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ESPANOLA, NEW MEXICO
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STATE OF NEW MEXICO

**ALCALDE MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 5)

Year Ended December 31, 2016

STATE OF NEW MEXICO

ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 5)**

Year Ended December 31, 2016

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster
at December 31, 2016**

<u>Name</u>		<u>Title</u>
<u>Commissioners</u>		
Alfredo Montoya		Chairman
David Archuleta		Secretary
Elaine Martinez		Treasurer
Therese Martinez		Member
Matthew Valdez		Member
<u>Staff</u>		
Matthew Valdez		Water System Operator



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Member AICPA, NMSCPA

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 5)

To: Alfredo Montoya, Chairman
Alcalde Mutual Domestic Water Consumers Association #3009
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Alcalde Mutual Domestic Water Consumers Association (AMDWCA) and the Office of the State Auditor on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget, Capital Outlay Appropriations and Other as of and for the year ended December 31, 2016, included in the accompanying information provided to us by management of the AMDWCA. The Alcalde Mutual Domestic Water Consumers Association is responsible for the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget, Capital Outlay Appropriations and Other as of and for the year ended December 31, 2016, included in the accompanying information provided to us by management of the AMDWCA. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. Our procedures and the associated findings are as follows:

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

We verified AMDWCA's revenue calculation and tier determination. Alcalde Mutual Domestic Water Consumers Association's cash basis revenue was between the **Tier 5** lower and upper limits and had expended a portion of its state capital outlay appropriation.

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 reports submitted to the Department of Finance and Administration, Local Government Division (DFA-LGD).
- c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures Performed

- a) The AMDWCA pays a fee accountant, who uses Intuit-EasyACCT trial balance software, to record cash transactions, make journal entries and prepare monthly bank reconciliations and monthly financial statements. At year-end, the AMDWCA has one checking account, one savings account and one certificate of deposit (CD). Bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year. The bank only provides a statement on the CD annually when it matures.
- b) A random test of bank reconciliations revealed no exceptions. Required quarterly financial cash reports were submitted to DFA-LGD during the year and at year-end, we traced the ending cash balances to those reports.
- c) Cumulative bank account balances never exceeded uninsured limits and, therefore, pledged collateral was not required 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.

Results of Procedures Performed

The AMDWCA maintains a capital asset listing and performed a yearly inventory as required by Section 12-6-10 NMSA, 1978.

4. Revenue

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 revenue based on auditor judgment using the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- 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.

Results of Procedures Performed

- a) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each revenue type revealed no exceptions.
- b) We requested supporting documentation for eleven (11) deposits (55% of total revenue) from a total of 20 deposits for the year. Amounts recorded on Intuit-EasyACCT financial statements and general ledger agreed with deposit tickets, other supporting documentation provided and the bank statements, without exception.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation, without exception.

5. Expenditures

Procedures

Select a sample of cash disbursements based on auditor judgment 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 check clearing amount (cancelled checks not returned), 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 13-1-99 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

- a) We requested supporting documentation for 26 disbursements (43% of total expenditures) from a total of 111 disbursements for the year. Our tests of transactions revealed that amounts recorded as disbursed agreed to supporting documentation, with no exceptions. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and check clearing amount, as appropriate.
- b) We could not determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. (See Finding 2010-4 on p. 9)
- 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).

6. Journal Entries

Procedures

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- 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.

