



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

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**AGREED UPON PROCEDURES - TIER 4**

**DECEMBER 31, 2018**

**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, 2018**

**Board of Directors:**

Connie Gutierrez	President
Dolores Cleto	Vice-President
Andrea Gonzales	Secretary/Treasurer
Carmen Pacheco	Member
Vacant	Member

**Administrative Staff:**

Agnes Valencia	Office Manager
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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, 2018. 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](http://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](http://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 \$138,447 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 and on hand. However, the July, 2018 bank reconciliation was not completed until October, 2018. The Association did not have any investment accounts.

See Finding 2018-001.

**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 eight bank reconciliations (equal to 33.33% of the entity's bank reconciliations) and determined that they were mathematically accurate, agreed with general ledger balances and supporting documentation. However, the December, 2018 reconciliations did not tie to the submitted DFA-Local Government Division quarterly report. The cash balance in the report was overstated by \$6,020.24.

Further, the quarterly report submitted to DFA-Local Government Division for the period ending December 31, 2018, did not tie to the general ledger as follows:

	<u>General Ledger</u>	<u>DFA Report</u>	<u>Variance</u>
Revenues:			
Water Dues	137,494	137,238	256
Miscellaneous	778	-	778
Expenses:			
Association Utilities	15,989	12,701	3,288
Bank Charges	28	25	3
Training	513	-	513
Legal Fees/Professional Services	567	1,030	(463)
Technical Support	945	-	945

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, 2018.

#### **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, interest and other miscellaneous receipts like interest income and reimbursements. No unexplained variances were noted between budgeted and actual revenue for each type of revenue.

However, as noted in item 2.b., revenue reported in the quarterly report submitted to DFA-LDG for period ending December 31, 2018 did not tie to the general ledger by a total of \$1,034. See Finding 2010-001.

**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). 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 31% of total expenses) for testing. For thirteen of fourteen 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 one cash transaction totaling \$1,045.77. Therefore, we could not perform test work on this transaction.

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 thirteen of fourteen 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 one cash transaction totaling \$1,045.77. Therefore, we could not perform test work on this transaction. In addition, we could not determine compliance with established policies and procedures as the Association has no written policies or procedures.

See Findings 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 by DFA-LGD on February 18, 2018. However, the Association's Budget was not adopted in a board resolution.

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 \$111,828 did not exceed budgeted expenditures of \$130,539.

- 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 13.

## 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, 2018**

**Status of Prior Year Findings:**

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

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

Finding 2016-001. Late Agreed Upon Procedures Submission - Resolved.

Finding 2017-001. Missing Revenue Records - Resolved.

Finding 2017-002. Missing Expense Records - 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 adopt the FY18 budget in a board resolution. There was no evidence of this approval documented in the Board Meeting Minutes. Further, the cash balances per the December bank reconciliations and general ledger balances did not tie to the cash balances reported in the quarterly report submitted to DFA-LGD for period ending December 31, 2018. The cash balance in the report submitted to DFA-LGD was overstated by \$6,020.24. Further, the quarterly report submitted to DFA-LGD for the period ending December 31, 2018, did not tie to the general ledger as detailed below. *Management did not make progress in adopting the budget in a board resolution; however, management did make progress in submitting quarterly reports as required to DFA-LGD.*

	<u>General Ledger</u>	<u>DFA Report</u>	<u>Variance</u>
Revenues:			
Water Dues	137,494	137,238	256
Miscellaneous	778	-	778
Expenses:			
Association Utilities	15,989	12,701	3,288
Bank Charges	28	25	3
Training	513	-	513
Legal Fees/Professional Services	567	1,030	(463)
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**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**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. Further, the quarterly financial reports should reconcile to the official books and records of the Association.

**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 financial report to the oversight agency for the period ending December 31, 2018 was not accurate as to cash balances and some expenditures.

**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 accurate 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 immediately 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.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**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 progress in correcting this finding during the fiscal year.*

**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.

**Effect:**

Although there were processes implemented during the fiscal year, there remains a lack of formalized 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, during FY 2019, 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:

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

**Management's Response, continued:**

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

**Finding 2017-002. Missing Expense Records, Repeated and Modified**

**Condition:**

During the performance of the agreed-upon procedures for expenditures for fiscal year 2018, fifteen cash disbursements totaling \$27,919.63 were selected for testing. Out of the items selected, the Association was unable to provide invoices or other supporting documentation for one cash disbursement totaling \$1,045.77. *Management made progress in correcting this finding from prior year; supporting documentation was missing for one, rather than six cash disbursements in the prior year.*

**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.

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Finding 2017-002. Missing Expense Records, Repeated and Modified, continued**

**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 immediately, during fiscal year 2019, 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.

**Finding 2018-001. Timely Bank Reconciliations**

**Condition:**

During the performance of the agreed-upon procedures for cash for fiscal year 2018, one of the eight bank reconciliations selected for testing was not completed timely. The July, 2018 bank reconciliation was not completed until October, 2018.

