



EL VALLE WATER ALLIANCE

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES - TIER 4
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EL VALLE WATER ALLIANCE
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 4
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EL VALLE WATER ALLIANCE
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 4
OFFICIAL ROSTER AS OF JUNE 30, 2019

Board of Directors:

Edward Sena	President
Rick Konersman	Vice-President
Lawrence Padilla	Secretary
Edward Madrid	Treasurer
Olivia Perea	Member

District Personnel:

Veronica Castro	Office Manager
Carlos Vigil	Certified Operator



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 4

Brian S. Colón, Esq.,
New Mexico State Auditor and
and Mr. Edward Sena, President
El Valle Water Alliance

We have performed the procedures enumerated below, which were agreed to by El Valle Water Alliance (Alliance) and the New Mexico State Auditor (specified parties), solely to assist you in determining compliance with provisions of the Audit Act for Tier 4 entity per Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978 as of and for the year ended June 30, 2019. The Alliance's management is responsible for maintaining its accounting records and the subject matter. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and 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".

The Alliance's revenue calculation and tier determination were documented on the form provided at www.osanm.org under the "Tier System Reporting Main Page". It was determined that the Alliance is under the Tier 4 reporting procedures because the Alliance's revenue of \$204,289 was between \$50,000 and \$250,000, and they did not receive or expend a state capital outlay appropriation.

2. Cash

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.

Obtained and viewed bank reconciliations for bank accounts for the fiscal year noting they

were complete, on hand, and performed in a timely manner (monthly). The Alliance did not have any investment accounts.

- 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 (DFA-LGD).**

Obtained and viewed twelve bank reconciliations (equal to 30% of the entity's bank reconciliations) and determined that they were mathematically accurate, agreed with general ledger balances and supporting documentation and DFA-Local Government Division quarterly reports.

- c. Determine whether the local public body's financial institutions have provided it with 50% pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.**

Viewed bank statements and bank account balances of the Alliance noting they were fully insured by the FDIC. Pledged collateral was not required since the Alliance's bank balances were below \$250,000 during the fiscal year.

3. Capital Assets

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

Obtained and viewed the certified capital asset inventory for fiscal year ending June 30, 2019.

4. Revenue

- Identify the nature and amount of revenue from all 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.**

The main revenue sources of the Alliance for FY19 consisted of water dues and contractual services. No unusual or unexplained variances were noted between budgeted revenue and actual revenue.

Select a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

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

A sample of cash receipts and deposits was judgmentally selected (equal to 30% of the total dollar amount of revenue). The amount recorded in the general ledger agreed 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.**

A sample of cash receipts and deposits was judgmentally selected (equal to 30% of the total amount of revenue); obtained supporting documentation noting the transactions were appropriately recorded as to classification, amount and period.

5. Expenditures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

- 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.**

Obtained supporting documentation for cash disbursement transactions (totaling 30% of total expenses) and verified that amount, payee, date and description agreed to the supporting documentation, as appropriate.

- b. **Determine that the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.**

Obtained supporting documentation for cash disbursement transactions (totaling 30% of total expenses) and verified that they were properly authorized and approved in compliance with 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).**

The Alliance had no procurements during the fiscal year.

6. Journal Entries

Test all non-routine journal entries, adjustments and reclassifications posted to the general ledger for the following attributes:

a. Journal entries appear reasonable and have supporting documentation.

The Alliance had one non-routine journal entry for FY19. This journal entry was selected and appears to be reasonable and have adequate supporting documentation.

b. The local public body has policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Journal entry selected was reviewed and approved, as evidenced by review and approval signatures on the entry.

7. Budget

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

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.

Obtained board resolution noting that the Alliance adopted the FY19 budget via board resolution dated July 23, 2018. The budget was approved by DFA-LGD on June 1, 2018.

b. Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

We determined that the legal level of budgetary control is at the fund level. Total expenses of the Alliance of \$202,027 did not exceed budgeted expenditures of \$305,835.

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.

See Schedule of Revenues and Expenses, Budget and Actual (Non-GAAP Cash Basis) on page 8.

8. Other

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 all required content per Section 2.2.2.10(L)NMAC.

See schedule of findings and responses on page 7.

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 4 agreed upon procedures. 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 El Valle Water Alliance, The New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Morton Accounting Services, LLC".

MORTON ACCOUNTING SERVICES, LLC

Santa Fe, New Mexico

December 13, 2019

**EL VALLE WATER ALLIANCE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

Status of Prior Year Findings:

None.

Current Year Findings:

None.