Results of Procedures Performed

- a) The Acequia's fee accountant prepares, on a monthly basis, routine journal entries to record interest income earned for the month, entries to reclassify gross receipts tax from water revenue and entries to record returned checks. Journal entries appear reasonable and have supporting documentation.
- b) The Acequia does not have procedures that require journal entries to be reviewed or approved. There is no evidence that the journal entries are being reviewed. (See finding 2010-4 on p. 9)

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 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) We determined that the AMDWCA submitted a preliminary 2016 budget to DFA-LGD that was approved. However, the AMDWCA did not submit a final 2016 budget to DFA-LGD for approval. (See Finding 2016-001 on p. 10).
- b) Total actual expenses did not exceed the preliminary budget by at the total fund level, the legal level of budgetary control.
- c) The AMDWCA prepared and submitted to DFA-LGD a Profit and Loss Budget vs. Actual for the year ended December 31, 2016 (herein Exhibit B). However, the amounts shown in the budget column on that report do not agree with the preliminary budget amounts. (See Finding 2016-001 on p. 10) A schedule of revenues and expenses – budget and actual was prepared from AMDWCA records on the cash budgetary basis. This schedule is included herein as Exhibit A.

8. Capital Outlay Appropriations

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the year.

The Contractor shall test all capital outlay expenditures during the fiscal year to:

- 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 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 the status report agree with the general ledger and other supporting documentation.

- f) If the project was funded in advance, the Contractor shall 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, the Contractor shall determine if there is 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 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) We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled checks, as appropriate. For Project 14-1669-STB, we examined one disbursement totaling \$26,298.05 for the year ended December 31, 2016.
- b) We determined that disbursements were properly authorized and approved in compliance with the capital outlay award budget, legal requirements and established policies and procedures.
- c) We determined 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).
- d) Since the project consisted of only engineering, we were unable to determine the physical existence (by observation) of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the excel spreadsheets and other supporting documentation.
- f) The project was not intended to be funded in advance but on a reimbursement basis.
- g) As of December 31, 2016, the project is not complete and there is an unexpended balance of \$91,969.87.
- h) Since the project was approved on a reimbursement basis, no separate fund or bank account was required.
- i) We determined that reimbursement requests were properly supported by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement. For Project 14-1669-STB, we examined one reimbursement request totaling \$26,298.05 for the year ended December 31, 2016.

9. Other

Procedures

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10 (I) (3) (C) NMAC.

Results of Procedures Performed

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud or illegal acts. However, see the Schedule of Findings and Responses for internal control deficiency issues related to Lack of Segregation of Duties (Finding 2010-4 on p. 9) and Budget Noncompliance (Finding 2016-001 on p. 10).

* * * * *

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget, Capital Outlay Appropriations and Other of the Alcalde Mutual Domestic Water Consumers Association as of and for the year ended December 31, 2016, included in the accompanying information provided to us by management of the AMDWCA. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Macias, Gutierrez & Co., CPAs, P.C.

Macias, Gutierrez & Co., CPAs, P. C.
Española, New Mexico
May 18, 2017

STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
Schedule of Revenues and Expenses-Budget and Actual (Cash Basis)
Year Ended December 31, 2016

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Water Revenue	\$ 120,000	\$ 120,000	\$ 130,798	\$ 10,798
Interest Income	200	200	103	(97)
Installations and Hook-up Fee	-	-	11,793	11,793
Reconnect Fees	-	-	150	150
Other Income	-	-	25	25
Water System Grant	-	-	26,298	26,298
Sales of Water Rights	-	-	22,500	22,500
Total revenues	<u>120,200</u>	<u>120,200</u>	<u>191,667</u>	<u>71,467</u>
Cash balance budgeted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and cash balance budgeted	<u>120,200</u>	<u>120,200</u>	<u>191,667</u>	<u>71,467</u>
Expenses:				
Wages	16,800	16,800	16,800	-
Contract Labor	3,300	3,300	-	3,300
Payroll Taxes	1,292	1,292	1,395	(103)
Water Conservation	600	600	455	145
Acequia Assessments	300	300	588	(288)
Accounting	17,840	17,840	19,040	(1,200)
Audit	4,000	4,000	3,940	60
Bad Debts	500	500	(2,724)	3,224
Dues	320	320	19	301
Interest Expense	900	900	369	531
Insurance	4,100	4,100	416	3,684
Licenses & Permits	-	-	3,722	(3,722)
Miscellaneous	700	700	60	640
Office Expense	820	820	90	730
Postage	1,700	1,700	720	980
Installations	8,000	8,000	1,912	6,088
Repairs-Well	4,000	4,000	8,830	(4,830)
Repairs and Maintenance	-	-	3,035	(3,035)
Parts and Materials	5,000	5,000	10,140	(5,140)
Testing	600	600	3,145	(2,545)
Tools	500	500	225	275
Equipment/Machinery	-	-	16,363	(16,363)
Water Rights Fees	60	60	52	8
Travel	-	-	120	(120)
Contract Treatment (Arsenic Treatment)	17,500	17,500	-	17,500
Electrical Services	<u>20,000</u>	<u>20,000</u>	<u>19,538</u>	<u>462</u>
Total expenses	<u>108,832</u>	<u>108,832</u>	<u>108,250</u>	<u>582</u>
Excess revenues over (under) expenses	<u>\$ 11,368</u>	<u>\$ 11,368</u>	<u>\$ 83,417</u>	<u>\$ 72,049</u>

