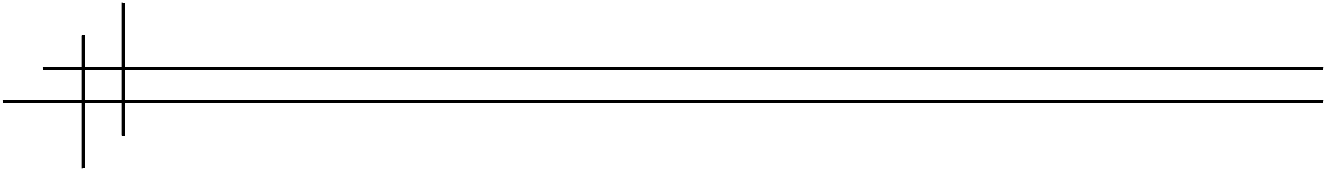


ALPINE VILLAGE SANITATION DISTRICT
Ruidoso, New Mexico

**Independent Auditor's Report
On Applying Agreed Upon Procedures
for the Year Ended
June 30, 2014**

De'Aun Willoughby CPA, PC
Certified Public Accountant
Clovis, New Mexico



ALPINE VILLAGE SANITATION DISTRICT

Table of Contents

For the Year Ended June 30, 2014

	<u>Page</u>
Official Roster.....	3
Independent Auditor's Report on Applying Agreed Upon Procedures.....	4-6
Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget (Budgetary Basis) and Actual.....	7
Schedule of Findings and Responses	8-9

ALPINE VILLAGE SANITATION DISTRICT

Official Roster

June 30, 2014

BOARD OF DIRECTORS

Bill Hanson	President
Don Adams	Vice-President
Cheryl Knobel	Secretary/Treasurer

ADMINISTRATIVE STAFF

Joe Buchanan	Manager
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De'Aun Willoughby CPA, PC

Certified Public Accountant

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Independent Auditor's Report on Applying Agreed Upon Procedures

Mr. Tim Leller
State Auditor of the State of New Mexico
Board Members of the Alpine Village Sanitation District

We have performed the procedures enumerated below for Alpine Village Sanitation District (District), for the year ended June 30, 2013. The District was determined to be a Tier 4 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978. The procedures were agreed to by the District through the Office of the New Mexico State Auditor. The 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 findings are as follows:

1. 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.
- b) Perform a random test 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.
- 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.

Results:

The District has two checking accounts and two certificates of deposit. All bank reconciliations were performed within days of receiving the bank statements and all were complete and on-hand. The reconciliations were accurate, agreed to the general ledger and financial reports submitted to DFA. The cash in the banks was fully insured by FDIC.

2. Capital Assets

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

Results:

The District does not perform a yearly inventory because it does not have movable chattels and equipment costing more than five thousand dollars. This verification does not apply.

3. Revenue

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 based on auditor judgment and test using 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.

Results:

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. Amounts recorded in the general ledger agreed with supporting documentation and bank statements.

Amounts were properly recorded on the cash basis as to classification, amount and period per review of supporting documentation.

4. Expenditures

Select a sample of cash disbursements based on auditor judgment and test using 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
- 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results:

The test sample of 15 from a total population of 49 expenditures were recorded as disbursed and agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

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) were not violated.

5. Journal Entries

If 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.

Results:

A review of all journal entries are reasonable, have supporting documentation and have evidence they have been reviewed.

6. Budget

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 if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, 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.

Results:

A review of the minutes revealed the budget was approved by the local board and by DFA-LGD.

Total actual expenditures did not exceed the final total budgeted expenditures at the fund level, the legal level of budgetary control.

A schedule of revenues and expenditures-budget and actual was prepared on the cash budgetary basis.

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 the required content per Section 2.2.2.10(I)(3)(C) NMAC.

Results:

The report was received later than the due date. See finding 2014-001.

No additional information came to our attention indicating fraud, illegal acts, noncompliance or internal control deficiencies.

We were not engaged to and did not conduct an audit or examination of the subject matter, the objective of which would be the expression of an opinion on the District's compliance with results of procedures required of a Tier 4 examination. Accordingly, we do not express such an opinion. 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 management, the board members, the Office of the State Auditor, the 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 these specified parties.



Clovis, New Mexico
February 27, 2015

ALPINE VILLAGE SANITATION DISTRICTStatement of Revenues, Expenditures, and Changes in Cash Balance -
Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variances Positive (Negative) Final to Actual
	Original	Final		
Revenues				
Water Sales	\$ 26,500	\$ 26,500	\$ 23,542	\$ (2,958)
Fees	18,720	18,720	8,102	(10,618)
Interest Income	450	450	293	(157)
Property Tax Revenue	34,000	34,000	38,273	4,273
Total Revenues	<u>79,670</u>	<u>79,670</u>	<u>70,210</u>	<u>(9,460)</u>
Expenditures				
System Repairs	22,000	22,000	17,363	4,637
Contractual Services	37,366	37,366	35,309	2,057
Taxes	700	700	520	180
Other Expenses	8,480	8,480	3,172	5,308
Utilities	3,500	3,500	1,773	1,727
Insurance	5,000	5,000	2,701	2,299
Capital Outlay	4,000	4,000	2,472	1,528
Debt Service				
Principal	11,590	11,590	10,767	823
Interest	0	0	824	(824)
Total Expenditures	<u>92,636</u>	<u>92,636</u>	<u>74,901</u>	<u>17,735</u>
Excess (Deficiency) of Revenues Over Expenditures	(12,966)	(12,966)	(4,691)	8,275
Cash Balance Beginning of Year	<u>202,340</u>	<u>202,340</u>	<u>202,340</u>	<u>0</u>
Cash Balance End of Year	<u>\$ 189,374</u>	<u>\$ 189,374</u>	<u>\$ 197,649</u>	<u>\$ 8,275</u>

ALPINE VILLAGE SANITATION DISTRICT
Schedule of Findings and Responses
June 30, 2014

Prior Year Audit Findings

Status

None

Current Year Audit Findings

2014-001 Late Agreed-Upon Procedures Contract and Report

Condition

The recommendation, contract and report were not submitted timely. The recommendation was submitted November 1, 2014, the contract was signed December 17, 2014 and the report was submitted February 27, 2014.

Criteria

In accordance with Section 2.2.2.16.H, NMAC the Agreed-Upon procedures reports should have been submitted to the State Auditor by July 1, 2014. The Report should have been submitted by December 1, 2014.

Cause

Management was not aware of the due dates.

Effect

The users of the report such as legislators, government agencies, management, etc., do not have timely reports for their review.

Recommendation

The recommendation and contract should be sent to the State Auditor by July 1st and the report should be submitted to the State Auditor by December 1st.

Response

We will submit the recommendation and contract timely to assure the report is also timely submitted.

Exit Conference

An exit conference was held on February 27, 2015. Those present were and Wayne Huffman, President, Jeannette Maddaford, Treasurer and De'Aun Willoughby, CPA.