

ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
AGREED-UPON PROCEDURES  
DECEMBER 31, 2016

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
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DECEMBER 31, 2016**

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**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
OFFICIAL ROSTER  
DECEMBER 31, 2016**

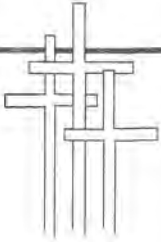
ANTONIO CHAVEZ, PRESIDENT

OFELIA LUNA, VICE-PRESIDENT

JOHNNY HOLGUIN, 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, 2016. Alto De Las Flores Mutual Domestic Water Consumers Association's management is responsible for the company's accounting records. 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.

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 on the accounting records. 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 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, CPAs, LLC  
Las Cruces, New Mexico  
May 2, 2017

**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)		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>Finding:</b> No discrepancies noted.
2)	<b>CASH</b>	
	a)	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. <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. <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, 2016: Citizens Bank - Operating - \$167,112.50; Citizens Bank - Reserve \$5,185.00. All bank reconciliations are performed on a timely basis and all were complete and on-hand.
	b)	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 <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. <b>Finding:</b> All bank reconciliations tested revealed no exceptions.
	c)	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 <b>Procedure:</b> The bank statements for the entire fiscal year ending December 31, 2016 were reviewed for balances. <b>Finding:</b> Bank account balances did not exceed the insured limits during the year ended December 31, 2016 and, therefore, pledged collateral was not required for any bank account.
3)	<b>CAPITAL ASSETS</b>	
		The Contractor shall verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978 <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. <b>Finding:</b> Yearly inventory was performed and certified. No discrepancies noted.
4)	<b>REVENUE</b>	
		The Contractor shall 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. 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%.

**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**

<b>4) REVENUE (continued)</b>						
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>b)</b> Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.						
<b>c)</b> 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.						
<b>Results of Procedures:</b>						
<b>a)</b> 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</b>		<b>Actual</b>		
		<b>Amount</b>		<b>Amount</b>	<b>Variance</b>	<b>Percentage</b>
	Water Usage Fees	\$110,000		\$115,139	\$ 5,139	5%
	Connection Fees	\$ 1,000		\$ 1,525	\$ 525	53%
	Damage/Service Calls	\$ 200		\$ -	\$ (200)	-100%
	Installation Fees	\$ 1,500		\$ 143	\$ (1,357)	-90%
	Membership Fees	\$ 600		\$ 900	\$ 300	50%
	Water Rights Fees	\$ 3,200		\$ 3,200	\$ -	0%
	Delinquency Charges	\$ 3,000		\$ 4,868	\$ 1,868	62%
The following items were selected for procedures 3(b)-3(c):						
	<b>Receipts Date</b>	<b>Payer</b>	<b>Description</b>		<b>Amount</b>	
	2/10/2016	Client fees	Water Usage Fees		\$ 756.46	
	2/17/2016	Client fees	Water Usage Fees		\$ 1,072.48	
	2/24/2016	Client fees	Water Usage Fees		\$ 2,558.75	
	2/29/2016	Client fees	Water Usage Fees		\$ 1,500.93	
	3/7/2016	Client fees	Water Usage Fees		\$ 2,050.77	
	4/13/2016	Client fees	Water Usage Fees		\$ 1,132.68	
	4/20/2016	Client fees	Water Usage Fees		\$ 2,776.64	
	4/27/2016	Client fees	Water Usage Fees		\$ 2,896.66	
	5/5/2016	Client fees	Water Usage Fees		\$ 5,164.07	
	6/15/2016	Client fees	Water Usage Fees		\$ 1,614.82	
	6/22/2016	Client fees	Water Usage Fees		\$ 2,605.59	
	6/29/2016	Client fees	Water Usage Fees		\$ 2,567.89	
	7/7/2016	Client fees	Water Usage Fees		\$ 4,600.90	
	8/10/2016	Client fees	Water Usage Fees		\$ 1,463.99	
	8/17/2016	Client fees	Water Usage Fees		\$ 1,898.96	
	8/24/2016	Client fees	Water Usage Fees		\$ 5,511.90	
	8/31/2016	Client fees	Water Usage Fees		\$ 2,293.94	
	9/7/2016	Client fees	Water Usage Fees		\$ 2,919.40	
	10/12/2016	Client fees	Water Usage Fees		\$ 1,376.85	
	10/19/2016	Client fees	Water Usage Fees		\$ 936.57	
	10/26/2016	Client fees	Water Usage Fees		\$ 3,096.50	
	11/4/2016	Client fees	Water Usage Fees		\$ 6,321.53	
	12/14/2016	Client fees	Water Usage Fees		\$ 1,159.40	
	12/21/2016	Client fees	Water Usage Fees		\$ 2,745.64	
	12/28/2016	Client fees	Water Usage Fees		\$ 2,164.52	
	1/9/2017	Client fees	Water Usage Fees		\$ 2,630.00	

**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**

4)	<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.							

