



SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS AND MUTUAL SEWAGE WORKS

AGREED UPON PROCEDURES - TIER 4

DECEMBER 31, 2017

MORTON
ACCOUNTING, LLC

certified public accountants | consultants

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 4
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**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 4
OFFICIAL ROSTER AS OF DECEMBER 31, 2017**

Board of Directors:	December 31, 2017	December 31, 2018
President	Vacant	Connie Gutierrez
Vice-President	Vacant	Dolores Cleto
Secretary/Treasurer	Elaine Montano	Vacant
Member	Carmen Pacheco	Carmen Pacheco
Member	Connie Gutierrez	Vacant
Member	Dolores Cleto	Vacant
Member	Andrea Gonzales	Andrea Gonzales

Administrative Staff:

Office Manager	Agnes Valencia	Agnes Valencia
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 4

Mr. Brian Colon, New Mexico State Auditor
and Connie Gutierrez, President
Sangre de Cristo Regional Mutual Domestic Water Consumers & Mutual Sewage Works

We have performed the procedures enumerated below, which were agreed to by the Sangre de Cristo Regional Mutual Domestic Water Consumers & Mutual Sewage Works (Association) 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 December 31, 2017. The Association'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 Association'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 Association is under the Tier 4 reporting procedures because the Association's revenue of \$117,482 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.**

The Association provided evidence that monthly bank reconciliations were being performed in a timely manner. The bank statements for the fiscal year were complete and on hand. The Association had three bank accounts during 2017. However, one account was closed in June, 2017 and another account was opened in March, 2017.

- 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).**

Selected nine bank reconciliations, totaling 30% of bank reconciliations, for testing. Nine bank reconciliations were provided and tested for accuracy. Nine bank reconciliation ending balances were traced to the general ledger. Six of nine bank reconciliation ending balances were traced to quarterly financial reports submitted to DFA-LGD. However, three of four 2017 DFA-LGD quarterly financial reports could not be provided. As a result, three of nine bank reconciliation ending balances could not be traced to the DFA-LGD quarterly financial reports.

See Finding 2010-001.

- 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 Association noting they were fully insured by the FDIC. Pledged collateral was not required since the Association'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 December 31, 2017.

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 revenue sources of the Association consist of water dues and other miscellaneous receipts like interest income and reimbursements. A variance of \$21,463 was noted between budgeted water dues revenue and actual water dues revenue that could not be explained.

See Finding 2017-001.

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). Seventeen of the Nineteen transactions selected agreed to supporting documentation and the bank statement. Two of the nineteen samples selected could not be located, therefore, the amounts recorded in the general ledger could not be agreed to the supporting documentation and the bank statements.

See Finding 2017-001.

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). Seventeen of the nineteen transactions selected were properly recorded as to classification, amount and period, per review of the supporting documentation and general ledger. However, two of the nineteen samples selected could not be located and we could not determine if they were properly recorded as to classification, amount and period.

See Finding 2017-001.

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 31% of total expenses) for testing. For nine of fifteen transactions selected, we verified that amount, payee, date and description agreed to the received supporting documentation, as appropriate. The Association was unable to provide invoices or other supporting documentation for 6 cash transactions totaling \$5,062.06. Therefore, we could not perform test work on these

transactions.

See Finding 2017-002.

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 31% of total expenses) for testing. For nine of fifteen transactions selected, we determined that the disbursements were compliant with budget and legal requirements. The Association was unable to provide invoices or other supporting documentation for 6 cash transactions totaling \$5,062.06. Therefore, we could not perform test work on these transactions. In addition, we could not determine compliance with established policies and procedures as the Association has no written policies or procedures.

See Finding 2010-004 and 2017-002.

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).

There were no procurements during the fiscal year, therefore no test work was performed.

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 Association had no non-routine journal entries, adjustments or reclassifications posted to the general ledger during the fiscal year so no test work was performed.

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.

The Association had no non-routine journal entries, adjustments or reclassifications posted to the general ledger during the fiscal year so no test work was performed.

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.**

The budget was approved as stamped and signed on the budget document from DFA-LGD dated September 1, 2017. However, the Association's Budget was not adopted in a board resolution. The Association had one budget adjustment during the fiscal year, however, Board of Director's approval could not be located in board meeting minutes.

See Finding 2010-001.

- 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 Association of \$101,411 did not exceed budgeted expenditures of \$130,280. In addition revenue exceeded expenditures by \$16,071.

