

ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
AGREED-UPON PROCEDURES  
DECEMBER 31, 2015

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
TABLE OF CONTENTS  
DECEMBER 31, 2015**

Table of Contents.....	1
Official Roster.....	2
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	3
Exhibit A-Scope of Work and Related Results.....	4-8
Exhibit B - Statement of Revenues and Expenditures - Budget and Actual- Modified Cash Basis.....	9
Exhibit C - Statement of Budget vs. Actual (approved by DFA) (generated internally).....	10-11
Exhibit D - Copy of Year-End Financial Report Submitted to Board.....	12-14
Schedule of Findings and Responses.....	15
Schedule of Summary of Prior Findings and Responses.....	16
Exit Conference .....	17

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
OFFICIAL ROSTER  
DECEMBER 31, 2015**

ANTONIO CHAVEZ, PRESIDENT

OFELIA LUNA, VICE-PRESIDENT

LILIANA RIVERA, SECRETARY/TREASURER

FAUSTINO FAVELA, DIRECTOR

IDELFONSO PEREYRA, DIRECTOR



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and New Mexico State Auditor  
Tim Keller  
Alto De Las Flores Mutual Domestic Water Consumers Association  
San Miguel, New Mexico

We have performed the procedures shown in Exhibit A, attached to this report. The procedures were agreed to by Alto De Las Flores Mutual Domestic Water Consumers Association through the Office of the State Auditor, solely to assist you with respect to the compliance of the Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC of Alto De Las Flores Mutual Domestic Water Consumers Association as of December 31, 2015. Alto De Las Flores Mutual Domestic Water Consumers Association's management is responsible for the company'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 findings can be found on Exhibit A, attached to this report.

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. The accompanying Exhibit C – Statement of Budget vs. Actual (approved by DFA-LGD); Exhibit D – Statement of Assets, Liabilities, and Net Assets and Schedule of Revenues and Expenses – Modified Cash Basis for the year ended December 31, 2015 were not audited by us, and accordingly, we do not express 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 Alto De Las Flores Mutual Domestic Water Consumers Association, the Department of Finance and Administration-Local Government Division, the NM State Legislature and 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.

Clifford, Ross & Cooper, LLC  
Las Cruces, New Mexico  
March 15, 2016

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

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

1)	<b>CASH</b>	
	a)	<p>The Contractor shall 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.</p> <p><b>Procedure:</b> Obtained copies of all bank reconciliations and bank statements for the year. Verified that the banks were reconciled each month, reviewed the bank reconciliations.</p> <p><b>Finding:</b> We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. The following are the Association's bank accounts and related reconciled cash balance at December 31, 2015: Citizens Bank - Operating - \$145,643.21; Citizens Bank - Reserve \$4,801.00. All bank reconciliations are performed on a timely basis and all were complete and on-hand.</p>
	b)	<p>The Contractor shall 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 DFA-Local Government Division</p> <p><b>Procedure:</b> Six months of bank reconciliations were recomputed to determine accuracy. The monthly bookkeeping is done by Mesilla Valley Accounting. Books are kept on QuickBooks and reconciled through QuickBooks. We compared the cash balances per bank reconciliations to the respective general ledger account balances. Monthly financial statements are presented to the Board of Directors by Mesilla Valley Accounting for approval. Noted Mesilla Valley Accounting provides monthly financials to DFA upon request. Noted year end financials provided to DFA.</p> <p><b>Finding:</b> All bank reconciliations tested revealed no exceptions.</p>
	c)	<p>The Contractor shall 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</p> <p><b>Procedure:</b> The bank statements for the entire fiscal year ending December 31, 2015 were reviewed for balances.</p> <p><b>Finding:</b> Bank account balances did not exceed the uninsured limits during the year ended December 31, 2015 and, therefore, pledged collateral was not required for any bank account.</p>
2)	<b>CAPITAL ASSETS</b>	
		<p>The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978</p> <p><b>Procedure:</b> Reviewed depreciation listing for assets prepared by Mesilla Valley Accounting Noted additions to assets each year. Noted inventory was performed and certified by Board Member.</p> <p><b>Finding:</b> Yearly inventory was performed and certified. No discrepancies noted.</p>
3)	<b>REVENUE</b>	
		<p>The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation</p> <p>a)</p>
		<p>Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. For purposes of performing analytical procedures, we inquired of the Association's management for explanation of all variances of budget to actual of more than 5%.</p>

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

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

**3) REVENUE (continued)**

The Contractor shall test based on auditor judgment the total amount of revenues for the following attributes:  
 Select a sample of revenues based on auditor judgment (for purpose of procedures in 3(b) and 3(c), we selected a haphazard sample of recorded revenue transactions to achieve a minimum of 50% coverage) and test 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:**

- a)** Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue showed a over budget of total revenues at the end of the year as a result of higher water usage and installation fees.