5)	<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:

Check Date	Check Number	Payee	Description	Check Amount
1/21/2016	6249	Gadsden Indep. School Dist	Rental fee	\$ 255.66
1/21/2016	6251	Mesilla Valley Accounting PC	Accounting Services	\$ 2,762.21
2/15/2016	6261	Lower Rio Grande PWAWA	Operations and Maintenance	\$ 1,743.60
2/18/2016	6262	Dominos Pizza	Board meeting	\$ 38.93
3/17/2016	6270	Ofelia Luna	Mileage reimbursement	\$ 36.80
3/17/2016	6271	Pure Operations, LLC	Operations and Maintenance	\$ 818.06
4/12/2016	6273	NM Taxation & Revenue	Water conservation fees	\$ 99.18
4/21/2016	6274	Vencor Engineering, LLC	Engineering fees	\$ 1,083.13
4/21/2016	6277	Lower Rio Grande PWAWA	Operations and Maintenance	\$ 1,943.59
5/19/2016	6281	Levitt Group Southwest	Insurance	\$ 1,856.00
5/19/2016	6283	Faustino Favela	Reimbursement	\$ 11.91
5/19/2016	6284	US Postal Service	PO box	\$ 110.00
5/19/2016	6285	Watson Smith, LLC	Legal fees	\$ 64.99
5/19/2016	6291	James, Cooke & Hobson, Inc.	Operations and Maintenance	\$ 3,679.38
6/16/2016	6295	Mesilla Valley Accounting PC	Accounting Services	\$ 2,910.90
6/29/2016	6301	Sams Club	Membership fee	\$ 48.74
7/21/2016	6308	Lower Rio Grande PWAWA	Operations and Maintenance	\$ 2,100.23
7/21/2016	6310	Watson Smith, LLC	Legal fees	\$ 81.23
8/19/2016	6321	Walmart	Board meeting	\$ 47.82
9/15/2016	6324	NM Taxation & Revenue	Water conservation fees	\$ 118.23
9/15/2016	6327	New Mexico 811	Membership fee	\$ 29.91
9/15/2016	6328	James, Cooke & Hobson, Inc.	Operations and Maintenance	\$ 4,099.88
9/15/2016	6331	Lower Rio Grande PWAWA	Operations and Maintenance	\$ 3,116.90
10/20/2016	6335	Gadsden Indep. School Dist	Rental fee	\$ 255.66
10/20/2016	6339	Watson Smith, LLC	Legal fees	\$ 604.36
10/20/2016	6340	Ofelia Luna	Mileage reimbursement	\$ 39.10
10/25/2016	6332	Sams Club	Supplies	\$ 213.95
11/17/2016	6343	Pure Operations, LLC	Operations and Maintenance	\$ 818.06
11/17/2016	6346	Mesilla Valley Accounting PC	Accounting Services	\$ 2,707.81
12/11/2016	6351	Walmart	Supplies	\$ 153.72
12/15/2016	6355	Ofelia Luna	Mileage reimbursement	\$ 27.60

**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) EXPENDITURES (continued)						
Check Date	Check Number	Payee	Description	Check Amount		
12/15/2016	6358	New Mexico 811	Membership fee	\$ 89.19		
12/15/2016	6359	Lower Rio Grande PWWA	Operations and Maintenance	\$ 1,827.50		
12/19/2016	6360	Mesilla Valley Accounting, PC	Board meeting reimbursement	\$ 471.98		
2/12/2016	ACH	USDA/RD	Loan Payment	\$ 319.00		
3/17/2016	ACH	El Paso Electric	Utility	\$ 1,024.41		
4/21/2016	ACH	NM Taxation & Revenue Dept	CRS	\$ 352.28		
8/21/2016	ACH	USDA/RD	Loan Payment	\$ 319.00		
11/17/2016	ACH	El Paso Electric	Utility	\$ 1,431.26		
12/19/2016	ACH	El Paso Electric	Utility	\$ 1,057.31		
<b>Results of Procedures 4(a) - 4(c):</b>						
a)	Tested 40 out of 148 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)	Traced authorization to established policies and procedures and was approved and authorized in compliance with the budget, legal requirements.					
c)	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.						
6) JOURNAL ENTRIES						
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:						
a)	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)	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:						
Date	Description	Account	Debit	Credit		
2/29/116	Monthly Deposit in transit	Deposits in Transit	\$ 2,135.14			
	Monthly Deposit in transit	Water Customers		\$ 2,135.14		
4/1/2016	Reverse-Monthly Deposit in transit	Water Customers	\$ 255.66			
	Reverse-Monthly Deposit in transit	Deposits in Transit		\$ 255.66		
6/30/2016	Monthly Billings	Water Customers	\$12,261.86			
	Monthly Billings	Water Usage Fees		\$ 11,172.00		
	Monthly Billings	Late Fees		\$ 530.51		
	Monthly Billings	Gross Receipts Tax Payable		\$ 559.35		
8/31/2016	Monthly Depreciation expense	Depreciation expense	\$ 2,135.14			
	Monthly Depreciation expense	Depreciation expense		\$ 2,135.14		
10/31/2015	Monthly Billings	Water Customers	\$ 1,543.61			
		Water Usage Fees		\$ 10,721.75		
		Late Fees		\$ 285.04		
		Gross Receipts Tax Payable		\$ 536.82		



