

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON THE APPLICATION OF TIER 4  
AGREED-UPON PROCEDURES  
YEAR ENDED JUNE 30, 2019**

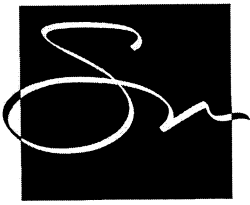
**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
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JUNE 30, 2019**

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**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
OFFICIAL ROSTER  
JUNE 30, 2019**

**BOARD OF DIRECTORS**

<b>Name</b>	<b>Title</b>
Antonio Chavez	President
Ofelia Luna	Vice President
Johnny Holguin	Secretary/Treasurer
Faustino Favela	Director



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON THE  
APPLICATION OF TIER 4 AGREED-UPON PROCEDURES**

Brian Colon, New Mexico State Auditor, and  
Board of Directors of  
Alto De Las Flores Mutual Domestic  
Water Consumers Association  
Las Cruces, New Mexico

We have performed the procedures enumerated below for the Alto De Las Flores Mutual Domestic Water Consumers Association (Association) for the year ended June 30, 2019. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed upon by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the Association's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are detailed under Scope of Procedures and Results as noted in the table of contents.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying Schedule of Findings and Responses as noted in the table of contents.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association's financial position and operations as of and for the year ended June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to those parties specified in the report.

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

Scott Northam, CPA, PC  
Ruidoso, New Mexico  
August 13, 2019

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2019**

<b>1. Verify the local public body's revenue calculation and tier determination documented on the form provided at <a href="http://www.osanm.org">www.osanm.org</a> under "Tiered System Reporting Main Page."</b>	
Tier 4 Requirements – Cash basis revenues of \$50,000 or more but less than \$250,000 with no legislatively appropriated capital outlay award expenditures.	The Association's cash basis revenues totaled approximately \$180,781 and the Association did not expend any legislatively appropriated capital outlay awards. The Association qualified to be categorized as a Tier 4 agency.
<b>2. Cash Procedures</b>	
a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements are complete and on-hand.	All twelve fiscal year bank statements for the bank accounts were on-hand and available for compliance examination. Reconciliations were performed within a reasonable time frame after the end of the month.
b. Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division.	A review of 100% of bank reconciliations noted the reconciliations were accurate and agreed with the general ledger and DFA reports.
c. Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.	The Association's funds on deposit with the financial institution did not exceed the \$250,000 FDIC maximum insured coverage during the year. The financial institution was not obligated to provide any additional collateralization for uninsured deposits. Funds on deposit with Charles Schwab are protected under Securities Investor Protection Corporation's (SIPC) maximum insured coverage of \$500,000 during the year. The Association's funds on deposit with Charles Schwab are invested in a money market account, which is compliant with the requirements of the New Mexico Public Money Act.
<b>3. Capital Assets</b>	
Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.	The Association maintains and annually approves a capital asset inventory listing as required under Section 12-6-10 NMSA 1978.

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2019**

<b>4. Revenue</b> <b>Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.</b>	
a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.	Analytical review and tests of actual revenue compared to budgeted revenue for the fiscal year noted no exceptions.
b. Select a sample of revenue equal to 30% of the total dollar amount and test whether the amount recorded in the general ledger agrees to the supporting documentation and the bank statement.	A review of 100% of deposit amounts recorded in the general ledger agreed with deposit slips, utility reports and other supporting documentation provided and the bank statements with no exceptions.
c. Select a sample of revenue equal to 30% of the total dollar amount and test the proper recording of classification, amount and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on: cash basis, modified accrual basis, or accrual basis.	A review of all twelve of the monthly billings and collections reports (100% of coverage) were reconciled to the general ledger revenue entries and noted the amounts were properly recorded on cash basis as to classification, amount and period.