ALCALDE WATER ASSOCIATION
Balance Sheet
December 31, 2016

Exhibit B
Page 1 of 4

ASSETS

Current Assets

CENTURY BANK-CHECKING	\$	38,352.15
CENTURY BANK-SAVINGS		55,653.79
CENTURY BANK-CD		21,435.70
SAVINGS- Alcalde Comm Cntr		30,036.65
ACCOUNTS RECEIVABLE		36,999.24
CHANGE FUND		100.00
RETURNED CHECKS		213.50
RECEIVABLE-GRANT		<u>1,075.85</u>

Total Current Assets \$ 183,866.88

Fixed Assets

UTILITY LINES, EQUIPMENT	6,058,859.08
LINE EXTENSION	15,063.86
PROJECT 2014	239,775.66
WELL	33,030.08
ACCUMULATED DEPRECIATION	(184,987.00)
WATER RIGHTS	<u>50,256.76</u>

Total Fixed Assets 6,211,998.44

Total Assets \$ 6,395,865.32

ALCALDE WATER ASSOCIATION
Balance Sheet
December 31, 2016

Exhibit B
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LIABILITIES AND EQUITY

Current Liabilities

FICA TAXES PAYABLE	\$	642.60
DEPT OF LABOR		27.72
FUTA TAXES PAYABLE		42.00
N/P - FINANCE AUTHORITY		38,382.00
AL/COM/CNTR- CONTINGENCY FUNDS		30,036.65
SALES TAX PAYABLE		<u>459.58</u>

Total Current Liabilities \$ 69,590.55

Equity

RETAINED EARNINGS		6,239,032.16
MEMBERSHIP		3,825.00
Current Income (Loss)		<u>83,417.61</u>

Total Equity 6,326,274.77

Total Liabilities & Equity \$ 6,395,865.32

ALCALDE WATER ASSOCIATION
Income Statement
For the Period Ended December 31, 2016