**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**

6)	<b>JOURNAL ENTRIES (continued)</b>				
	<b>Date</b>	<b>Description</b>	<b>Account</b>	<b>Debit</b>	<b>Credit</b>
	12/31/2016	Monthly Billing Adjustments	Water Customers	\$ 300.00	
		Monthly Billing Adjustments	Connection Fees		\$ 300.00
	<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.				
7)	<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.				

**ALTO DE FLORES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
EXHIBIT B - SCHEDULE OF CAPITAL OUTLAY PROJECTS  
DECEMBER 31, 2016**

	<u>Award Amount</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Received</u>	<u>Remaining Balance</u>
<b><u>For the Year Ended 2016</u></b>					
New Mexico Finance Authority Grant Preliminary Engineering Report grant # 3640-PG conditional approval 10/27/16 Expiration date: until all funds are used	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000

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

**Statement of Revenues and Expenditures**  
**Budget and Actual**  
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive/(Negative)
<b>REVENUES</b>				
Water usage fees	\$ 110,000	\$ 110,000	\$ 115,139	\$ 5,139
Connection fees	1,000	1,000	1,525	525
Damanges/service calls	200	200	-	(200)
Installation fees	1,500	1,500	143	(1,357)
Membership fees	600	600	900	300
Water right fees	3,200	3,200	3,200	-
Delinquency charges	3,000	3,000	4,868	1,868
<b>Total revenues</b>	<b>119,500</b>	<b>119,500</b>	<b>125,775</b>	<b>6,275</b>
<b>EXPENDITURES</b>				
Bad debt expense	750	750	3,503	(2,753)
Board expenses	500	500	715	(215)
Depreciation expense	25,600	25,600	25,620	(20)
Dues and subscriptions	350	350	480	(130)
Insurance	2,500	2,500	1,856	644
Interest expense	2,800	2,800	2,807	(7)
Licenses/other taxes	100	100	122	(22)
Maintenance Operator	23,000	23,000	24,589	(1,589)
Office expense	500	500	637	(137)
Professional fees	43,500	43,500	40,573	2,927
Property tax	200	200	185	15
Rent	3,100	3,100	3,068	32
Repairs and maintenance	1,000	1,000	16	984
System supplies and chemicals	6,000	6,000	5,662	338
Travel	750	750	732	18
Utilities	18,000	18,000	16,480	1,520
Water Conservaton fees	1,500	1,500	1,038	462
<b>Total expenditures</b>	<b>130,150</b>	<b>130,150</b>	<b>128,083</b>	<b>2,067</b>
Excess (deficiency) of revenues over expenditures	(10,650)	(10,650)	(2,308)	8,342
<b>NONOPERATING REVENUES AND EXPENDITURES</b>				
Capital Improvements	(10,000)	(10,000)	(4,100)	5,900
<b>Total nonoperating revenues &amp; expenditures</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>(4,100)</b>	<b>5,900</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources</b>	<b>(20,650)</b>	<b>(20,650)</b>	<b>\$ (6,408)</b>	<b>\$ 14,242</b>
Budgeted cash carryover	20,650	20,650		
	<u>\$ -</u>	<u>\$ -</u>		