<b>5. Expenditures</b> <b>Select a sample of cash disbursements representative of the of the population equal to at least 30% of the total dollar amount and test the following attributes:</b>	
a. Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.	A review of the semi-annual (January-June and July-December) expense disbursement files was conducted (100% of coverage) and no exceptions with respect to amount, payee, date and description were noted.
b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.	A review of the semi-annual (January-June and July-December) expense disbursement files was conducted (100% of coverage) and noted no exceptions as to authorization and approval for payment, budget compliance and compliance with policies and procedures.
c. Determine that the bid process (or request for proposal process, if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).	Disbursement testwork revealed no exceptions to the process (or request for proposal process, if applicable), purchase orders, contracts and agreements being processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2019**

<b>6. Journal Entries</b> Test all non-routine journal entries, adjustments, and reclassifications are posted to the general ledger for the following attributes:	
a. Journal entries appear reasonable and have supporting documentation.	There were no non-routine journal entries posted to the general ledger and all reviewed journal entries had supporting documentation.
b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.	There were no non-routine journal entries posted to the general ledger. The Association has policies in place that require any journal entries made by the contract bookkeeper to be reviewed and approved by the Board of Directors at the monthly meeting.

<b>7. Budget</b> Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:	
a. Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local body's governing body and DFA-LGD.	The original budget was approved by the Board of Directors and DFA-LGD. There were no subsequent budget adjustments for the fiscal year.
b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control. If the answer is "yes" report a compliance finding.	Total actual expenditures did not exceed the final budget at the total fund level.
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.	The Schedule of Revenue and Expenses – Budget and Actual on the cash basis follows these procedures and results.

<b>8. Other</b>	
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, such instances must be disclosed in the report as required by Section 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10(1)(3)(C) NMAC.	No other or additional exceptions were noted when applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies.

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL (CASH BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Charges for Service - Water and Sewer	\$ 146,000	\$ 146,000	\$ 162,585	\$ 16,585
Reconnect and Disconnect Fees	1,000	1,000	1,900	900
Gross Receipts Tax	6,300	6,300	8,150	1,850
Late Fees	3,670	3,670	4,794	1,124
Miscellaneous	227,796	227,796	3,352	(224,444)
<b>Total Operating Revenues</b>	<u>384,766</u>	<u>384,766</u>	<u>180,781</u>	<u>(203,985)</u>
<b>OPERATING EXPENSES</b>				
Electricity	16,000	16,000	10,955	5,045
System Parts and Supplies	6,000	6,000	4,759	1,241
System Repairs and Maintenance	30,000	30,000	25,441	4,559
Vehicle	500	500	435	65
Office and Administrative Expense	4,200	4,200	333	3,867
Professional Fees and Contracted Services	40,000	40,000	43,761	(3,761)
Insurance	2,000	2,000	1,914	86
Dues, Fees, Permits, and Licenses	700	700	472	228
Taxes	7,500	7,500	8,910	(1,410)
Miscellaneous	231,264	231,264	27,585	203,679
Debt Service - Loan 1	3,828	3,828	3,828	-
Debt Service - Loan 2	67,620	67,620	-	67,620
<b>Total Operating Expenses</b>	<u>409,612</u>	<u>409,612</u>	<u>128,393</u>	<u>281,219</u>
<b>Change in Net Position</b>	(24,846)	(24,846)	52,388	<u>\$ 77,234</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>163,781</u>	<u>163,781</u>	<u>163,781</u>	
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 138,935</u>	<u>\$ 138,935</u>	<u>\$ 216,169</u>	



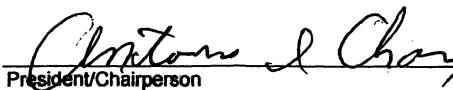
**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA  
YEAR ENDED JUNE 30, 2019**

**MDWCA Name :** Alto De Las Flores MDWCA  
**Mailing Address :** P.O. Box 16216, Las Cruces, NM 88004  
**Email Address :** info@granitemtnaccounting.com  
**Phone Number :** (575) 526-2445