Exhibit B
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	1 Month Ended Dec. 31, 2016	Pct	12 Months Ended Dec. 31, 2016	Pct
Revenue				
WATER REVENUE	\$ 10,339.75	99.23	\$ 130,798.56	68.24
INTEREST INCOME	5.02	0.05	103.15	0.05
INSTALLATIONS & HOOK-UP FEES	75.00	0.72	11,792.68	6.15
RE-CONNECT FEES INCOME	0.00	0.00	150.00	0.08
OTHER INCOME	0.00	0.00	25.00	0.01
WELL SYSTEM GRANT- #14-1669	0.00	0.00	26,298.05	13.72
SALE OF WATER RIGHTS	0.00	0.00	22,500.00	11.74
Total Revenue	10,419.77	100.00	191,667.44	100.00
Operating Expenses				
WAGES	1,400.00	13.44	16,800.00	8.77
PAYROLL TAXES	111.72	1.07	1,395.54	0.73
WATER CONSERVATION FEES	0.00	0.00	454.64	0.24
ACEQUIA ASSESSMENTS	0.00	0.00	587.56	0.31
ACCOUNTING	1,574.16	15.11	19,039.92	9.93
AUDIT	0.00	0.00	3,940.00	2.06
BAD DEBTS	(40.00)	(0.38)	(2,723.75)	(1.42)
BANK CHARGES	18.98	0.18	18.98	0.01
DUES	86.46	0.83	368.73	0.19
INTEREST EXPENSE	0.00	0.00	416.03	0.22
INSURANCE	0.00	0.00	3,722.00	1.94
LICENSE & PERMITS	0.00	0.00	60.00	0.03
MISCELLANEOUS EXPENSE	0.00	0.00	90.00	0.05
OFFICE EXPENSE	35.41	0.34	719.69	0.38
POSTAGE	0.00	0.00	1,912.40	1.00
INSTALLATIONS & HOOK-UP	0.00	0.00	8,830.25	4.61
REPAIRS-WELL	0.00	0.00	3,035.26	1.58
REPAIR AND MAINTANENCE	0.00	0.00	10,139.63	5.29
PARTS & MATERIALS	0.00	0.00	3,144.66	1.64
TESTING	0.00	0.00	225.36	0.12
SUPPLIES - ARSENIC TRMT	1,000.90	9.61	16,363.08	8.54
WATER RIGHT - FEE	0.00	0.00	52.10	0.03
TRAVEL	120.00	1.15	120.00	0.06
ELECTRICAL SERVICE	1,459.16	14.00	19,537.75	10.19
Total Operating Expenses	5,766.79	55.34	108,249.83	56.48
Net Income (Loss)	\$ 4,652.98	44.66	\$ 83,417.61	43.52

ALCALDE WATER ASSOCIATION
Income Statement
For the Period Ended December 31, 2016

