.53
INSURANCE	0.00	0.00	3,616.00	3.04
MISCELLANEOUS EXPENSE	0.00	0.00	330.00	0.28
OFFICE EXPENSE	17.34	0.19	513.55	0.43
POSTAGE	117.60	1.27	1,459.20	1.23
MAINTENANCE	0.00	0.00	230.00	0.19
TESTING	0.00	0.00	128.40	0.11
TOOLS	0.00	0.00	147.85	0.12
SUPPLIES	0.00	0.00	12,819.93	10.78
TRAVEL	0.00	0.00	144.00	0.12
ELECTRICAL SERVICE	<u>1,412.24</u>	<u>15.27</u>	<u>18,995.49</u>	<u>15.97</u>
Total Operating Expenses	<u>3,047.54</u>	<u>32.95</u>	<u>87,145.10</u>	<u>73.27</u>
Net Income (Loss)	\$ <u>6,201.37</u>	<u>67.05</u>	\$ <u>31,788.40</u>	<u>26.73</u>

AUCALDE WATER ASSOCIATION
Income Statement
For the Period Ended December 30, 2015

	1 Month Ended				12 Months Ended			
	Dec. 30, 2015	Budget	Variance	Pct	Dec. 30, 2015	Budget	Variance	Pct
Revenue								
WATER REVENUE	\$ 9,246.67	\$ 9,666.66	\$ (419.99)	(4)	\$ 104,559.35	\$ 116,000.00	\$ (11,440.65)	(10)
INTEREST INCOME	2.24	16.66	(14.42)	(87)	89.57	200.00	(110.43)	(55)
INSTALLATIONS & RE-CONNECT FEES	0.00	0.00	0.00	0	7,500.00	0.00	7,500.00	0
GRANTS - PROJECT	0.00	0.00	0.00	0	52.50	0.00	52.50	0
Total Revenue	<u>9,248.91</u>	<u>9,683.32</u>	<u>(434.41)</u>	<u>(4)</u>	<u>118,933.50</u>	<u>116,200.00</u>	<u>2,733.50</u>	<u>2</u>
Operating Expenses								
WAGES	1,400.00	1,400.00	0.00	0	16,800.00	16,800.00	0.00	0
CONTRACT LABOR	0.00	83.33	(83.33)	(100)	0.00	1,000.00	(1,000.00)	(100)
PAYROLL TAXES	111.72	111.00	0.72	1	1,399.84	1,332.00	67.84	5
WATER CONSERVAT	0.00	41.66	(41.66)	(100)	485.66	500.00	(14.34)	(3)
ACEQUIA ASSESSM	0.00	0.00	0.00	0	1,198.75	0.00	1,198.75	0
ACCOUNTING	1,574.16	1,570.00	4.16	0	19,288.35	18,840.00	448.35	2
AUDIT	0.00	333.33	(333.33)	(100)	7,880.00	4,000.00	3,880.00	97
BAD DEBTS	(1,936.75)	83.33	(2,020.08)	(999)	327.00	1,600.00	(673.00)	(57)
BANK CHARGES	8.14	0.00	8.14	0	97.61	0.00	97.61	0
DUES	343.09	20.00	323.09	999	652.33	240.00	412.33	172
PENALTIES	0.00	0.00	0.00	0	5.00	0.00	5.00	0
INTEREST EXPENSE	0.00	75.00	(75.00)	(100)	626.14	900.00	(273.86)	(30)
INSURANCE	0.00	341.66	(341.66)	(100)	3,616.00	4,100.00	(484.00)	(12)
MISCELLANEOUS E	0.00	50.00	(50.00)	(100)	330.00	600.00	(270.00)	(45)
OFFICE EXPENSE	17.34	47.50	(30.16)	(63)	513.55	570.00	(56.45)	(10)
POSTAGE	117.60	0.00	117.60	0	1,459.20	1,448.07	11.13	1
REPAIRS-WELL	0.00	166.66	(166.66)	(100)	0.00	2,000.00	(2,000.00)	(100)
MAINTENANCE	0.00	0.00	0.00	0	230.00	0.00	230.00	0
PARTS & MATERIAL	0.00	333.33	(333.33)	(100)	0.00	4,000.00	(4,000.00)	(100)
TESTING	0.00	41.66	(41.66)	(100)	128.40	500.00	(371.60)	(74)
TOOLS	0.00	41.66	(41.66)	(100)	147.85	500.00	(352.15)	(70)
SUPPLIES	0.00	1,225.00	(1,225.00)	(100)	12,819.93	14,700.00	(1,880.07)	(13)
TRAVEL	0.00	0.00	0.00	0	144.00	0.00	144.00	0
ELECTRICAL SERVI	1,412.24	1,833.33	(421.09)	(23)	18,995.49	22,000.00	(3,004.51)	(14)
Total Operating	<u>3,047.54</u>	<u>7,798.45</u>	<u>(4,750.91)</u>	<u>(61)</u>	<u>87,145.10</u>	<u>95,030.07</u>	<u>(7,884.97)</u>	<u>(8)</u>
Net Income	<u>\$ 6,201.37</u>	<u>\$ 1,884.87</u>	<u>\$ 4,316.50</u>	<u>222</u>	<u>\$ 31,788.40</u>	<u>\$ 21,169.93</u>	<u>\$ 10,618.47</u>	<u>50</u>

