

**State of New Mexico  
Alpine Village Sanitation District**

**Independent Accountants' Report on  
Applying Agreed-Upon Procedures**

**Year Ended June 30, 2019**

Dan Austin CPA, PC  
700 Mechem Drive Ste. 15  
Ruidoso, NM 88345

**STATE OF NEW MEXICO**  
**ALPINE VILLAGE SANITATION DISTRICT**  
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**June 30, 2019**

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**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Official Roster  
June 30, 2019**

**Board Of Supervisors**

Michael Buechter	Chairman
Riker Davis	Vice Chairman
Joe Buchanan	Treasurer
Cheryl Knobel	Secretary

**District Staff**

Joe Buchanan	System Operator
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## **Financial Section**

Dan Austin CPA, PC  
700 Mechem Drive Ste. 15  
Ruidoso, NM 88345  
505-257-0081

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Chairman and the Board of Directors  
Alpine Village Sanitation District  
and Honorable Brian Colón, New Mexico State Auditor

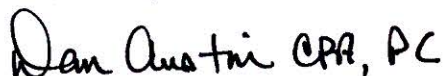
We have performed the procedures enumerated below for the Alpine Village Sanitation District (AVSD), for the year ended June 30, 2019. The AVSD was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the AVSD through the Office of the New Mexico State Auditor. The Alpine Village Sanitation District's management is responsible for the organization'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 listed 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 an expression of an opinion or conclusion, respectively on the District's financial position and operations as of and for the year ended June 30, 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 Alpine Village Sanitation District, the New Mexico State Auditor's Office, the New Mexico State Legislature and the New Mexico Department of Finance and Administration-LGD and is not intended to be and should not be used by anyone other than those specified parties.



Dan Austin CPA, PC  
Ruidoso, New Mexico  
December 9, 2019

**Alpine Village Sanitation District  
Scope of Procedures and Results  
June 30, 2019**

**1. Verify the local public body's revenue calculation and tier determination documented on the provided at [www.osanm.org](http://www.osanm.org) under "Tiered System Reporting Main Page."**

The above mentioned revenue calculation and tier determination was accurate. Total revenue per instructions for tier determination was \$93,793 requiring a Tier 4 agreed upon procedures report.

**2. Cash**

Procedures:

- (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.
  
- (b) Test at least 30% of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division (DFA-LGD).
  
- (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.

Findings:

- (a) The AVSD has two operational bank account and three investment accounts. It utilizes Quickbooks to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand.
  
- (b) Tests of six bank reconciliations (50%) on two operational accounts which revealed that the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD.
  
- (c) All uninsured deposits were secured per requirements of Section 6-10-17 NMSA 1978. No exceptions noted.

**3. Capital Assets**

Procedures:

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA1978.

Findings:

The AVSD performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintains a capital asset listing and all depreciation schedules were examined. No exceptions noted.

#### **4. Revenue**

Procedures:

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- (a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

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

- (b) Amount recorded in the general ledger agrees 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.

Findings:

- (a) Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.
- (b) We tested 100% of revenues recorded in general ledger agreed with deposit slips and other supporting documentation provided and to the bank statements without exception.
- (c) We tested \$ 93,793 or 100% of revenues amounts recorded in Quickbooks. All amounts recorded agreed with supporting documentation and the amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation. No exceptions noted.

#### **5. Expenditures**

Procedures:

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

- (a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- (b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- (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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Findings:

- (a) We tested 100% transactions totaling \$67,533. The amounts disbursed agreed with supporting documentation, amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate. No exceptions noted.
- (b) All disbursements tested were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions noted.
- (c) Disbursement test work revealed no exceptions to the 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 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC ) were tested when applicable.

## **6. Journal Entries**

Procedures:

Test all non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test significant items for the following attributes:

- (a) Journal entries appear reasonable and have 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.

Findings:

- (a) The financial records of Alpine Village Sanitation District indicated that journal entries were posted to the general ledger to record immaterial interest or bank charges. All journal entries appeared reasonable. No exceptions noted.
- (b) All Journal entries are reviewed by Treasurer.

## **7. Budget**

Procedures:

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- (a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body



and DFA-LGD.

- (b) Determine whether total actual expenditures exceeded the final budget at the legal level of budgetary control; if yes, report a compliance finding.
- (c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures - budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Findings:

- (a) A review of the minutes revealed that the original budget was approved by the ETSWCD and the DFA-LGD. The subsequent budget adjustments which were approved by the DFA-LGD. No exceptions noted.
- (b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. No exceptions noted.
- (c) A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the ETSWCD. See page 9.

## **8. Other**

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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 (L)NMAC.

