

**WINTERHAVEN MUTUAL DOMESTIC  
WATER CONSUMERS AND SEWAGE WORKS  
ASSOCIATION**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON THE APPLICATION OF TIER 4  
AGREED-UPON PROCEDURES  
YEAR ENDED DECEMBER 31, 2019**

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
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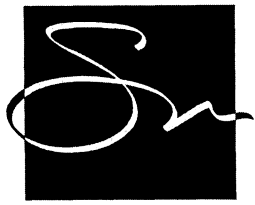
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**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
OFFICIAL ROSTER  
DECEMBER 31, 2019**

**BOARD OF DIRECTORS**

<b>Name</b>	<b>Title</b>
Henry Aguirre	President
Don Platt	Vice President
Sammy Sarabia	Treasurer



**SCOTT NORTHAM, CPA, PC**  
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT ON THE  
APPLICATION OF TIER 4 AGREED-UPON PROCEDURES**

Brian Colón, New Mexico State Auditor, and  
Board of Directors of  
Winterhaven Mutual Domestic Water Consumers  
and Sewage Works Association  
Las Cruces, New Mexico

We have performed the procedures enumerated below for the Winterhaven Mutual Domestic Water Consumers and Sewage Works Association (Association) for the year ended December 31, 2019. The Association was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed upon by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the Association's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are detailed under Scope of Procedures and Results as noted in the table of contents.

Our findings related to the procedures in the Scope of Procedures and Results are presented in the accompanying Schedule of Findings and Responses as noted in the table of contents.

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 Association's financial position and operations as of and for the year ended December 31, 2019. 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 those parties specified in the report.

This report is intended solely for the information and use of the Winterhaven Mutual Domestic Water Consumers and Sewage Works Association, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the Department of Finance and Administration-Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Scott Northam, CPA, PC  
Ruidoso, New Mexico  
March 6, 2020

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
DECEMBER 31, 2019**

<b>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>	
Tier 4 Requirements – Cash basis revenues of \$50,000 or more but less than \$250,000 with no capital outlay award expenditures from the New Mexico Legislature.	The Association's cash basis revenues totaled approximately \$73,416 and the Association did not expend any appropriated capital outlay from the New Mexico Legislature. The Association is properly categorized as a Tier 4 agency.
<b>2. Cash Procedures</b>	
a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements are complete and on-hand.	All twelve fiscal year bank statements for the accounts were on-hand and available for compliance examination. Reconciliations were timely performed within a reasonable time after the end of the month.
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.	A review of 100% of bank reconciliations noted the reconciliations were accurate and agreed with the general ledger and DFA reports.
c. 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.	The Association's funds on deposit with the financial institution did not exceed the \$250,000 Federal Deposit Insurance Corporation's (FDIC) maximum insured coverage during the year.
<b>3. Capital Assets</b>	
Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.	The Association maintains and annually approves a capital asset inventory listing as required under Section 12-6-10 NMSA 1978.

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
DECEMBER 31, 2019**

<b>4. Revenue</b> <b>Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.</b>	
a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.	Analytical review and tests of actual revenue compared to budgeted revenue for the fiscal year noted no exceptions.
b. Select a sample of revenue equal to 30% of the total dollar amount and test whether the amount recorded in the general ledger agrees to the supporting documentation and the bank statement.	A review of all twelve of the monthly billings and collections reports (100% of coverage) noted amounts recorded in the general ledger agreed with deposit slips, utility reports and other supporting documentation provided and the bank statements with no exceptions.
c. Select a sample of revenue equal to 30% of the total dollar amount and test the 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 review of all twelve of the monthly billings and collections reports (100% of coverage) were reconciled to the general ledger revenue entries and noted the amounts were properly recorded on cash basis as to classification, amount and period.

<b>5. Expenditures</b> <b>Select a sample of cash disbursements representative of the of the population equal to at least 30% of the total dollar amount and test the following attributes:</b>	
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.	A review of all four of the quarterly disbursement files was conducted (100% of coverage) and no exceptions with respect to amount, payee, date and description were noted.
b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.	A review of all four of the quarterly disbursement files was conducted (100% of coverage) and noted no exceptions as to authorization and approval for payment, budget compliance and compliance with 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).	Disbursement testwork revealed no exceptions to the process (or request for proposal process, if applicable), purchase orders, contracts and agreements being 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).