Exhibit B
Page 4 of 4

	1 Month Ended				12 Months Ended			
	Dec. 31, 2016	Budget	Variance	Pct	Dec. 31, 2016	Budget	Variance	Pct
Revenue								
WATER REVENUE	\$ 10,339.75	\$ 9,666.66	\$ 673.09	7	\$ 130,798.56	\$ 116,000.00	\$ 14,798.56	13
INTEREST INCOME	5.02	16.66	(11.64)	(70)	103.15	200.00	(96.85)	(48)
INSTALLATIONS &	75.00	0.00	75.00	0	11,792.68	0.00	11,792.68	0
RE-CONNECT FEES I	0.00	0.00	0.00	0	150.00	0.00	150.00	0
OTHER INCOME	0.00	0.00	0.00	0	25.00	0.00	25.00	0
WELL SYSTEM GRA	0.00	0.00	0.00	0	26,298.05	0.00	26,298.05	0
SALE OF WATER RI	0.00	0.00	0.00	0	22,500.00	0.00	22,500.00	0
Total Revenue	10,419.77	9,683.32	736.45	8	191,667.44	116,200.00	75,467.44	65
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	1,395.54	1,332.00	63.54	5
WATER CONSERVAT	0.00	41.66	(41.66)	(100)	454.64	500.00	(45.36)	(9)
ACEQUIA ASSESSM	0.00	0.00	0.00	0	587.56	0.00	587.56	0
ACCOUNTING	1,574.16	1,570.00	4.16	0	19,039.92	18,840.00	199.92	1
AUDIT	0.00	333.33	(333.33)	(100)	3,940.00	4,000.00	(60.00)	(2)
BAD DEBTS	(40.00)	83.33	(123.33)	(148)	(2,723.75)	1,000.00	(3,723.75)	(372)
BANK CHARGES	18.98	0.00	18.98	0	18.98	0.00	18.98	0
DUES	86.46	20.00	66.46	332	368.73	240.00	128.73	54
INTEREST EXPENSE	0.00	75.00	(75.00)	(100)	416.03	900.00	(483.97)	(54)
INSURANCE	0.00	341.66	(341.66)	(100)	3,722.00	4,100.00	(378.00)	(9)
LICENSE & PERMIT	0.00	0.00	0.00	0	60.00	0.00	60.00	0
MISCELLANEOUS E	0.00	50.00	(50.00)	(100)	90.00	600.00	(510.00)	(85)
OFFICE EXPENSE	35.41	47.50	(12.09)	(25)	719.69	570.00	149.69	26
POSTAGE	0.00	0.00	0.00	0	1,912.40	1,448.07	464.33	32
INSTALLATIONS &	0.00	0.00	0.00	0	8,830.25	0.00	8,830.25	0
REPAIRS-WELL	0.00	166.66	(166.66)	(100)	3,035.26	2,000.00	1,035.26	52
REPAIR AND MAIN	0.00	0.00	0.00	0	10,139.63	0.00	10,139.63	0
PARTS & MATERIAL	0.00	333.33	(333.33)	(100)	3,144.66	4,000.00	(855.34)	(21)
TESTING	0.00	41.66	(41.66)	(100)	225.36	500.00	(274.64)	(55)
TOOLS	0.00	41.66	(41.66)	(100)	0.00	500.00	(500.00)	(100)
SUPPLIES - ARSENIC	1,000.90	1,225.00	(224.10)	(18)	16,363.08	14,700.00	1,663.08	11
WATER RIGHT - FEE	0.00	0.00	0.00	0	52.10	0.00	52.10	0
TRAVEL	120.00	0.00	120.00	0	120.00	0.00	120.00	0
ELECTRICAL SERVI	1,459.16	1,833.33	(374.17)	(20)	19,537.75	22,000.00	(2,462.25)	(11)
Total Operating	5,766.79	7,798.45	(2,031.66)	(26)	108,249.83	95,030.07	13,219.76	14
Net Income (\$ 4,652.98	\$ 1,884.87	\$ 2,768.11	147	\$ 83,417.61	\$ 21,169.93	\$ 62,247.68	294

STATE OF NEW MEXICO
 ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Projects Schedule - Summary
 Year Ended December 31, 2016

Exhibit C

Grant No.	Pay Request	Amount Awarded	Cumulative Amount Received	Cumulative Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
14-1669-STB		\$ 125,000.00					
	1		\$ 6,732.08	\$ 6,732.08	\$ 118,267.92	Laws of 2014, Chapter 66, Section 16, Item 77, to design and construct a water well for the Alcalde mutual domestic water consumers and sewer works association in Rio Arriba county.	Through 6/30/2018
	2		26,298.05	26,298.05	91,969.87		
			<u>\$ 33,030.13</u>	<u>\$ 33,030.13</u>	<u>\$ 91,969.87</u>		

STATE OF NEW MEXICO
 ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Projects Schedule - Detail
 Year Ended December 31, 2016

<u>Grant No.</u>	<u>Pay Request</u>	<u>Request Date</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Date Received</u>	<u>Check Date</u>	<u>Check Number</u>	<u>Amount Expended</u>	<u>Vendor Paid</u>
14-1669-STB	1		\$ 125,000.00	\$ 6,732.08				\$ 6,732.08	Souder, Miller Engineering
Subtotal 2015				<u>6,732.08</u>				<u>6,732.08</u>	
	2	1/15/2016		26,298.05	2/18/2016	2/23/2016	3574	26,298.05	Souder, Miller Engineering
Subtotal 2016				<u>26,298.05</u>				<u>26,298.05</u>	
Total				<u>\$ 33,030.13</u>				<u>\$ 33,030.13</u>	