## EXHIBIT D

**Alto De Las Flores MDWCA**  
**Budget vs. Actual**  
**January through December 2016**

	Jan - Dec 16	Budget	% of Budget
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>Operating Income</b>			
Water Usage Fees	115,138.80	110,000.00	104.7%
Connection Fees	1,525.00	1,000.00	152.5%
Damages/Service Calls	0.00	200.00	0.0%
Installation Fees	143.00	1,500.00	9.5%
Membership Fees	900.00	600.00	150.0%
Water Rights Fees	3,200.00	3,200.00	100.0%
<b>Total Operating Income</b>	<b>120,906.80</b>	<b>116,500.00</b>	<b>103.8%</b>
<b>Delinquency Charges</b>			
Late Fees	4,798.03	3,000.00	159.9%
Returned Check Fees	70.00	0.00	100.0%
<b>Total Delinquency Charges</b>	<b>4,868.03</b>	<b>3,000.00</b>	<b>162.3%</b>
<b>Total Income</b>	<b>125,774.83</b>	<b>119,500.00</b>	<b>105.3%</b>
<b>Expense</b>			
Bad Debt Expense	3,503.17	750.00	467.1%
Board Expenses	715.50	500.00	143.1%
Dues and Subscriptions	479.53	350.00	137.0%
Insurance	1,856.00	2,500.00	74.2%
Interest Expense	2,807.49	2,800.00	100.3%
Licenses/Other Taxes	122.31	100.00	122.3%
Maintenance Operator	24,588.63	23,000.00	106.9%
Office Expense	637.23	500.00	127.4%
<b>Professional Fees</b>			
Accounting/Administrative	36,139.32	36,000.00	100.4%
Engineering	1,083.13	1,500.00	72.2%
Legal Fees	3,350.09	6,000.00	55.8%
<b>Total Professional Fees</b>	<b>40,572.54</b>	<b>43,500.00</b>	<b>93.3%</b>
Property Tax	184.52	200.00	92.3%
Rent	3,087.92	3,100.00	99.0%
Repairs and Maintenance	16.25	1,000.00	1.6%
System Supplies & Chemicals	5,662.08	6,000.00	94.4%
<b>Travel &amp; Entertainment</b>			
Meals	0.00	0.00	0.0%
<b>Total Travel &amp; Entertainment</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
Travel	731.52	750.00	97.5%
Utilities	16,479.51	18,000.00	91.6%
Water Conservation Fees	1,038.27	1,500.00	69.2%
<b>Total Expense</b>	<b>102,462.45</b>	<b>104,550.00</b>	<b>98.0%</b>
<b>Net Ordinary Income</b>	<b>23,312.38</b>	<b>14,950.00</b>	<b>155.9%</b>
<b>Other Income/Expense</b>			
<b>Other Expense</b>			
Capital Improvements	4,099.88	10,000.00	41.0%
Depreciation Expense	25,621.68	25,600.00	100.1%
<b>Total Other Expense</b>	<b>29,721.56</b>	<b>35,600.00</b>	<b>83.5%</b>
<b>Net Other Income</b>	<b>-29,721.56</b>	<b>-35,600.00</b>	<b>83.5%</b>
<b>Net Income</b>	<b>-6,409.18</b>	<b>-20,650.00</b>	<b>31.0%</b>

EXHIBIT D

SUSANA MARTINEZ  
GOVERNOR



THOMAS E. CLIFFORD, Ph.D.  
CABINET SECRETARY

RICK LOPEZ  
DIRECTOR

BILL R. GARCIA  
Deputy Director

STATE OF NEW MEXICO  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
LOCAL GOVERNMENT DIVISION

Bataan Memorial Building ♦ 407 Galisteo St. ♦ Suite 202 ♦ Santa Fe, NM 87501  
PHONE (505) 827-4950 ♦ FAX (505) 827-4948

May 6, 2016

Antonio Chavez  
President  
Alto De Las Flores MDWCA  
P.O. Box 16216  
Las Cruces, NM 88004

Dear Mr. Chavez:

The final budget for your local government entity ("entity") for Calendar Year 2016, as approved by your governing body, has been examined and reviewed. The Department of Finance and Administration, Local Government Division (LGD) finds it has been developed in accordance with applicable statutes and budgeting guidelines, and sufficient resources appear to be available to cover budgeted expenditures. In addition, the *Budget Certification of Local Public Bodies* rule, 2.2.3 NMAC, requires that your entity's "Agreed Upon Procedures" (as specified in 2.2.2.16 NMAC) for Calendar Year 2014 should have submitted to the Office of the State Auditor as of this time. The LGD's information indicates that you are in compliance with this requirement. Therefore, in accordance with NMSA 1978, Section 6-6-2 (E) (2011), the LGD certifies your entity's final Calendar Year 2016 budget.