	<b>Budgeted Amount</b>	<b>Actual Amount</b>	<b>Variance</b>	<b>Percentage</b>
Water Usage Fees	\$ 100,000	\$ 102,559	\$ 2,559	3%
Connection Fees	\$ 1,000	\$ 850	\$ (150)	-15%
Damage/Service Calls	\$ 200	\$ 28	\$ (172)	-86%
Installation Fees	\$ 1,500	\$ 7,821	\$ 6,321	421%
Membership Fees	\$ 750	\$ 1,050	\$ 300	40%
Water Rights Fees	\$ 3,200	\$ 6,400	\$ 3,200	100%
Delinquency Charges	\$ 3,000	\$ 3,799	\$ 799	27%

The following items were selected for procedures 3(b)-3(c):

<b>Receipts Date</b>	<b>Payer</b>	<b>Description</b>	<b>Amount</b>
2/6/2015	Client fees	Water Usage Fees	\$ 2,319.33
2/11/2015	Client fees	Water Usage Fees	\$ 822.37
2/18/2015	Client fees	Water Usage Fees	\$ 1,440.27
2/24/2015	Client fees	Water Usage Fees	\$ 2,645.79
4/6/2015	Client fees	Water Usage Fees	\$ 415.51
4/15/2015	Client fees	Water Usage Fees	\$ 1,577.93
4/21/2015	Client fees	Water Usage Fees	\$ 3,129.38
4/27/2015	Client fees	Water Usage Fees	\$ 1,647.36
6/4/2015	Client fees	Water Usage Fees	\$ 4,183.30
6/10/2015	Client fees	Water Usage Fees	\$ 1,177.68
6/17/2015	Client fees	Water Usage Fees	\$ 2,578.62
6/24/2015	Client fees	Water Usage Fees	\$ 1,610.63
6/30/2015	Client fees	Water Usage Fees	\$ 1,521.74
8/7/2015	Client fees	Water Usage Fees	\$ 1,131.63
8/12/2015	Client fees	Water Usage Fees	\$ 879.55
8/19/2015	Client fees	Water Usage Fees	\$ 2,079.88
8/26/2015	Client fees	Water Usage Fees	\$ 3,081.50
8/31/2015	Client fees	Water Usage Fees	\$ 1,886.20
10/9/2015	Client fees	Water Usage Fees	\$ 2,146.79
10/14/2015	Client fees	Water Usage Fees	\$ 4,172.76
10/21/2015	Client fees	Water Usage Fees	\$ 2,281.99
10/28/2015	Client fees	Water Usage Fees	\$ 3,494.20
12/4/2015	Client fees	Water Usage Fees	\$ 3,898.72
12/9/2015	Client fees	Water Usage Fees	\$ 667.20
12/16/2015	Client fees	Water Usage Fees	\$ 1,182.30
12/23/2015	Client fees	Water Usage Fees	\$ 3,144.49
12/30/2015	Client fees	Water Usage Fees	\$ 2,054.90