EL VALLE WATER ALLIANCE
SCHEDULE OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (NON-GAAP CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Contractual Services	\$ 35,989	\$ 35,989	\$ 34,401	\$ (1,588)
Water dues	167,664	167,664	168,451	787
Interest	300	300	318	18
Cash Balance	56,882	56,882	-	(56,882)
SAP	45,000	45,000	-	(45,000)
Miscellaneous	-	-	1,119	1,119
Total Revenues	<u>\$ 305,835</u>	<u>\$ 305,835</u>	<u>\$ 204,289</u>	<u>\$ (101,546)</u>
Expenses:				
Salaries and Benefits	\$ 75,580	\$ 75,580	\$ 79,836	\$ (4,256)
Mileage - Dam Tender	6,417	6,417	5,657	760
Office Utilities	3,270	3,270	3,079	191
Office Supplies	15,000	15,000	7,887	7,113
Insurance	10,000	10,000	9,767	233
Audit	3,050	3,050	-	3,050
Operations & Maintenance	81,000	81,000	31,088	49,912
Association Utilities	10,000	10,000	9,105	895
Storage	675	675	540	135
NM One Call	1,500	1,500	1,281	219
NM Gross Receipts Taxes	9,331	9,331	7,502	1,829
Conservation Fees	600	600	426	174
Advertisement	100	100	-	100
Contractual Services	1,500	1,500	-	1,500
Legal Fees	200	200	2,711	(2,511)
Technical Support	4,100	4,100	4,264	(164)
Loan Payments	38,512	38,512	38,512	-
SAP	45,000	45,000	-	45,000
Miscellaneous	-	-	372	(372)
Total Expenses	<u>\$ 305,835</u>	<u>\$ 305,835</u>	<u>\$ 202,027</u>	<u>\$ 103,808</u>

EL VALLE WATER ALLIANCE
COPY OF YEAR END FINANCIAL REPORT SUBMITTED TO DFA-LGD
FOR THE YEAR ENDED JUNE 30, 2019

INSTRUCTIONS: Cells in which are meant to be filled out are explained below. All other columns are locked and not meant to be filled out.
 Fill out the Approved Budget, 1st Qtr, 2nd Qtr, 3rd Qtr, 4th Qtr columns.
 Enter Beginning balances under the "APPROVED BUDGET" column, on the first day of year, July 1st. **AMOUNTS ARE LEFT UNCHANGED FOR THE YEAR.**
 Fill out Reserves (if reserve amounts change throughout the year under the "Year to Date(YTD) Totals" column.

MDWCA Name: El Valle Water Alliance
Mailing Address: P O. Box 453 Ribera NM 87580
Email Address: elvallewater@hotmail.com
Phone Number: 575-421-3892

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
Beginning balances:									
	Cash	109,682							
	Savings	36,992							
	CDs	25,233							
	Investments								
Beginning Balance TOTAL		171,927							
REVENUES									
	Merged Assoc w/NM GRT	170,192	41,337	37,041	42,014	38,796	159,188	11,010	94%
	Active Assoc w/NM GRT	9,976	2,232	2,129	2,313	2,026	8,701	1,275	87%
	Out Source Revenue	36,566	9,855	4,764	10,631	10,823	36,082	484	99%
	Interest Income	300	78	78	76	87	318	(18)	106%
	Non Operating Income SAP	45,000					0	45,000	0%
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
	TOTAL	262,040	53,502	44,012	55,034	51,741	204,289	57,751	78%
EXPENDITURES									
	Salaries	66,580	16,671	19,153	16,417	19,853	72,093	(5,513)	108%
	Employee Benefits and Expenses	9,000	2,204	2,561	1,410	1,568	7,741	1,257	88%
	Mileage	6,417	1,762	1,173	1,890	1,223	5,657	760	88%
	Office Utilities	3,270	508	983	1,027	561	3,079	191	94%
	Office Supplies	15,000	1,578	1,778	1,960	2,637	7,953	7,047	53%
	Insurance	10,000	538	537	8,267	425	9,767	233	98%
	Audit	3,050			2,711		2,711	339	89%
	O&M	54,778	16,460	10,491	1,839	1,717	30,507	24,270	56%
	Association Utiles	10,000	1,693	2,102	2,552	2,756	9,105	895	91%
	Storage	675	135	135	135	135	540	135	80%
	NM Once Cal	1,200	65		1,216		1,281	(81)	107%
	NM GRT	9,331	2,344	1,580	1,880	1,698	7,502	1,828	80%
	WCF	500	187	36	179	24	436	74	85%
	Advertisement	300					0	300	0%
	Contractual Services (Backup Operator)	1,500		580			580	920	39%
	Legal Fees	2,000					0	2,000	0%
	Tech Support	4,100	641	641	2,120	1,167	4,569	(469)	111%
	Non Operating Expense SAP	45,000					0	45,000	0%
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
							0	0	-
	TOTAL	281,212	52,529	49,492	50,954	49,052	202,027	79,185	72%
Ending Balance		152,754					174,189		
LESS: Operating Reserve									
Emergency Reserve									
Capital Improvement Reserve									
Debt Reserve									
Ending Available Cash Balance		152,754					174,189		

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/Chair
 Date 7/22/19

**EL VALLE WATER ALLIANCE
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2019**

On December 13, 2019, an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and contents of this report.

El Valle Water Alliance:

Lawrence Padilla

Secretary

Veronica Castro

Office Manager

Morton Accounting Services, LLC:

Janet Pacheco-Morton, CPA, CGFM

Managing Principal