- 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 8.

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 Sangre de Cristo Regional Mutual Domestic Water Consumers & Mutual Sewage Works , the New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Morton Accounting Services, LLC

MORTON ACCOUNTING SERVICES, LLC

Santa Fe, New Mexico

March 21, 2019

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Status of Prior Year Findings:

Finding 2010-001. Non-compliance with Budget Laws and Regulations - Repeated and Modified.

Finding 2010-002. No Bank Account Reconciliations - Resolved.

Finding 2010-003. Lack of a General Ledger — Resolved.

Finding 2010-004. No Policies or Procedures Documented (Material Weakness) - Repeated.

Finding 2016-001. Late Agreed Upon Procedures Submission - Repeated and Modified.

Current Year Findings:

Finding 2010-001. Non-compliance with Budget Laws and Regulations and Reporting - Repeated and Modified

Condition:

The Association's Board of Directors didn't adopted the FY17 budget in a board resolution nor was there evidence of budget adjustment approval documented in Board Meeting Minutes. In addition, evidence was not provided that the Association submitted three of its four 2017 quarterly financial reports to DFA-LGD as required. As a result, three of nine bank reconciliations could not be traced to quarterly reports. *Management did make progress inc correcting this finding during FY 2017 in that they did 1) submit an annual budget to DFA-LGD, and 2) submitted some, but not all of the 2017 quarterly financial reports to DFA-LGD.*

Criteria:

Pursuant to Section 6-6-5 NMSA 1978, upon receipt of any budget approved by DFA-LGD, the local public body shall cause such budget to be made a part of the minutes of such body. In addition, per Section 6-6-2.F NMSA 1978, each local public body is required to submit quarterly financial reports to DFA-LGD.

Effect:

The Association is in noncompliance with the statutes 6-6-5 and 6-6-2.F NMSA 1978, respectively. Also the Association's financial condition and budget is not being monitored which can results in the agency making inappropriate decisions. In addition, the Agency didn't provide the oversight agency with the required quarterly financial information.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES, continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

2010-001. Non-compliance with Budget Laws and Regulations and Reporting - Repeated and Modified, continued

Cause:

The change in personnel during the fiscal year and lack of training caused this error to occur. The new Office Manager did not have any prior training or governmental experience regarding all the DFA requirements.

Recommendation:

After the Association receives the budget certification letter from DFA-LGD, the Association's Board of Directors should make record of the approval in the minutes of its meetings. The Association should submit its budget adjustments and quarterly financial reports to DFA-LGD as required. The Association should develop and implement written policies and procedures to ensure that the budget laws and regulations are fully complied with in the future.

Management Response:

The Sangre de Cristo Regional Board of Directors will establish a process where the interim budget and the annual budget are approved by the Board during a regular meeting of the Board prior to submitting them to DFA-LGD. Upon receiving the budget certification from DFA-LGD, The Board of Directors will take a similar action during a regular meeting to approve the DFA-LGD's approved budget. In addition, our Office Manager has established a schedule where the interim budget, the annual budget and quarterly reports are submitted to DFA-LGD based on the scheduled established by the same agency. Establishing processes and implementation will begin immediately upon completion of this agreed upon procedures engagement, during Fiscal Year 2019.

Finding 2010-004. No Policies or Procedures Documented (Material Weakness) -Repeated and Modified

Condition:

The Association does not have written policies and procedures over significant processes such as Receipts, Disbursements, and Procurement. *Management did not make any progress in correcting this finding during Fiscal Year 2017.*

Criteria:

It is a prudent business practice to establish a overall accounting policies and procedures in order to properly account for and safeguard Association assets.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES, continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding 2010-004. No Policies or Procedures Documented (Material Weakness) - Repeated and Modified, continued

Effect:

There is an overall lack of internal controls over significant transaction classes:

- Cash Receipts and Disbursements
- Revenues and Accounts Receivable
- Expenditures and Accounts Payable
- Debt
- Capital Assets

Cause:

The Board of Directors neglected to establish written accounting policies and procedures.

Recommendation:

The Board of Directors of the Association should establish and implement written accounting policies and procedures for the significant transaction classes noted above, and to ensure compliance with NM State Procurement Code and Purchasing Regulations.