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

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

3)	<b>REVENUE (continued)</b>								
	<b>Finding:</b>								
	b)	Amounts recorded in the general ledger agreed with supporting documentation and the bank statements.							
	c)	Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.							
4)	<b>EXPENDITURES</b>								
	The Contractor shall 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 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. (For purposes of performing these procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.)							
	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).							
	Note: The sample must be representative of the population.								
	The following cash disbursements were selected and the procedures described in 4(a) - 4(c) above were performed:								
		<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Description</b>			<b>Check Amount</b>	
		1/15/2015	6149	Bohannan Huston, Inc.	Consulting fees			\$ 3,296.09	
		1/15/2015	6153	Watson Law Office, LLC	Legal fees			\$ 485.72	
		2/19/2015	6156	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 2,274.58	
		2/19/2015	6159	Pure Operations, LLC	Operations and Maintenance			\$ 829.95	
		3/19/2015	6162	Gadsden Indep. School Dist	Rental fee			\$ 255.66	
		3/19/2015	6165	NM Taxation & Revenue (H20)	Water Conservation fee			\$ 56.91	
		4/16/2015	6168	Gadsden Indep. School Dist	Rental fee			\$ 255.66	
		4/16/2015	6172	Mesilla Valley Accounting PC	Accounting Services			\$ 2,735.51	
		5/21/2015	6175	Gadsden Indep. School Dist	Rental fee			\$ 255.66	
		5/21/2015	6178	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 1,840.84	
		5/21/2015	6181	Pure Operations, LLC	Operations and Maintenance			\$ 829.95	
		6/18/2015	6184	Gadsden Indep. School Dist	Rental fee			\$ 255.66	
		6/18/2015	6187	Watson Law Office, LLC	Legal fees			\$ 71.36	
		6/18/2015	6190	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 1,778.92	
		6/30/2015	6193	Sams Club	Membership fee			\$ 45.00	
		7/16/2015	6196	Liliana Rivera	Mileage reimbursement			\$ 153.66	
		7/16/2015	6199	Watson Law Office, LLC	Legal fees			\$ 998.97	
		7/16/2015	6101	Sams Club	Supplies			\$ 74.32	
		8/20/2015	6202	Antonio Chavez	Mileage reimbursement			\$ 118.20	
		8/20/2015	6205	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 1,583.91	
		8/20/2015	6208	Watson Law Office, LLC	Legal fees			\$ 64.99	
		9/17/2015	6211	Rio Grande Pump & Supply Co.	Operations and Maintenance			\$ 408.77	
		9/17/2015	6214	New Mexico 811	Dues			\$ 31.78	
		9/17/2015	6217	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 1,527.20	
		10/15/2015	6220	Gadsden Indep. School Dist	Rental fee			\$ 255.66	
		10/15/2015	6223	Watson Law Office, LLC	Legal fees			\$ 113.73	
		10/15/2015	6226	Mesilla Valley Accounting PC	Accounting Services			\$ 2,694.37	
		11/19/2015	6229	Mark Burkhardt	Refund			\$ 100.00	
		11/19/2015	6232	Mesilla Valley Accounting PC	Accounting Services			\$ 2,536.25	
		11/19/2015	6235	Lower Rio Grande PWAWA	Operations and Maintenance			\$ 3,153.55	
		11/19/2015	6238	Ofelia Luna	Mileage reimbursement			\$ 66.66	

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

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

4)	<b>EXPENDITURES (continued)</b>					
	<b>Check Date</b>	<b>Check Number</b>	<b>Payee</b>	<b>Description</b>	<b>Check Amount</b>	
	12/17/2015	6241	NM Taxation & Revenue (H2O)	Water conservation fee	\$ 61.53	
	12/17/2015	6244	La Tierra Communications	Utility	\$ 5.36	
	12/17/2015	6247	Pure Operations, LLC	Operations and Maintenance	\$ 818.06	
	1/15/2015	ACH	El Paso Electric	Utility	\$ 1,178.43	
	6/18/2015	ACH	NM Taxation & Revenue	Gross receipts tax	\$ 418.76	
	7/12/2015	ACH	USDA/RD	Loan Payment	\$ 319.00	
	10/15/2015	ACH	El Paso Electric	Utility	\$ 1,576.25	
	12/17/2015	ACH	El Paso Electric	Utility	\$ 1,016.71	
	12/12/2015	ACH	USDA/RD	Loan Payment	\$ 319.00	
	<b>Results of Procedures 4(a) - 4(c):</b>					
<b>a)</b>	Tested 40 out of 139 total population of cash disbursements from the operating account. The amounts recorded as disbursed agreed to supporting documentation: amount paid, payee, date and description agreed with the vendor's invoice, purchase invoice, purchase order, contract and cancelled check, as appropriate.					
<b>b)</b>	Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements.					
<b>c)</b>	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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations governing the Per Diem and Mileage Act (2.42.2 NMAC).					
<b>Finding:</b>	No discrepancies were noted.					
5)	<b>JOURNAL ENTRIES</b>					
	If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, the Contractor shall test significant items for the following attributes:					
<b>a)</b>	Journal entries appear reasonable and have supporting documentation. (A journal entry is considered reasonable if: the explanation is consistent with the nature of the adjustment and the general ledger accounts affected and supporting documentation agrees with the journal entry details.)					
<b>b)</b>	The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed					
	The following journal entries were selected and the procedures described 5(a) - 5(b) above were performed:					
	<b>Date</b>	<b>Description</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>	
	1/31/2015	Monthly Deposit in transit	Deposits in Transit	\$ 2,319.33		
		Monthly Deposit in transit	Water Customers		\$ 2,319.33	
	4/1/2015	Reverse-Monthly Deposit in transit	Water Customers	\$ 415.51		
		Reverse-Monthly Deposit in transit	Deposits in Transit		\$ 415.51	
	6/30/2015	Monthly Billings	Water Customers	\$ 9,873.72		
		Monthly Billings	Water Usage Fees		\$ 9,119.30	
		Monthly Billings	Late Fees		\$ 298.43	
		Monthly Billings	Gross Receipts Tax Payable		\$ 455.99	
	8/31/2015	Monthly Depreciation expense	Depreciation expense	\$ 2,135.14		
		Monthly Depreciation expense	Depreciation expense		\$ 2,135.14	
	10/31/2015	Monthly Billing Adjustments	Water customers	\$ 3,149.00		
			Installation Fees		\$ 2,914.00	
			Connection Fees		\$ 50.00	
			Membership Fees		\$ 150.00	
			Returned Check Fees		\$ 35.00	