**Criteria:**

It is a prudent business practice to perform monthly bank account reconciliations to verify that all monetary transactions are accurately recorded and accounted for. Further, bank reconciliations should be performed as soon as possible following the receipt of the correlating bank statement in order to timely identify inaccuracies, potential fraud or other issues.

**Effect:**

Lack of timely financial information to address inaccuracies, potential fraud, or other issues.

**Cause:**

It appears that this was an oversight and isolated incident in Fiscal Year 2018.

**Recommendation:**

We recommend that a review and approval process be developed and implemented whereby the Office Manager prepares the bank reconciliations as soon as bank statements become available, and the Board Treasurer, or other member, review and approve the bank reconciliation(s).

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
SCHEDULE OF FINDINGS AND RESPONSES, continued  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Finding 2018-001. Timely Bank Reconciliations, continued**

**Management response:**

The Sangre de Cristo Regional Board of Directors will direct the Office Manager to develop and implement a process where the Office Manager prepares the bank reconciliation as soon as bank statements become available. The bank reconciliation shall be provided to the Board Treasurer and the rest of the Board for review and approval. This process will begin immediately, 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, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Water Dues	\$ 132,300	\$ 132,300	\$ 137,494	\$ 5,194
Interest	41	41	175	134
Miscellaneous	-	-	778	778
Total Revenues	<u>\$ 132,341</u>	<u>\$ 132,341</u>	<u>\$ 138,447</u>	<u>\$ 6,106</u>
<b>Expenses:</b>				
Salaries and Benefits	\$ 36,000	\$ 36,000	\$ 36,545	\$ (545)
Stipends	1,800	1,800	1,965	(165)
Mileage	2,000	2,000	2,113	(113)
Building Insurance	3,000	3,000	-	3,000
Office Supplies	4,428	4,428	3,645	783
Other	35	35	30	5
Operations & Maintenance	29,000	29,000	14,110	14,890
Association Utilities	25,000	25,000	15,989	9,011
Telephone	2,000	2,000	1,393	607
Rentals	1,000	1,000	1,571	(571)
NM Gross Receipts Taxes	6,300	6,300	6,871	(571)
Bank Charges	200	200	28	172
Advertisement	200	200	141	59
Training	750	750	513	237
Legal Fees/Professional Services	8,250	8,250	567	7,683
Technical Support	4,000	4,000	850	3,150
Loan Payments	6,576	6,576	25,497	(18,921)
Total Expenses	<u>\$ 130,539</u>	<u>\$ 130,539</u>	<u>\$ 111,828</u>	<u>\$ 18,711</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, 2018**