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
Schedule of Findings and Reponses
YEAR ENDED DECEMBER 31, 2015

Current Year Findings

2015-001 Late Agreed Upon Procedures Report

Criteria

New Mexico State Auditor Rule Section 2.2.2.16 H (1) requires that the Association's agreed upon procedures report be submitted to the State Auditor's Office no later than five months after the fiscal year (June 1, 2016) deadline.

Condition

The agreed upon procedures report for the fiscal year 2015 was not submitted to the State Auditor's office by the deadline of June 1, 2016. The report was submitted and received by the State Auditor's Office on July 22, 2016. The Association plans on submitting its agreed upon procedures report prior to the due date next calendar year.

Cause

Alcalde MDWUA overlooked the due date of the AUP report.

Effect

The lateness of the agreed upon procedures report creates noncompliance with the State Auditor Rule requirements of completing and submitting the agreed upon procedures report by the due date.

Recommendation

Recommend that the Alcalde MDWUA comply with the State Auditor Rule requirement of completing and submitting the agreed upon procedures report by the due date.

Entity Response

We will complete and submit agreed upon procedures report by the due date.

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
Schedule of Findings and Reponses
YEAR ENDED DECEMBER 31, 2015

2010-4 Segregation of Duties on the Review and Approval of all Disbursements, Receipts and Journal Entries

Criteria

Good internal control requires the segregation of duties in the recording, approval and reconciliation of receipts, disbursements transactions and review and approval of all journal entries.

Condition

All of the Association's financial transaction are prepared, posted and approved by the fee accountant. The fee accountant has complete control over the receipting and disbursement cycle and journal entries. The Association plans on taking corrective action within the next fiscal year to correct this finding.

Cause

Association is a small association and depends on the fee accountant to perform all accounting functions.

Effect

The lack of review and approval by the Board could create the possibility for errors or irregularity on the financial statements of the Association.

Recommendation

Recommend that the Association's Board on a monthly basis be presented a list of disbursements and documentation of receipts and journal entries for the month for review and approval.

Entity Response

We will review and approve on a quarterly basis disbursements, receipts and journal entries.

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
Schedule of Findings and Reponses
YEAR ENDED DECEMBER 31, 2015

2015-002 **Late Submission of IPA Recommendation Form**

Criteria

New Mexico State Auditor Rule Section 2.2.2.16 (d) (6) requires that Local Public Bodies submit the required IPA Recommendation Form for Tiered System Local Public Bodies and the completed agreed upon procedures contract to the State Auditor are due one day after the fiscal year (January 1).

Condition

The IPA Recommendation Form for Tiered Systems of Local Public Bodies and agreed upon procedures contract was not submitted to the State Auditor prior to the due date of January 1. The Association plans on submitting its IPA recommendation form prior to the due date next fiscal year.

Cause

Alcalde Mutual Domestic Water Users Association was unable to submit its IPA Recommendation Form for Tiered System Local Public Bodies and the completed agreed upon procedures contract to the State Auditor on a timely basis.

Effect

The lateness of submitting the IPA Recommendation Form for Tiered System of Local Public Bodies and the agreed upon procedures contract creates noncompliance with the State Auditor Rule requirements of completing and submitting the IPA recommendation Form for the Tiered System of Local Public Bodies and the agreed upon procedures contract by the due date.

Recommendation

Recommend that the Alcalde Mutual Domestic Water Users Association comply with the State Auditor Rule requirement of completing and submitting the IPA Recommendation Form and the completed agreed upon procedures contract by the due date.

Entity Response

The IPA recommendation form and completed agreed upon procedures contract will be submitted on a timely basis for future engagements.

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION
Status of Prior Year Findings
YEAR ENDED DECEMBER 31, 2015**

2010-2	Procurement Code Compliance	Resolved
2010-4	Segregation of Duties on the Review and Approval of all Disbursements, Receipts and Journal Entries	Repeated

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER USERS ASSOCIATION

Exit Conference

YEAR ENDED DECEMBER 31, 2015

Exit Conference

The report contents were discussed at an exit conference held August 5, 2016 with the following in attendance:

Alcalde Mutual Domestic Water Users Association

Alfredo Montoya, President

David Honaberger, Treasurer

Accounting Firm

Joseph M. Salazar, CPA