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

**EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 4 of the Audit Act - Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC**

5)	<b>JOURNAL ENTRIES (continued)</b>				
	<b>Date</b>	<b>Description</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>
	12/31/2015	Monthly Deposit in transit	Deposits in transit	\$ 2,053.89	
		Monthly Deposit in transit	Deposits in transit		\$ 2,053.89
	<b>Results of Procedures 4(a) - 4(c):</b>				
	a)	Journal entries appear reasonable and have supporting documentation.			
	b)	The Association has a review process for journal entries and the journal entries tested have evidence of review.			
	<b>Finding:</b>				
	No discrepancies noted.				
6)	<b>BUDGET</b>				
	The Contractor shall 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.			
	<b>Results of Procedures 4(a) - 4(c):</b>				
	a)	Obtained copy of overall budget for the local public body. Obtained Minutes of the Board and reviewed for approval of budget and budget adjustments. Noted the overall budget was approved by the Board.			
	b)	Total actual expenditures did not exceed the final budget approved for the Association Budget was sent to DFA, noted approval letter from DFA			
	c)	A schedule of revenues and expenses - budget and actual was prepared from the Association record on the cash budgetary basis.			
	<b>Finding:</b>				
	No discrepancies noted.				
	<b>OTHER</b>				
	If information comes to the Contractor'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(I)(3)(C) NMAC.				
	<b>Finding:</b>				
	No indication of any fraud, illegal acts, noncompliance, or any internal control deficiencies were noted during the agreed-upon procedures test work.				

**STATE OF NEW MEXICO**  
**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**EXHIBIT B**  
**BUDGET AND ACTUAL - Modified Cash Basis**

**Statement of Revenues and Expenditures**  
**Budget and Actual**  
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
<b>REVENUES</b>				
Water usage fees	\$ 100,000	\$ 100,000	\$ 102,559	\$ 2,559
Connection fees	1,000	1,000	850	(150)
Damanges/service calls	200	200	28	(172)
Installation fees	1,500	1,500	7,821	6,321
Membership fees	750	750	1,050	300
Water right fees	3,200	3,200	6,400	3,200
Delinquency charges	3,000	3,000	3,799	799
<b>Total revenues</b>	<b>109,650</b>	<b>109,650</b>	<b>122,507</b>	<b>12,857</b>
<b>EXPENDITURES</b>				
Bad debt expense	750	750	285	465
Board expenses	750	750	326	424
Contract services	1,000	1,000	-	1,000
Depreciation expense	26,000	26,000	25,622	378
Dues and subscriptions	350	350	344	6
Insurance	2,500	2,500	2,024	476
Interest expense	2,900	2,900	2,852	48
Licenses/other taxes	100	100	7	93
Maintenance Operator	22,500	22,500	26,467	(3,967)
Office expense	750	750	238	512
Professional fees	40,500	40,500	42,321	(1,821)
Property tax	250	250	184	66
Rent	3,100	3,100	3,068	32
Repairs and maintenance	2,500	2,500	2,623	(123)
System improvements (non-assets)	5,500	5,500	-	5,500
System supplies and chemicals	4,500	4,500	6,126	(1,626)
Travel	650	650	477	173
Utilities	19,000	19,000	16,957	2,043
Water Conservaton fees	1,200	1,200	988	212
<b>Total expenditures</b>	<b>134,800</b>	<b>134,800</b>	<b>130,909</b>	<b>3,891</b>
Excess (deficiency) of revenues over expenditures	(25,150)	(25,150)	(8,402)	16,748
<b>NONOPERATING REVENUES AND EXPENDITURES</b>				
Interest	-	-	-	-
Rebates	-	-	-	-
Sale of Irrigation Water	-	-	-	-
Capital Improvements	(40,000)	(40,000)	(1,458)	38,542
<b>Total nonoperating revenues &amp; expenditures</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(1,458)</b>	<b>38,542</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	(65,150)	(65,150)	\$ (9,860)	\$ 55,290
Budgeted cash carryover	65,150	65,150		
	<u>\$ -</u>	<u>\$ -</u>		

