

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

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

**Year Ended June 30, 2017**

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

**STATE OF NEW MEXICO  
EAST TORRANCE SOIL AND  
WATER CONSERVATION DISTRICT  
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June 30, 2017**

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**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Official Roster  
June 30, 2017**

**Board of Supervisors**

Bill Hanson  
Mike Buechter  
Cheryl Knobel

President  
Vice-President  
Secretary/Treasurer

**Staff**

Joe Buchanan

District Manager

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

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

Bill Hanson, President and  
The Board of Supervisors  
Alpine Village Sanitation District  
and Honorable Wayne Johnson, New Mexico State Auditor

We have performed the procedures enumerated below for the Alpine Village Sanitation District (AVSD), for the year ended June 30, 2017. 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 findings are as follows:

- 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 was \$83,294 which requires a Tier 4 agreed upon procedures.

- 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 AVSC has one operation bank account, one money market account and one Certificate of Deposit a June 30, 2017. 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.

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. 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 AVSC 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:**

Analytical review and test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions. We tested \$70,323 or 84% 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:**

We tested nineteen transactions totaling \$49,765 amounting to 72% of the total disbursements. 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.

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

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 ) were tested when applicable. No exceptions noted.

**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:**

The financial records of Alpine Village Sanitation District indicated that journal entries were posted to the general ledger to record immaterial interest, bank charges and cash transfers. All journal entries appeared reasonable. No exceptions 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 whether 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 AVSC and the DFA-LGD. The subsequent budget adjustments which were approved by the DFA-LGD. No exceptions noted.

Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control. No exceptions noted.

We noted quarterly budget reports were not submitted to DFA-LGD on a timely basis. See finding 2016-002 on page 11.

A schedule of revenues and expenditures - budget and actual was prepared on the cash budgetary basis used by the AVSC. See page 8.

**8. Other**

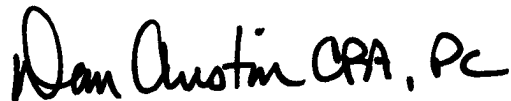
If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose in the report as required by Section, 12-6-6 NMSA 1978. The findings must include the required content per Section 2.2.2.10

(L)NMAC.

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.

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 on the Alpine Village Sanitation District's financial reporting and compliance as described above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matter 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 New Mexico State Legislature and the New Mexico Department of Finance and Administration - DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Dan Austin CPA, PC". The signature is written in a cursive, flowing style.

Dan Austin CPA, P. C.  
Ruidoso, New Mexico  
December 6, 2017



**State of New Mexico  
Alpine Village Sanitation District  
Schedule of Revenues and Expenditures-  
Budget and Actual (Non-GAAP Cash Basis)  
June 30, 2017**

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Water Sales	\$ 27,000	\$ 27,000	\$ 32,449	\$ 5,449
Property Tax	38,575	38,575	38,720	145
Standby Fees	9,500	9,500	7,426	(2,074)
New Meter Hook Up	8,000	8,000	4,000	(4,000)
Transfer Fees	770	770	100	(670)
Late Fees	400	400	-	(400)
Interest Income	450	450	600	150
Total revenue	<u>84,695</u>	<u>84,695</u>	<u>83,295</u>	<u>(1,400)</u>
<b>Expenditures:</b>				
Advertisements	150	150	-	150
Bank Charges	-	-	192	(192)
Chemicals	450	450	761	(311)
Dues	250	250	189	61
Equipment Rental	-	-	45	(45)
Insurance	4,100	4,100	2,373	1,727
Office Expense	2,894	2,894	547	2,347
Professional Fees	49,150	49,150	36,797	12,353
Repairs	24,500	24,500	11,759	12,741
State and Local Tax	2,160	2,160	7,262	(5,102)
Utilities	3,250	3,250	1,819	1,431
Capital Outlay	6,000	6,000	7,022	(1,022)
Total expenditures	<u>92,904</u>	<u>92,904</u>	<u>68,766</u>	<u>25,160</u>
<b>Excess (deficiency) of revenue and cash over expenditures</b>	<b>(8,209)</b>	<b>(8,209)</b>	<b>\$ 14,529</b>	<b>\$ 23,760</b>
Budget Cash Carryover	<u>167,166</u>	<u>167,166</u>	<u>167,166</u>	
Budget Ending Cash	<u>\$ 158,957</u>	<u>\$ 158,957</u>		
Ending Cash			<u>\$ 181,695</u>	

**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Year End Financial Report Submitted to DFA  
Year Ended June 30, 2017**