We reviewed the NM Taxation and Revenue TAP site to insure AVSD had reported and remitted all governmental gross receipts tax. The examination noted nine unfiled monthly reports from prior years and which were reported on prior year reports. See finding 2018-2 on page 11.

**State of New Mexico  
Alpine Village Sanitation District  
Schedule of Revenues and Expenditures-  
Budget and Actual (Non-GAAP Cash Basis)  
June 30, 2019**

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Water Sales	\$ 27,000	\$ 27,000	\$ 38,045	\$ 11,045
Property Tax	49,500	49,500	46,610	(2,890)
Standby Fees	7,980	7,980	1,070	(6,910)
New Meter Hook Up	1,500	1,500	-	(1,500)
Transfer Fees	360	360	4,000	3,640
Late Fees	504	504	412	(92)
Other Income	-	-	100	100
Interest Income	1,440	1,440	3,556	2,116
Total revenue	<u>88,284</u>	<u>88,284</u>	<u>93,793</u>	<u>5,509</u>
<b>Expenditures:</b>				
Bank Charges	300	300	155	145
Capital Improvements	66,200	66,200	8,666	57,534
Chemicals	750	750	-	750
Corporate Filing Fees	100	100	-	100
Dues and Subscriptions	250	250	208	42
Equipment Rental	150	150	45	105
Filing Fees	450	450	35	415
Freight	-	-	-	-
Insurance & Bond	2,600	2,600	2,529	71
License	125	125	-	125
Lot clearing	1,500	1,500	658	842
Miscellaneous	4,100	4,100	500	3,600
Office Expense	775	775	3,420	(2,645)
Professional Fees	42,625	42,625	40,445	2,180
Propane	600	600	-	600
Repairs and Maintenance	12,250	12,250	2,770	9,480
Taxes	4,600	4,600	5,603	(1,003)
Training and Workshops	800	800	550	250
Utilities	2,000	2,000	1,901	99
Water Conservation Fees	575	575	48	527
Water Samples	250	250	-	250
Total expenditures	<u>141,000</u>	<u>141,000</u>	<u>67,533</u>	<u>73,217</u>
<b>Excess (deficiency) of revenue and cash over expenditures</b>	(52,716)	(52,716)	\$ 26,260	<u>\$ 78,726</u>
Budget Cash Carryover	<u>203,220</u>	<u>203,220</u>	<u>203,220</u>	
Budget Ending Cash	<u>\$ 150,504</u>	<u>\$ 150,504</u>		
Ending Cash			<u>\$ 229,480</u>	
<b>Cash Accounts:</b>				
City Bank Checking			\$ (769)	
City Bank Money Market			139,932	
Fidelity Gov. Money Market			2,147	
Fidelity Certificate of Deposit			<u>88,170</u>	
			<u>\$ 229,480</u>	

STATE OF NEW MEXICO  
 ALPINE VILLAGE SANITATION DISTRICT  
 Year End Financial Report Submitted to DFA  
 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.  
 Fill out Cash, Savings, CDs, Investments under the "Approved Budget" column with APPROVED BUDGET at beginning of yr. THESE AMOUNTS DO NOT CHANGE THROUGHOUT THE YEAR.  
 Fill out Reserves (if reserve amounts change throughout the year under the "Year to Date(YTD) Totals" column.

Name: Alpine Village Sanitation District  
 Mailing Address: PO Box 1217 Ruidoso, NM 88355-1217  
 Email Address: lebb59@gsa.com  
 Phone number: 575-937-3636