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
SCOPE OF PROCEDURES AND RESULTS  
DECEMBER 31, 2019**

<b>6. Journal Entries</b> <b>Test all non-routine journal entries, adjustments, and reclassifications are posted to the general ledger for the following attributes:</b>	
a. Journal entries appear reasonable and have supporting documentation.	There were no non-routine journal entries posted to the general ledger and all reviewed journal entries had supporting documentation.
b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.	There were no non-routine journal entries posted to the general ledger. The Association has policies in place that require any journal entries made by the contract bookkeeper to be reviewed and approved by the Board of Directors at the monthly meeting.

<b>7. Budget</b> <b>Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:</b>	
a. Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local body's governing body and DFA-LGD.	The original budget was approved by the Board of Directors and DFA-LGD. There was no subsequent budget adjustments for the fiscal year.
b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.	Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
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 fund.	The Original Approved Budget (Non-GAAP) and Final Budget and Actual (Non-GAAP) schedules on the modified-cash basis follow these procedures and results as noted in the table of contents.

<b>8. Other</b>	
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 the required content per Section 2.2.2.10(I)(3)(C) NMAC.	No other or additional exceptions were noted when applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts or internal control deficiencies.

**WINTERHAVEN MUTUAL DOMESTIC  
WATER CONSUMERS AND SEWAGE WORKS ASSOCIATION  
SCHEDULE OF REVENUES AND EXPENSES  
BUDGET AND ACTUAL (CASH BASIS)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Water Sales and Charges for Service	\$ 64,500	\$ 64,500	\$ 64,226	\$ (274)
Reconnect and Disconnect Fees	600	600	895	295
Membership and Meter Sales	300	300	500	200
Late Fees and Penalties	2,000	2,000	2,341	341
Gross Receipts Tax	3,225	3,225	3,211	(14)
Miscellaneous	3,200	3,200	2,243	(957)
<b>Total Operating Revenues</b>	<u>73,825</u>	<u>73,825</u>	<u>73,416</u>	<u>(409)</u>
<b>OPERATING EXPENSES</b>				
Utilities	14,900	14,900	12,184	2,716
System Parts and Supplies	5,000	5,000	2,381	2,619
System Repairs and Maintenance	17,500	17,500	16,378	1,122
Office Expense	300	300	274	26
Professional Fees and Contracted Services	13,000	13,000	13,030	(30)
Insurance	2,000	2,000	2,164	(164)
Dues, Fees, Permits and Licenses	1,500	1,500	603	897
Gross Receipt, Property and Other Taxes	3,150	3,150	3,389	(239)
Miscellaneous	6,500	6,500	3,969	2,531
Debt Service	6,527	6,527	6,527	-
<b>Total Operating Expenses</b>	<u>70,377</u>	<u>70,377</u>	<u>60,899</u>	<u>9,478</u>
<b>Change in Net Position</b>	3,448	3,448	12,517	<u>\$ 9,069</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>19,254</u>	<u>19,254</u>	<u>19,254</u>	
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 22,702</u>	<u>\$ 22,702</u>	<u>\$ 31,771</u>	



**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
YEAR END FINANCIAL REPORT SUBMITTED TO DFA  
DECEMBER 31, 2019**

**MDWCA Name:**  
**Mailing Address:**  
**Email Address:**  
**Phone number:**

Winterhaven MDWC & SWA  
P.O. Box 1296, Las Cruces, NM 88004  
daniel.wilson@graniterotarycounting.com  
(575) 526-2445