SANGRE DE CRISTO REGIONAL								
	OPERATING INCOME	2018 Budget	Q1: Jan-March.	Q2: April-June	Q3: July-Sept.	Q4: Oct-Dec.	2018 To Date	2018 Actual Year To Date (Over) Under Budget
2	Active	\$ 122,157.00	\$ 32,665.90	\$ 36,821.22	\$ 34,753.74	\$ 32,997.05	\$ 137,237.91	\$ (15,080.91)
3	In-active	\$ 8,064.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,064.00
4	Vacation	\$ 2,079.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,079.00
5	Commercial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Interest Income	\$ 41.28	\$ 25.57	\$ 34.26	\$ 43.87	\$ 70.84	\$ 174.54	\$ (133.26)
7	<b>TOTAL OPERATING INCOME</b>	<b>\$ 132,341.28</b>	<b>\$ 32,691.47</b>	<b>\$ 36,855.48</b>	<b>\$ 34,797.61</b>	<b>\$ 33,067.89</b>	<b>\$ 137,412.45</b>	<b>\$ (5,071.17)</b>
8	<b>OPERATING EXPENSES</b>							
9	Salaries (Juan & Adolfo)	\$ 18,400.00	\$ 5,147.50	\$ 4,957.50	\$ 3,920.00	\$ 4,420.00	\$ 18,445.00	\$ (45.00)
10	Office Manager	\$ 17,600.00	\$ 4,100.00	\$ 4,900.00	\$ 4,200.00	\$ 4,900.00	\$ 18,100.00	\$ (500.00)
11	Stipend	\$ 1,800.00	\$ 280.00	\$ 630.00	\$ 880.00	\$ 175.00	\$ 1,965.00	\$ (165.00)
12	Mileage	\$ 2,000.00	\$ 285.80	\$ 279.00	\$ 432.00	\$ 1,116.00	\$ 2,112.80	\$ (112.80)
13	<b>Total Salaries</b>	<b>\$ 39,800.00</b>	<b>\$ 9,813.30</b>	<b>\$ 10,766.50</b>	<b>\$ 9,432.00</b>	<b>\$ 10,611.00</b>	<b>\$ 40,622.80</b>	<b>\$ (822.80)</b>
14	Office Supplies incl. billing cards	\$ 4,428.00	\$ 195.87	\$ 803.32	\$ 322.45	\$ 59.31	\$ 1,380.95	\$ 3,047.05
15	USDA Payment	\$ 6,576.00	\$ 1,644.00	\$ 1,644.00	\$ 21,644.00	\$ 565.36	\$ 25,497.36	\$ (18,921.36)
16	Printer Lease	\$ 1,000.00	\$ 234.45	\$ 234.45	\$ 234.45	\$ 867.83	\$ 1,571.18	\$ (571.18)
17	Telephone	\$ 2,000.00	\$ 356.93	\$ 366.17	\$ 347.10	\$ 322.68	\$ 1,392.88	\$ 607.12
18	Building Insurance	\$ 3,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000.00
19	Audit	\$ 5,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000.00
20	Postage	\$ 2,000.00	\$ 577.60	\$ 536.00	\$ 754.45	\$ 301.00	\$ 2,169.05	\$ (169.05)
21	Bank Debits	\$ 200.00	\$ 3.00	\$ 10.00	\$ 9.14	\$ 3.03	\$ 25.17	\$ 174.83
22	Advertisements	\$ 200.00	\$ -	\$ -	\$ 141.37	\$ -	\$ 141.37	\$ 58.63
23	Quick Books	\$ 500.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.00
24	Sect. of State (2 years)	\$ 35.00	\$ -	\$ 30.00	\$ -	\$ -	\$ 30.00	\$ 5.00
25	NMGR (Payable)	\$ 6,300.00	\$ 1,568.47	\$ 1,510.56	\$ 1,711.69	\$ 2,080.16	\$ 6,870.88	\$ (570.88)
26	<b>Total Office Expenses</b>	<b>\$ 31,239.00</b>	<b>\$ 4,580.32</b>	<b>\$ 5,134.50</b>	<b>\$ 25,164.65</b>	<b>\$ 4,199.37</b>	<b>\$ 39,078.84</b>	<b>\$ (7,839.84)</b>
27	O&M	\$ 25,000.00	\$ 357.95	\$ 903.44	\$ 11,339.13	\$ 1,509.43	\$ 14,109.95	\$ 10,890.05
28	Electrical Utilities	\$ 25,000.00	\$ 5,644.15	\$ 3,936.93	\$ -	\$ 3,119.27	\$ 12,700.35	\$ 12,299.65
29	NM One Call	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
30	Conservation Fees	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
31	<b>Technical Expenses</b>	<b>\$ 51,500.00</b>	<b>\$ 6,002.10</b>	<b>\$ 4,840.37</b>	<b>\$ 11,339.13</b>	<b>\$ 4,628.70</b>	<b>\$ 26,810.30</b>	<b>\$ 24,689.70</b>
32	<b>Training</b>							
33	Training	\$ 750.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750.00
34	<b>Professional Services</b>							
35	El Valle Water Alliance	\$ 3,000.00	\$ 463.12	\$ -	\$ -	\$ -	\$ 463.12	\$ 2,536.88
36	Legal Fees	\$ 250.00	\$ -	\$ -	\$ -	\$ 567.10	\$ 567.10	\$ (317.10)
37	<b>Total</b>	<b>\$ 3,250.00</b>	<b>\$ 463.12</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 567.10</b>	<b>\$ 1,030.22</b>	<b>\$ 2,219.78</b>
38	<b>Tech Support (Quickwater)</b>							
39	Software Updates	\$ 4,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000.00
40	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 130,539.00</b>	<b>\$ 20,858.84</b>	<b>\$ 20,741.37</b>	<b>\$ 45,935.78</b>	<b>\$ 20,006.17</b>	<b>\$ 107,542.16</b>	<b>\$ 22,996.84</b>
41	<b>Net Operating Income (Line 6-25)</b>	<b>\$ 1,802.28</b>	<b>\$ 11,832.63</b>	<b>\$ 16,114.11</b>	<b>\$ (11,138.17)</b>	<b>\$ 13,061.72</b>	<b>\$ 29,870.29</b>	<b>\$ (10,030.35)</b>
42	<b>NONOPERATING INCOME</b>							
43	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
44	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
47	<b>TOTAL NONOPERATING INCOME</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
48	<b>NONOPERATING EXPENSE</b>							
49	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	<b>TOTAL NONOPERATING EXPENSE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
52	<b>Net Nonoperating Income (Line 31-33)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
53	<b>Net Income (loss) add lines 26+34</b>	<b>\$ 1,802.28</b>	<b>\$ 11,832.63</b>	<b>\$ 16,114.11</b>	<b>\$ (11,138.17)</b>	<b>\$ 13,061.72</b>	<b>\$ 29,870.29</b>	<b>\$ (28,068.01)</b>
	* GRT billed directly to the users							
		12/31/2018						
	Checking Account	47,245.64						
	Saving Account	59,950.21						
	Ristricted Debt Reserve	-						
	Ristricted O&M Reserve	-						
	Ristricted Emergency Reserve	-						
	<b>Total Fund Balance</b>	<b>107,195.85</b>						

**SANGRE DE CRISTO REGIONAL MUTUAL DOMESTIC WATER CONSUMERS  
AND MUTUAL SEWAGE WORKS  
EXIT CONFERENCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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
Agnes Valencia	Office Manager

**Morton Accounting Services, LLC:**

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