Management's Response:

The Sangre de Cristo Regional Board of Directors will establish and implement written accounting policies and procedures to account for the significant transaction classes with the goal of being in compliance with NM State Procurement Code and Purchasing Regulations, and:

- Cash Receipts and Disbursements
- Revenues and Accounts Receivable
- Expenditures and Accounts Payable
- Debt
- Capital Assets

The process of establishing and implementing written accounting policies and procedures will begin during FY 2019.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES, continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding 2016-001. Late Agreed Upon Procedures Submission - Repeated and Modified

Condition:

The Association is in non-compliance with New Mexico Office of the State Auditor requirements regarding timely submission of report. *Management did not make any progress in correcting this finding during the current fiscal year.*

Criteria:

Per Section 2.2.2.9.A (i) agencies with a fiscal year-end other than June 30 shall submit the audit report no later than five months after year end. The fiscal year 2017 agreed upon procedures report was due May 31, 2018.

Effect:

Report was not timely submitted. Further, any findings for fiscal year 2017 could not be addressed in a timely fashion.

Cause:

Staff turnover.

Recommendation:

We recommend that the Association begin the contract process for procuring the appropriate Agreed Upon Procedures Tiered services early enough to submit by the regulatory due date of May 31st.

Management Response:

The Sangre de Cristo Regional Board of Directors will direct the Office Manager to begin the procurement process to hire an Independent Public Accountant beginning in November of every year with the goal of obtaining approval from the State Auditor's Office for the Agreed Upon Procedures by May 31 of every year.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES, continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding 2017-001. Missing Revenue Records

Condition:

During the performance of the agreed-upon procedures for revenue in 2017, nineteen deposit transactions totaling \$35,364.12 were selected for testing. Out of the items selected, the Association was unable to provide deposit reports or any supporting documentation for two of the nineteen transactions, totaling \$5,278.02. Further, there is a variance of \$21,463 between budgeted water dues revenue and actual water dues revenue for fiscal year 2017. This variance could not be explained.

Criteria:

It is a prudent business practice, and proper internal control procedure, to maintain complete supporting documentation for the receipt of public funds.

Effect:

There is a lack of internal control over cash receipts.

Cause:

The Association stated that due to board member turnover, the supporting documentation for the transactions was not maintained in a proper manner.

Recommendation:

The Board of Directors should also establish and implement a record retention policy. Adequate supporting documentation for all deposits should be filed, retained and safeguarded by the Association for at least 5 years after the end of the fiscal year.

Management response:

The Sangre de Cristo Regional Board of Directors will establish and implement a record retention policy to ensure that all supporting documentation for all cash receipts and disbursements should be filed, retained and safeguarded by the Association for at least 5 years after the end of the fiscal year. This process will begin immediately following this agreed upon procedures engagement, during fiscal year 2019.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF FINDINGS AND RESPONSES, continued
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding 2017-002. Missing Expense Records

Condition:

During the performance of the agreed-upon procedures for expenditures for fiscal year 2017, fifteen cash disbursements totaling \$30,176.60 were selected for testing. Out of the items selected, the Association was unable to provide invoices or other supporting documentation for 6 cash disbursements totaling \$5,062.06.

Criteria:

It is a prudent business practice to maintain supporting documentation for the disbursement of public funds. Section 13-1-158 NMSA of the State Procurement Code states: No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction, or items of tangible personal property unless the using agency certifies that the services, construction or items of tangible personal property have been received.

Effect:

There is a lack of internal control over cash disbursements. Since the records for the cash disbursements are missing, there are no records certifying that the goods or services were actually received by the Association.

Cause:

The Association stated that due to board member turnover, the supporting documentation for the transactions was not maintained in a proper manner.

Recommendation:

The Board of Directors should also establish and implement a record retention policy. Adequate supporting documentation for all cash receipts and disbursements should be filed, retained and safeguarded by the Association for at least 5 years after the end of the fiscal year.

