

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

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

Year Ended June 30, 2015

**Dan Austin CPA, PC
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**State of New Mexico
Alpine Village Sanitation District
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June 30, 2015**

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**State of New Mexico
Alpine Village Sanitation District
Official Roster
June 30, 2015**

Board of Supervisors

Bill Hanson
Mike Buechter
Cheryl Knobel

President
Vice President
Secretary/Treasurer

Staff

Joe Buchanan

District Manager

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Bill Hanson, President and
The Board of Directors
Alpine Village Sanitation District
and Honorable Tim Keller, New Mexico State Auditor

We have performed the procedures enumerated below for the Alpine Village Sanitation District for the year ended June 30, 2015. The Alpine Village Sanitation District 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 Alpine Village Sanitation District 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 findings are as follows:

1. Tier Determination

Procedure:

Verify the local public body's revenue calculation and tier determination.

Findings:

Alpine Village Sanitation District's tier determination was correctly made.

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) 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 (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:

The Alpine Village Sanitation District has two bank accounts and two certificates of deposit while utilizing Quickbooks to record transactions. All bank reconciliations are performed within days of receiving the bank statements and all were complete and on-hand.

Random tests of bank reconciliations revealed that the reconciliations were accurate and agreed with supporting documentation and with the quarterly financial reports submitted to DFA-LGD.

The District had no uninsured deposits during the current year; therefore pledged securities were not required as described in the New Mexico Public Money Act.

3. Capital Assets

Procedures:

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

Findings:

The Alpine Village Sanitation District does not inventory as required by Section 12-6-10 NMSA 1978 because it has no equipment costing more than \$5,000.

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 revenues based on auditor judgment 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.

Findings:

We completed an analytical review and test of actual revenue on a cash basis and compared to budgeted revenue for the year for each type of revenue. No exceptions were noted.

We selected a sample of revenues consisting of 75% of recorded revenues in Quickbooks general ledger. We tested the amount recorded for supporting documentation agreement to the bank statement. We tested a sample for proper classification, amount and period recorded in the general ledger on a cash basis. No exceptions were noted.

5. Expenditures

Procedures:

Select a sample of cash disbursements and test the total amount of expenditures for 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:

We selected a sample of noncapital outlay cash disbursements amounting to 76% of the total noncapital outlay disbursements and tested the sample for amounts recorded as disbursed, supporting documentation. We tested the amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and cancelled check. No exceptions were noted.

We tested the sample to determine disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions were noted.

Were applicable, we tested the sample for documentation of 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). No exceptions were noted.

6. Journal Entries

Procedures:

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, test the 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:

The Alpine Village Sanitation District utilizes Quickbooks to record cash transactions only and did not prepare journal entries. No exceptions were noted.

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 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.

Findings:

A review of the minutes revealed that the original budget was approved by the Alpine Village Sanitation District on June 2, 2014 and submitted to the DFA-LGD. DFA-LGD approved the final budget on August 20, 2014.

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

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the Alpine Village Sanitation District.

8. Other Procedures


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 (I) (3) (C)NMAC.

Findings:

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Alpine Village Sanitation District, the New Mexico State Auditor's Office, the State Legislature of New Mexico 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.



Dan Austin CPA, P. C.
Ruidoso, New Mexico
November 30, 2015

Alpine Village Sanitation District
Statement of Revenues, Expenditures, and Changes
In Cash Balance – Budget and Actual (Budgetary Basis)
For Year Ended June 30, 2015

Revenues:	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Water Sales	\$ 27,000	\$ 27,000	\$ 27,132	\$ 132
Fees	18,670	18,670	8,593	(10,077)
Interest Income	450	450	429	(21)
Property Tax	<u>32,500</u>	<u>32,500</u>	<u>37,116</u>	<u>4,616</u>
Total revenue	78,620	78,620	73,270	(5,350)
Expenditures:				
System Repairs	20,000	20,000	1,460	18,540
Contractual Services	42,500	42,500	32,833	9,667
Taxes	1,500	1,500	514	986
Other Expense	10,175	10,175	5,767	4,408
Utilities	3,000	3,000	1,930	1,070
Insurance	4,000	4,000	2,242	1,758
Capital Outlay	30,000	30,000	40,411	(10,411)
Debt Service - Principal	9,552	9,552	4,975	4,577
Debt Service - Interest	<u>150</u>	<u>150</u>	<u>131</u>	<u>19</u>
Total expenditures	<u>120,877</u>	<u>120,877</u>	<u>90,263</u>	<u>28,207</u>
Excess (deficiency) of revenue and cash over expenditure:	<u>\$ (42,257)</u>	<u>\$ (42,257)</u>	(16,993)	<u>\$ 22,857</u>
			<u>Beginning Cash 7-1-14</u>	<u>197,649</u>
			<u>Beginning Cash 6-30-15</u>	<u>\$ 180,656</u>

**State of New Mexico
Alpine Village Sanitation District
Schedule of Findings and Responses
Year Ended June 30, 2015**

	Type of Finding	Prior Year Finding #	Current Year Finding #
Current Year Findings:			
None	N/A	N/A	N/A
Prior Year Findings			
Late Report	D	2014-001	N/A

Legend of Findings:

- A. Fraud
- B. Illegal Acts
- C. Internal Control Deficiency
- D. Noncompliance

**State of New Mexico
Alpine Village Sanitation District
Exit Conference
Year Ended June 30, 2015**

EXIT CONFERENCE

The report contents were discussed at an exit conference held at the office of Dan Austin CPA, PC on December 10, 2015 at the offices of Dan Austin CPA, PC with the following in attendance:

Alpine Village Sanitation District

Mike Buechter, Vice President
Joe Buchanan, District Manager

Accounting Firm

Dan Austin, CPA