**Alto de las Flores MDWCA**  
**Budget vs. Actual**  
**January through December 2015**

	Jan - Dec 15	Budget	% of Budget
Ordinary Income/Expense			
Income			
Operating Income			
Water Usage Fees	102,558.64	100,000.00	102.6%
Connection Fees	850.00	1,000.00	85.0%
Damages/Service Calls	27.75	200.00	13.9%
Installation Fees	7,821.00	1,500.00	521.4%
Membership Fees	1,050.00	750.00	140.0%
Water Rights Fees	6,400.00	3,200.00	200.0%
Total Operating Income	118,707.39	106,650.00	111.3%
Delinquency Charges			
Late Fees	3,693.65	3,000.00	123.1%
Returned Check Fees	105.00	0.00	100.0%
Total Delinquency Charges	3,798.65	3,000.00	126.6%
Total Income	122,506.04	109,650.00	111.7%
Expense			
Bad Debt Expense	285.17	750.00	38.0%
Board Expenses	326.04	750.00	43.5%
Contract Services	0.00	1,000.00	0.0%
Depreciation Expense	25,621.68	26,000.00	98.5%
Dues and Subscriptions	343.91	350.00	98.3%
Insurance	2,024.34	2,500.00	81.0%
Interest Expense	2,852.26	2,900.00	98.4%
Licenses/Other Taxes	7.07	100.00	7.1%
Maintenance Operator	26,466.81	22,500.00	117.6%
Office Expense	238.00	750.00	31.7%
Professional Fees			
Accounting/Administrative	35,109.64	33,000.00	106.4%
Engineering	2,000.00	1,500.00	133.3%
Legal Fees	5,211.45	6,000.00	86.9%
Total Professional Fees	42,321.09	40,500.00	104.5%
Property Tax	184.48	250.00	73.8%
Rent	3,067.92	3,100.00	99.0%
Repairs and Maintenance	2,622.87	2,500.00	104.9%
System Improvements (Non-Asset)	0.00	5,500.00	0.0%
System Supplies & Chemicals	6,126.00	4,500.00	136.1%
Travel & Entertainment			
Meals	0.00	150.00	0.0%
Travel	476.87	500.00	95.4%
Total Travel & Entertainment	476.87	650.00	73.4%
Utilities	16,956.62	19,000.00	89.2%
Water Conservation Fees	988.11	1,200.00	82.3%
Total Expense	130,909.24	134,800.00	97.1%
Net Ordinary Income	-8,403.20	-25,150.00	33.4%

EXHIBIT C

Alto de las Flores MDWCA  
Budget vs. Actual  
January through December 2015

---

	<u>Jan - Dec 15</u>	<u>Budget</u>	<u>% of Budget</u>
Other Income/Expense			
Other Expense			
Capital Improvements Budget	1,456.97	40,000.00	3.6%
Total Other Expense	1,456.97	40,000.00	3.6%
Net Other Income	-1,456.97	-40,000.00	3.6%
Net Income	-9,860.17	-65,150.00	15.1%