Management response:

The Sangre de Cristo Regional Board of Directors will establish and implement a record retention policy to ensure that all supporting documentation for all cash receipts and disbursements should be filed, retained and safeguarded by the Association for at least 5 years after the end of the fiscal year. This process will begin immediately following this agreed upon procedures engagement, during fiscal year 2019.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP CASH BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Water dues	\$ 132,300	\$ 132,300	\$ 110,837	\$ (21,463)
Interest	-	-	67	67
Capital Credits	-	-	4,980	4,980
Miscellaneous	-	-	1,598	1,598
Total Revenues	<u>\$ 132,300</u>	<u>\$ 132,300</u>	<u>\$ 117,482</u>	<u>\$ (14,818)</u>
Expenses:				
Salaries and Benefits	\$ 28,300	\$ 28,300	\$ 38,415	\$ (10,115)
Stipends	2,000	2,000	1,610	390
Mileage	2,000	2,000	1,715	285
Building insurance	3,000	3,000	-	3,000
Office Supplies	6,928	6,928	6,726	202
Other	35	35	11	24
Operations & Maintenance	39,000	39,000	14,524	24,476
Association Utilities	25,000	25,000	19,513	5,487
Telephone	2,000	2,000	2,350	(350)
Rentals	960	960	970	(10)
NM Gross Receipts Taxes	4,801	4,801	6,164	(1,363)
Bank charges	800	800	43	757
Advertisement	200	200	40	160
Training	750	750	150	600
Legal Fees/Professional service	250	250	-	250
Technical Support	3,840	7,680	2,604	5,076
Loan Payment	6,576	6,576	6,576	-
Total Expenses	<u>\$ 126,440</u>	<u>\$ 130,280</u>	<u>\$ 101,411</u>	<u>\$ 28,869</u>

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
COPY OF YEAR END FINANCIAL REPORT SUBMITTED TO DFA-LGD
FOR THE YEAR ENDED DECEMBER 31, 2017**