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Segregation of Duties on the Review and Approval of all Disbursements, Receipts and Journal Entires	C	2010-4	2010-4
Final Budget not Submitted for Approval and Quarterly Financial Reports do not agree with Approved Preliminary Budget	D	N/A	2016-001
Follow-up on Prior Year Findings:			
Segregation of Duties on the Review and Approval of all Disbursements, Receipts and Journal Entires	C	2010-4	2010-4 Revised Repeated

- * Legend for Findings:**
- A. Fraud
 - B. Illegal Act(s)
 - C. Internal Control Deficiency(ies)
 - D. Noncompliance

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

2010-4 (Internal Control Deficiency)

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

Criteria

Proper 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 Alcalde Mutual Domestic Water Consumers Association's (AMDWCA) financial transactions are prepared, posted and approved by the fee accountant. The fee accountant has complete control over the receipting and disbursements cycles and journal entries. This finding is repeated from the previous fiscal years. No progress was made during the year towards implementing the prior-year corrective action plan. However, as of June 2017, the AMDWCA's Board Treasurer will start reviewing all financial transactions, including receipts, deposits, disbursements/checks and journal entries.

Cause

The AMDWA is a small association that relies on the fee accountant to perform all accounting functions.

Effect

The lack of review and approvals by the Association Board could create the possibility of errors or irregularities on the accounts and financial statements of the AMDWCA.

Recommendation

We again recommend that the Association's Board implement and enforce policies and procedures to review and approve, at least on a monthly basis, all financial transactions, including but not limited to, receipts/deposits, disbursements/checks and journal entries.

Entity Response

"The AMDWCA will develop procedures for the review of all financial transactions including, but not limited to, receipts/deposits, disbursements/checks and journal entries. The Board's Treasurer will be the board member that acquires all pertinent information for the Board's approval at the Board's monthly meeting. Board meetings are held on the second Tuesday of the month and the AMDWCA's Treasurer will provide a report on all the items listed above at the July 2017 meeting."

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

2016-001 (Noncompliance)

Final Budget not Submitted for Approval and Quarterly Financial Reports do not agree with Approved Preliminary Budget

Criteria

Section 6-6-2 (E) NMSA 1978 requires each local public body to certify a final budget and submit it to the Department of Finance and Administration, Local Government Division (DFA-LGD). Section 6-6-3 NMSA 1978 states that every local public body shall make all reports as may be required by the DFA-LGD and conform to the rules and regulations adopted by the DFA-LGD.

Condition

The Alcalde Mutual Domestic Water Consumers Association (AMDWCA) prepared and submitted a preliminary budget that was approved by the DFLGD. However, the AMDWCA did not submit a final budget to DFA-LGD for approval. In addition, although the AMDWCA submitted quarterly financial reports to the DFA-LGD, the amounts shown in the approved budget column do not agree with the approved amounts submitted and approved in their preliminary budget.

Cause

Oversight on the part of AMDWCA management. Also, the AMDWCA is a small association and relies on the fee accountant to prepare the quarterly financial reports. However, the AMDWCA management does not review or approve those reports.

Effect

The AMDWCA has not complied with Sections 6-6-2 and 6-6-3 NMSA 1978.

Recommendation

We recommend that, in the future, the AMDWCA's Board prepare and submit a final budget for DFA-LGD approval and implement and enforce policies and procedures to review and approve the quarterly financial reports submitted to DFA-LGD.

Entity Response

"In the future, the AMDWCA Board will submit a final budget for DFA-LGD approval and review and approve all quarterly financial reports submitted to DFA-LGD. The AMDWCA has already submitted a final 2017 budget and has received a letter of approval from the DFA-LGD."

**STATE OF NEW MEXICO
ALCALDE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference
Year Ended December 31, 2016**

EXIT CONFERENCE

The report contents were discussed at an exit conference held on May 30, 2017 with the following in attendance:

Alcalde Mutual Domestic Water Consumers Association

Alfredo Montoya, Chairman
Elaine Martinez, Treasurer

Accounting Firm

James R. (Jim) Macias, CPA