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

Budgets approved by the LGD are required to be made a part of the minutes of your governing body according to NMSA 1978, Section 6-6-5 (1957). In addition, NMSA 1978, Section 6-6-6 (2001) provides that the approved budget is binding on local officials and governing authorities; and any official or governing authority approving claims or paying warrants in excess of the approved budget or available funds will be liable for the excess amounts.

Finally, as required by NMSA 1978, Section 6-6-2 (H) (2011), LGD is required to approve all transfers between line items and revised budgets for expenditures not included in the final approved budget.

If you have questions regarding this matter, please call Anita Medina of my staff at 505-827-8062.

Sincerely,

  
Rick Lopez, Director  
Local Government Division

xc: file

**Alto De Las Flores MDWCA**  
**Statement of Assets, Liabilities, and Equity**  
**Modified Cash Basis**

	Dec 31, 16
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Citizens Bank - Operating	167,112.50
Citizens Bank - Reserve	5,185.00
Total Checking/Savings	172,297.50
Accounts Receivable	
Water Customers	3,031.21
Total Accounts Receivable	3,031.21
Other Current Assets	
Construction in Progress	11,220.81
Deposits in Transit	2,630.00
Prepaid Expenses	1,217.99
Total Other Current Assets	15,068.80
Total Current Assets	190,397.51
Fixed Assets	
Land Improvements	5,500.00
Water System/Infrastructure	1,010,197.00
Accumulated Depreciation	-241,052.65
Total Fixed Assets	774,644.35
<b>TOTAL ASSETS</b>	<b>965,041.86</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Operating	7,098.49
Total Accounts Payable	7,098.49
Other Current Liabilities	
Gross Receipts Tax Payable	384.39
Member Security Deposits	700.00
Renter Deposits	500.00
Total Other Current Liabilities	1,584.39
Total Current Liabilities	8,682.88
Long Term Liabilities	
Note Payable - USDA/RD	61,834.81
Total Long Term Liabilities	61,834.81
Total Liabilities	70,517.69
Equity	
Restricted Net Assets	
Debt Reserve	5,185.00
Operating Reserve	20,000.00
Total Restricted Net Assets	25,185.00

EXHIBIT E  
**Alto De Las Flores MDWCA**  
**Statement of Assets, Liabilities, and Equity**  
**Modified Cash Basis**

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	<u>Dec 31, 16</u>
Unrestricted Net Assets	875,748.35
Net Income	<u>-6,409.18</u>
Total Equity	<u>894,524.17</u>
TOTAL LIABILITIES & EQUITY	<u><u>965,041.86</u></u>

EXHIBIT E

Alto De Las Flores MDWCA  
Statement of Revenue and Expenses  
Modified Cash Basis

	Jan - Dec 16
Ordinary Income/Expense	
Income	
Operating Income	
Water Usage Fees	115,138.80
Connection Fees	1,525.00
Installation Fees	143.00
Membership Fees	900.00
Water Rights Fees	3,200.00
Total Operating Income	120,906.80
Delinquency Charges	
Late Fees	4,798.03
Returned Check Fees	70.00
Total Delinquency Charges	4,868.03
Total Income	125,774.83
Expense	
Bad Debt Expense	3,503.17
Board Expenses	715.50
Dues and Subscriptions	479.53
Insurance	1,856.00
Interest Expense	2,807.49
Licenses/Other Taxes	122.31
Maintenance Operator	24,588.63
Office Expense	637.23
Professional Fees	
Accounting/Administrative	36,139.32
Engineering	1,083.13
Legal Fees	3,350.09
Total Professional Fees	40,572.54
Property Tax	184.52
Rent	3,067.92
Repairs and Maintenance	16.25
System Supplies & Chemicals	5,662.06
Travel	731.52
Utilities	16,479.51
Water Conservation Fees	1,038.27
Total Expense	102,462.45
Net Ordinary Income	23,312.38
Other Income/Expense	
Other Expense	
Capital Improvements	4,099.88
Depreciation Expense	25,621.68
Total Other Expense	29,721.56
Net Other Income	-29,721.56
Net Income	-6,409.18



**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016**

**CURRENT YEAR FINDINGS:**

None

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
SCHEDULE OF SUMMARY OF PRIOR-YEAR FINDINGS  
DECEMBER 31, 2016**

**PRIOR-YEAR FINDINGS:**

None

**ALTO DE LAS FLORES MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
DECEMBER 31, 2016**

**Exit Conference:**

The exit conferences were held on May 3, 2017 with the following persons:

Antonio Chavez, President

Faustino Favela, Director

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

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