SANGRE DE CRISTO REGIONAL							
	2017 Budget	Q1: Jan-March.	Q2: April-June	Q3: July-Sept.	Q4: Oct.-Dec.	2016 To Date	2017 Actual Year To Date (Over) Under Budget
OPERATING INCOME							
2 Active	\$ 122,157.00	\$ 16,668.90	\$ 25,345.57	\$ 38,040.61	\$ 37,359.89	\$ 117,414.97	\$ 4,742.03
3 In-active	\$ 8,064.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,064.00
4 Vacation	\$ 2,079.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,079.00
5 Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6 Interest Income	\$ -	\$ 9.85	\$ 9.94	\$ 21.49	\$ 25.55	\$ 41.28	\$ (41.28)
7 TOTAL OPERATING INCOME	\$ 132,300.00	\$ 16,678.75	\$ 25,355.51	\$ 38,062.10	\$ 37,385.44	\$ 117,456.25	\$ 14,843.75
OPERATING EXPENSES							
9 Salaries (Juan & Adolfo)	\$ 18,300.00	\$ 4,600.00	\$ 4,620.00	\$ 4,280.00	\$ 4,882.50	\$ 18,382.50	\$ (82.50)
10 Office Manager	\$ 10,000.00	\$ 1,120.00	\$ -	\$ 3,054.00	\$ 4,200.00	\$ 8,374.00	\$ 1,626.00
11 Stipend	\$ 2,000.00	\$ 210.00	\$ 665.00	\$ 280.00	\$ 455.00	\$ 1,610.00	\$ 390.00
12 Mileage	\$ 2,000.00	\$ 250.50	\$ 354.60	\$ 471.50	\$ 638.00	\$ 1,714.60	\$ 285.40
13 Total Salaries	\$ 32,300.00	\$ 6,180.50	\$ 5,639.60	\$ 8,085.50	\$ 10,175.50	\$ 30,081.10	\$ 2,218.90
14 Office Supplies incl. billing cards	\$ 4,428.00	\$ 378.85	\$ -	\$ 2,840.34	\$ 102.60	\$ 3,321.79	\$ 1,106.21
15 USDA Payment	\$ 6,576.00	\$ 1,644.00	\$ 1,644.00	\$ 1,644.00	\$ 1,644.00	\$ 6,576.00	\$ -
16 Printer Lease	\$ 960.00	\$ 312.64	\$ 234.45	\$ 78.15	\$ 344.45	\$ 969.69	\$ (9.69)
17 Telephone	\$ 2,000.00	\$ 735.44	\$ 275.85	\$ 966.89	\$ 371.91	\$ 2,350.09	\$ (350.09)
18 Building Insurance	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
19 Audit	\$ 2,500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500.00
20 Postage	\$ 2,000.00	\$ -	\$ -	\$ 6.59	\$ 306.00	\$ 312.59	\$ 1,687.41
21 Bank Debits	\$ 800.00	\$ 23.00	\$ 13.00	\$ 3.10	\$ 3.60	\$ 42.70	\$ 757.30
22 Advertisements	\$ 200.00	\$ -	\$ 40.50	\$ -	\$ -	\$ 40.50	\$ 159.50
23 Quick Books	\$ 500.00	\$ -	\$ -	\$ 367.88	\$ -	\$ 367.88	\$ 132.12
24 Sect. of State (2 years)	\$ 35.00	\$ -	\$ 11.25	\$ -	\$ -	\$ 11.25	\$ 23.75
25 NMGR (Payable)	\$ 4,801.20	\$ -	\$ 2,916.39	\$ 1,375.11	\$ 1,872.45	\$ 6,163.95	\$ (1,362.75)
26 Total Office Expenses	\$ 27,800.20	\$ 3,093.93	\$ 5,135.44	\$ 7,282.06	\$ 4,645.01	\$ 20,156.44	\$ 7,643.76
27 O&M	\$ 25,000.00	\$ 1,054.17	\$ 1,815.42	\$ 34.64	\$ 12,444.72	\$ 15,348.95	\$ 9,651.05
28 Electrical Utilities	\$ 25,000.00	\$ 6,866.18	\$ 3,706.89	\$ 6,035.64	\$ 2,904.33	\$ 19,513.04	\$ 5,486.96
29 NM One Call	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
30 Conservation Fees	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
31 Technical Expenses	\$ 51,500.00	\$ 7,920.35	\$ 5,522.31	\$ 6,070.28	\$ 15,349.05	\$ 34,861.99	\$ 16,638.01
32 Training							
33 Training	\$ 750.00	\$ -	\$ -	\$ -	\$ 150.00	\$ 150.00	\$ 600.00
34 Professional Services							
35 El Valle Water Alliance	\$ 10,000.00	\$ 1,666.67	\$ 5,000.01	\$ 4,166.68	\$ -	\$ 10,833.36	\$ (833.36)
36 Legal Fees	\$ 250.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250.00
37 Total	\$ 10,250.00	\$ 1,666.67	\$ 5,000.01	\$ 4,166.68	\$ -	\$ 10,833.36	\$ (583.36)
38 Tech Support (Quickwater)							
39 Software Updates	\$ 7,680.00	\$ -	\$ -	\$ 2,993.42	\$ 2,604.21	\$ 5,597.63	\$ 2,082.37
40 TOTAL OPERATING EXPENSES	\$ 130,280.20	\$ 18,861.45	\$ 21,297.36	\$ 28,597.94	\$ 32,923.77	\$ 101,680.52	\$ 28,599.68
41 Net Operating Income (Line 6-25)	\$ 2,019.80	\$ (2,182.70)	\$ 4,058.15	\$ 9,464.16	\$ 4,461.67	\$ 15,801.28	\$ 4,202.50
NONOPERATING INCOME							
43 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47 TOTAL NONOPERATING INCOME	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NONOPERATING EXPENSE							
49 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50 Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 TOTAL NONOPERATING EXPENSE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52 Net Nonoperating Income (Line 31-33)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53 Net Income (loss) add lines 26+34	\$ 2,019.80	\$ (2,182.70)	\$ 4,058.15	\$ 9,464.16	\$ 4,461.67	\$ 15,801.28	\$ (13,781.48)

* GRT billed directly to the users

	12/31/2017
Checking Account	31,885.79
Saving Account	41,063.06
Ristricted Debt Reserve	-
Ristricted O&M Reserve	-
Ristricted Emergency Reserve	-
Total Fund Balance	72,948.85

Note/Assumptions

2017 revenue projections are based on the following	
277 active members x \$36.75 x 12 month	\$ 122,157.00
80 in-active members x \$8.40 x 12 month	\$ 8,064.00
15 vacation members x \$11.55 x 12 month	\$ 2,079.00
	\$ 132,300.00

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS
AND MUTUAL SEWAGE WORKS
EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

On March 21, 2019 an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and contents of this report.

Sangre de Cristo Regional Mutual Domestic Water Consumers & Mutual Sewage Works:

Connie Gutierrez	President (Current - FY18)
Agnes Valencia	Office Manager (Current - FY18)

Morton Accounting Services, LLC:

Janet Pacheco-Morton, CPA, CGFM	Managing Principal
Kim Keahbone, CPA	Senior Accountant