## EXHIBIT D

**Alto de las Flores MDWCA**  
**Statement of Assets, Liabilities, and Net Assets**  
**Modified Cash Basis**

	Dec 31, 15
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citizens Bank - Operating	145,643.21
Citizens Bank - Reserve	4,801.00
Total Checking/Savings	150,444.21
Accounts Receivable	
Water Customers	6,404.70
Total Accounts Receivable	6,404.70
Other Current Assets	
Construction in Progress	11,220.81
Deposits in Transit	2,053.89
Prepaid Expenses	1,028.99
Total Other Current Assets	14,303.69
Total Current Assets	171,152.60
Fixed Assets	
Land Improvements	5,500.00
Water System/Infrastructure	1,010,197.00
Accumulated Depreciation	-215,430.97
Total Fixed Assets	800,266.03
<b>TOTAL ASSETS</b>	<b>971,418.63</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Operating	5,751.36
Total Accounts Payable	5,751.36
Other Current Liabilities	
Gross Receipts Tax Payable	378.60
Member Security Deposits	1,000.00
Renter Deposits	500.00
Total Other Current Liabilities	1,878.60
Total Current Liabilities	7,629.96
Long Term Liabilities	
Note Payable - USDA/RD	62,855.32
Total Long Term Liabilities	62,855.32
Total Liabilities	70,485.28
Equity	
Restricted Net Assets	
USDA/RD Reserve	4,801.00
Total Restricted Net Assets	4,801.00



EXHIBIT D

Alto de las Flores MDWCA  
Statement of Assets, Liabilities, and Net Assets  
Modified Cash Basis

---

	Dec 31, 15
Unrestricted Net Assets	904,535.55
Net Income	-8,403.20
Total Equity	900,933.35
TOTAL LIABILITIES & EQUITY	971,418.63

**Alto de las Flores MDWCA**  
**Statement of Revenue and Expenses**  
**Modified Cash Basis**

	Oct - Dec 15	Jan - Dec 15
Ordinary Income/Expense		
Income		
Operating Income		
Water Usage Fees	26,239.49	102,558.64
Connection Fees	200.00	850.00
Damages/Service Calls	0.00	27.75
Installation Fees	2,914.00	7,821.00
Membership Fees	300.00	1,050.00
Water Rights Fees	0.00	6,400.00
Total Operating Income	29,653.49	118,707.39
Delinquency Charges		
Late Fees	1,283.19	3,693.65
Returned Check Fees	35.00	105.00
Total Delinquency Charges	1,318.19	3,798.65
Total Income	30,971.68	122,506.04
Expense		
Bad Debt Expense	0.00	285.17
Board Expenses	163.71	326.04
Depreciation Expense	6,405.42	25,621.68
Dues and Subscriptions	129.71	343.91
Insurance	464.00	2,024.34
Interest Expense	708.99	2,852.26
Licenses/Other Taxes	-1.99	7.07
Maintenance Operator	8,795.03	26,466.81
Office Expense	126.00	238.00
Professional Fees		
Accounting/Administrative	8,105.89	35,109.64
Engineering	0.00	2,000.00
Legal Fees	731.12	5,211.45
Total Professional Fees	8,837.01	42,321.09
Property Tax	34.48	184.48
Rent	766.98	3,067.92
Repairs and Maintenance	2,622.87	2,622.87
System Supplies & Chemicals	818.06	6,126.00
Travel & Entertainment		
Travel	17.92	476.87
Total Travel & Entertainment	17.92	476.87
Utilities	3,540.44	16,956.62
Water Conservation Fees	170.49	988.11
Total Expense	33,599.12	130,909.24
Net Ordinary Income	-2,627.44	-8,403.20
Other Income/Expense		
Other Expense		
Capital Improvements Budget	0.00	0.00
Total Other Expense	0.00	0.00
Net Other Income	0.00	0.00
Net Income	-2,627.44	-8,403.20

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES  
DECEMBER 31, 2015**

**CURRENT YEAR FINDINGS:**

None

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS  
DECEMBER 31, 2015**

**PRIOR-YEAR FINDINGS:**

**2010-001 Late Submission of Report (Noncompliance).** Closed not repeated in current year.

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
DECEMBER 31, 2015**

**Exit Conference:**

The exit conferences were held on April 21, 2016 with the following persons:

Antonio Chavez, President  
Faustino Favela, Director

Denise S. Cooper, Partner, Clifford, Ross & Cooper, LLC

These agreed-upon procedures were prepared by Clifford, Ross & Cooper, LLC from the books and records of Alto De La Flores Mutual Domestic Water Consumers Association with the