**Calendar Year**  
**2019**

	<b>APPROVED BUDGET</b>	<b>1st QR: Jan - Mar</b>	<b>2nd QR: Apr - Jun</b>	<b>3rd QR: Jul - Sept</b>	<b>4th QR: Oct - Dec</b>	<b>Year to Date(YTD) Totals</b>	<b>YTD (over/under BUDGET</b>	<b>% of Budget</b>
<b>Beginning balances:</b>								
Cash	19,254							
Savings	-							
CDs	-							
Investments	-							
<b>Beginning Balance TOTAL</b>	<b>\$ 19,254</b>							
<b>REVENUES</b>								
Water Sales (Water Use Fees)	64,500	15,751	15,919	16,685	15,871	64,226	274	100%
Connection/Reconnection Charges	600	180	260	260	195	895	(295)	149%
Membership and Meter Sales (Utility Service Fees)	300	100	100	100	200	500	(200)	167%
Late Fees and Penalties (Other Fines and Forfeits)	2,000	516	625	572	629	2,341	(341)	117%
Gross Receipts Tax (Other State shared taxes)	3,225	788	796	834	794	3,211	14	100%
Other Operating Revenue (miscellaneous - other)	3,200	0	0	0	2,243	2,243	957	70%
<b>TOTAL</b>	<b>\$ 73,825</b>	<b>17,334</b>	<b>17,700</b>	<b>18,451</b>	<b>19,932</b>	<b>73,417</b>	<b>408</b>	<b>99%</b>
<b>EXPENDITURES</b>								
Salaries - Operator, Bookkeeper, etc.	-	0	0	0	0	0	0	-
Employee Benefits and Expenses	-	0	0	0	0	0	0	-
Electricity	3,400	688	576	732	681	2,677	723	79%
Other Utilities - Gas, Water, Sewer, Telephone	11,500	2,632	2,385	2,245	2,245	9,507	1,993	83%
System Parts and Supplies	5,000	0	184	2,197	0	2,381	2,619	48%
System Repairs and Maintenance	17,500	4,225	4,042	4,193	3,918	16,378	1,122	94%
Vehicle Expenses	-	0	0	0	0	0	0	-
Office and Administrative Expenses	300	19	19	186	50	274	26	91%
Professional Services - Accounting, Engineering, Legal	13,000	2,707	5,088	2,859	2,376	13,030	(30)	100%
Insurance	2,000	482	816	342	524	2,164	(164)	108%
Dues, Fees, Permits and Licenses	1,500	427	19	(0)	157	603	897	40%
Taxes - Gross Receipts Tax, Water Conservation Fee	3,150	845	813	869	861	3,389	(239)	108%
Training	-	0	0	0	0	0	0	-
Miscellaneous	6,500	339	756	1,741	1,134	3,968	2,532	61%
Annual debt service - Loan 1	6,083	600	2,442	1,521	1,521	6,083	0	100%
Annual debt service - Loan 2	444	111	111	111	111	444	0	100%
<b>TOTAL</b>	<b>\$ 70,377</b>	<b>13,075</b>	<b>17,250</b>	<b>16,996</b>	<b>13,578</b>	<b>60,899</b>	<b>9,478</b>	<b>87%</b>
<b>Ending Balance</b>	<b>22,702</b>					<b>31,771</b>		
LESS: Operating Reserve	-							
Emergency Reserve	-							
Capital Improvement Reserve	20,043							
Debt Reserve	444							
<b>Ending Available Cash Balance</b>	<b>\$ 2,215</b>					<b>\$ 31,771</b>		

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.

*Henry A. Aguirre*  
\_\_\_\_\_  
President/Chairperson

*1/9/20*  
\_\_\_\_\_  
Date

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019**

**FINANCIAL STATEMENT FINDINGS**

*CURRENT YEAR FINDINGS:*

NONE

*PRIOR YEAR FINDINGS:*

NONE

**WINTERHAVEN MUTUAL DOMESTIC WATER  
CONSUMERS AND SEWAGE WORKS ASSOCIATION  
EXIT CONFERENCE  
DECEMBER 31, 2019**

The contents of this report were discussed with the Winterhaven Mutual Domestic Water Consumers and Sewage Works Association representatives on March 6, 2020. The following individuals were present for the conference:

**Winterhaven Mutual Domestic Water Consumers  
and Sewage Works Association**

**Scott Northam, CPA, PC**

Henry Aguirre - President  
Ruby Hernandez – Granite Mountain Accounting

Scott Northam, CPA

The agreed-upon procedures report of the Winterhaven Mutual Domestic Water Consumers Association was prepared by Scott Northam, CPA, PC, from original books and records provided by and with assistance from the management of the Association.