**Fiscal Year :** 2018-2019

		Due Oct. 31	Due Jan 31	Due April 30	Due July 31			
	APPROVED BUDGET	1st QR: July - Sept	2nd QR: Oct - Dec	3rd QR: Jan - March	4th QR: April - June	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
<b>Beginning balances:</b>								
<b>Cash</b>	163,781							
<b>Savings</b>	-							
<b>CDs</b>	-							
<b>Investments</b>	-							
<b>Beginning Balance TOTAL</b>	<b>163,781</b>							
<b>REVENUES</b>								
Water Sales (Water Use Fees)	146,000	48,637	36,830	30,908	46,210	162,585	(16,585)	111%
Connection/Reconnection Charges	1,000	450	500	625	325	1,900	(900)	190%
Membership and Meter Sales (Utility Service Fees)	600	150	300	-	600	1,050	(450)	175%
Late Fees and Penalties (Other Fines and Forfeits)	3,670	1,085	1,312	1,256	1,141	4,794	(1,124)	131%
Gross Receipts Tax (Other State shared taxes)	6,300	2,433	1,854	1,551	2,312	8,150	(1,850)	129%
Other Operating Revenue (miscellaneous - other)	227,196	399	554	806	541	2,301	224,895	1%
<b>TOTAL</b>	<b>384,766</b>	<b>53,153</b>	<b>41,350</b>	<b>35,147</b>	<b>51,130</b>	<b>180,781</b>	<b>203,985</b>	<b>47%</b>
<b>EXPENDITURES</b>								
Salaries - Operator, Bookkeeper, etc.	-	-	-	-	-	-	-	-
Employee Benefits and Expenses	-	-	-	-	-	-	-	-
Electricity	16,000	3,915	2,626	1,779	2,636	10,955	5,045	68%
Other Utilities - Gas, Water, Sewer, Telephone	-	-	-	-	-	-	-	-
System Parts and Supplies	6,000	1,934	984	485	1,357	4,759	1,241	79%
System Repairs and Maintenance	30,000	8,926	7,318	3,907	5,291	25,441	4,559	85%
Vehicle Expenses	500	435	-	-	-	435	65	87%
Office and Administrative Expenses	4,200	-	134	-	199	333	3,867	8%
Professional Services - Accounting, Engineering, Legal	40,000	13,363	10,836	10,607	8,955	43,761	(3,761)	109%
Insurance	2,000	481	473	481	481	1,914	86	96%
Dues, Fees, Permits and Licenses	700	139	46	194	93	472	228	67%
Taxes - Gross Receipts Tax, Water Conservation Fee	7,500	2,764	2,259	1,765	2,122	8,910	(1,410)	119%
Training	-	-	-	-	-	-	-	-
Miscellaneous	231,264	783	4,092	6,380	16,329	27,584	203,680	12%
<b>Loans</b>								
Annual debt service - Loan 1	3,828	957	957	957	957	3,828	-	100%
Annual debt service - Loan 2	67,620	-	-	-	-	-	67,620	0%
<b>TOTAL</b>	<b>409,612</b>	<b>33,695</b>	<b>29,725</b>	<b>26,554</b>	<b>38,419</b>	<b>128,393</b>	<b>281,219</b>	<b>31%</b>
<b>Ending Balance</b>	<b>138,935</b>					<b>216,169</b>		
<b>LESS: Operating Reserve</b>	<b>20,000</b>							
<b>Emergency Reserve</b>	<b>25,000</b>							
<b>Capital Improvement Reserve</b>	<b>45,600</b>							
<b>Debt Reserve</b>	<b>11,905</b>							
<b>Ending Available Cash Balance</b>	<b>36,430</b>					<b>216,169</b>		

I HEREBY CERTIFY THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS.

  
 President/Chairperson

7-18-19  
 Date

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2019**

*CURRENT YEAR FINDINGS:*

NONE

*PRIOR YEAR FINDINGS:*

**Finding:**

**Status:**

2018-001 - Expenses in Excess of Authorized Budget

Resolved

**ALTO DE LAS FLORES MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
JUNE 30, 2019**

The contents of this report were discussed with the Alto De Las Flores Mutual Domestic Water Consumers Association representatives on August 13, 2019. The following individuals were present for the conference:

**Alto De Las Flores Mutual Domestic  
Water Consumers Association**

**Scott Northam, CPA, PC**

Antonio Chavez - President  
Ruby Hernandez - Granite Mountain Accounting  
(Contract Accountant)

Scott Northam, CPA

The agreed-upon procedures of the Alto De Las Flores Mutual Domestic Water Consumers Association were prepared by Scott Northam, CPA, PC, from original books and records provided by and with assistance from the management of the Association.