Calendar Year 2019

	APPROVED BUDGET	1st QR: Jul - Sept	2nd QR: Oct -Dec	3rd QR: Jan - Mar	4th QR: Apr - Jun	Year to Date(YTD) Totals	YTD (over)/under BUDGET	% of Budget
<b>Beginning balances:</b>								
Cash	118,220							
Savings								
CDs	85,000							
Investments								
<b>Beginning Balance TOTAL</b>	<b>\$ 203,220</b>							
<b>REVENUES</b>								
Water Sales (Water Use Fees)	24,711	9,333	8,752	9,597	10,363	38,045	(13,334)	154%
Property Tax	41,392	181	19,089	12,220	15,120	46,610	(5,218)	113%
Standby Fees	8,832	-	1,070	-	-	1,070	7,762	12%
Meter Hookup	3,500	-	-	-	-	-	3,500	0%
Transfer Fees	440	-	110	-	3,890	4,000	(3,560)	909%
Late Fees	300	-	412	-	-	412	(112)	137%
Other Income			100	-	-	100	(100)	-
Interest income	360	234	281	1,884	1,057	3,556	(3,196)	988%
<b>TOTAL</b>	<b>\$ 79,635</b>	<b>9,748</b>	<b>29,814</b>	<b>23,801</b>	<b>30,430</b>	<b>93,793</b>	<b>(14,258)</b>	<b>118%</b>
<b>EXPENDITURES</b>								
Professional Services - Accounting, Engineering, Legal	42,623	8,003	8,287	15,728	8,426	40,444	2,179	95%
Repairs and Maintenance	12,250	1,900	-	-	871	2,771	9,479	23%
Taxes - Gross Receipts Tax, Water Conservation Fee	4,750	728	1,674	818	2,383	5,603	(853)	118%
Other Utilities - Gas, Water, Sewer, Telephone	2,000	665	472	367	398	1,902	98	95%
Office and Administrative Expenses	775	1,325	1,848	-	177	3,350	(2,575)	432%
Lot Clearing	1,500	100	558	-	-	658	842	44%
Insurance	2,600	-	2,429	-	100	2,529	71	97%
Capital Improvements	66,200	-	-	5,030	3,737	8,767	57,433	13%
Training & Workshop	1,800	-	550	-	-	550	1,250	31%
Propane	600	-	-	-	-	-	600	0%
Chemicals	750	-	-	-	-	-	750	0%
Water Conservation Fees	575	-	-	47	-	47	528	8%
Water Samples	250	-	-	-	-	-	250	0%
Miscellaneous	5,900	554	328	30	-	912	4,988	15%
Annual debt service - Loan 1						0	0	-
Annual debt service - Loan 2						0	0	-
<b>TOTAL</b>	<b>\$ 142,573</b>	<b>13,275</b>	<b>16,146</b>	<b>22,020</b>	<b>16,092</b>	<b>67,533</b>	<b>75,040</b>	<b>47%</b>
<b>Ending Balance</b>	<b>140,182</b>					<b>229,480</b>		
LESS: Operating Reserve	8,000					7,200		
Emergency Reserve	35,000					35,000		
Capital Improvement Reserve	40,000					40,000		
Debt Reserve								
<b>Ending Available Cash Balance</b>	<b>\$ 57,182</b>					<b>\$ 147,280</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.

  
 President/Chairperson

7-30-19  
 Date

**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Schedule of Findings, Responses, Exit Conference and Other Information  
Year Ended June 30, 2019**

	Type of Finding	Prior Year Finding #	Current Year Results
<b>Prior Year Findings:</b>			
Budget Reporting	B	2016-002	Resolved
Bank Reconciliations	B	2018-001	Resolved
CRS Reports	C	2018-002	Repeated
<b>Current Year Findings</b>			
CRS Reports	C	2018-002	

Legend of Findings:

- A. Material Weakness
- B. Significant Deficiency
- C. Material Non-Compliance
- D. Other Non-Compliance

**2018-002 CRS Reporting-Significant Deficiency Condition**

A review of the NM Taxation and Revenue TAP site to insure AVSD had reported and remitted all governmental gross receipts tax. The District filed all reports during the current year but failed to resolve unfiled reports from prior years. The examination noted nine unfiled monthly reports.

**Progress on Resolving Prior Year Finding**

The District Treasurer filed all reports for the current year and some outstanding reports from prior years but did not file all outstanding reports.

**Criteria**

§7-9-3.2 (A) (5) NMSA 1978 defines “governmental gross receipts” to include receipts from the sale of water by a utility owned or operated by a county, municipality or other political subdivision of the state.

**Effect**

Non-Compliance with statutory reporting and payment requirements.

**Cause**

District Treasurer failed to file CRS reports. Lack of oversight by the Board of Supervisors

**Recommendation**

Develop a list of required procedures to complete prior to each Board meeting and present the results to the Board.

**Management Response and Planned Corrective Action**

Board will contract with professional to file all outstanding reports and complete filing requirements.

**Expected Response Completion Date** February 28, 2020                      **Responsible Party** Treasurer

**EXIT CONFERENCE**

The report contents were discussed an exit conference in the offices and with the officials of Alpine Village Sanitation District on December 10, 2019. The following in attendance:

Alpine Village Sanitation District

Michael Buechter, President  
Joe Buchanan, Treasurer

Accounting Firm

Dan Austin, CPA

**OTHER INFORMATION**

The financial statement of Alpine Village Sanitation District was prepared by Dan Austin CPA, PC from books and records of the District with assistance of the management of the District.

Although standards strongly emphasize the District should prepare its own financial statements, the consensus between the Management and the independent accountant was that it would be more time and cost effective for the independent account to prepare the financial statement enclosed in this report. Accordingly, the District designated a competent management level individual to oversee the independent accountant's services, make management decisions and perform all management functions. The District reviewed, approved and accepted responsibility for the accompanying financial statement and any related notes and schedules which were prepared from the underlying accounting records which adequately support the financial statement in accordance with accounting principles generally accepted in the United States of America.