**Alpine Village Sanitation District  
Revenue and Expense - Actual and Budget  
July 2016 through June 2017**

	Jul '16 - Jun 17	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>Income</b>				
Water Sales	32,449.25	27,000.00	5,449.25	120.2%
Property tax portion	38,719.36	38,574.96	144.40	100.4%
Standby Fees	7,426.00	9,499.92	-2,073.92	78.2%
New Meter Hookup	4,000.00	7,999.92	-3,999.92	50.0%
Transfer Fees	99.58	769.92	-670.34	12.9%
Interest Income	600.51	450.00	150.51	133.4%
Late Fees	0.00	399.96	-399.96	0.0%
<b>Total Income</b>	<b>83,294.70</b>	<b>84,694.68</b>	<b>-1,399.98</b>	<b>98.3%</b>
Uncategorized Income	0.00	0.00	0.00	0.0%
<b>Total Income</b>	<b>83,294.70</b>	<b>84,694.68</b>	<b>-1,399.98</b>	<b>98.3%</b>
<b>Gross Profit</b>	<b>83,294.70</b>	<b>84,694.68</b>	<b>-1,399.98</b>	<b>98.3%</b>
<b>Expense</b>				
Advertisement	0.00	150.00	-150.00	0.0%
<b>Bank Service Charges</b>				
NSF Checks Charge	122.09	0.00	122.09	100.0%
Bank Service Charges - Other	70.04	0.00	70.04	100.0%
<b>Total Bank Service Charges</b>	<b>192.13</b>	<b>0.00</b>	<b>192.13</b>	<b>100.0%</b>
<b>Capital Improvements</b>				
Equipment	1,216.85	0.00	1,216.85	100.0%
Fire Hydrant	0.00	0.00	0.00	0.0%
Water Meter Replacement	5,805.34	0.00	5,805.34	100.0%
<b>Total Capital Improvements</b>	<b>7,022.19</b>	<b>0.00</b>	<b>7,022.19</b>	<b>100.0%</b>
<b>Chemical Supplies</b>				
Super Chlor	760.74	450.00	310.74	169.1%
<b>Total Chemical Supplies</b>	<b>760.74</b>	<b>450.00</b>	<b>310.74</b>	<b>169.1%</b>
Corporate Filing Fee	0.00	99.96	-99.96	0.0%
Dues and Subscriptions	189.00	249.96	-60.96	75.6%
Equipment Rental	45.00	0.00	45.00	100.0%
Filing Fees	0.00	99.96	-99.96	0.0%
Freight	0.00	499.92	-499.92	0.0%
<b>Insurance</b>				
Liability Insurance	2,273.00	3,999.96	-1,726.96	56.8%
Surety Bond	100.00	99.96	0.04	100.0%
<b>Total Insurance</b>	<b>2,373.00</b>	<b>4,099.92</b>	<b>-1,726.92</b>	<b>57.9%</b>
Interest Expense	0.00	0.00	0.00	0.0%
Licenses and Permits	0.00	124.92	-124.92	0.0%
Lot Clearing & Cleaning	0.00	4,500.00	-4,500.00	0.0%
Miscellaneous	0.00	4,500.00	-4,500.00	0.0%
<b>Office Items</b>				
Other	0.00	199.92	-199.92	0.0%
P O Box Rental	76.00	69.96	6.04	108.6%
Postage	161.80	399.96	-238.16	40.5%
Supplies	309.29	300.00	9.29	103.1%
<b>Total Office Items</b>	<b>547.09</b>	<b>969.84</b>	<b>-422.75</b>	<b>56.4%</b>
<b>Professional Fees</b>				
Accounting	16,865.06	17,649.96	-784.90	95.6%
Audit Fees	4,120.62	4,999.92	-879.30	82.4%
Legal Fees	0.00	12,000.00	-12,000.00	0.0%
Water System Operator	15,811.70	14,499.96	1,311.74	109.0%
<b>Total Professional Fees</b>	<b>36,797.38</b>	<b>49,149.84</b>	<b>-12,352.46</b>	<b>74.9%</b>

**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Year End Financial Report Submitted to DFA  
Year Ended June 30, 2017**

	<u>Jul '16 - Jun 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Propane	0.00	499.92	-499.92	0.0%
Reconciliation Discrepancies	0.00	0.00	0.00	0.0%
<b>Repairs</b>				
Building Repairs	0.00	0.00	0.00	0.0%
Controls & Wells	986.43	4,500.00	-3,513.57	21.9%
Maintenance	3,886.14	3,999.96	-113.82	97.2%
Materials - meters & repairs	6,885.89	3,999.96	2,885.93	172.1%
Pipeline	0.00	1,500.00	-1,500.00	0.0%
Roadway	0.00	999.96	-999.96	0.0%
<b>Total Repairs</b>	<b>11,758.46</b>	<b>14,999.88</b>	<b>-3,241.42</b>	<b>78.4%</b>
<b>Taxes</b>				
Federal	0.00	0.00	0.00	0.0%
Local	0.00	0.00	0.00	0.0%
Property	842.11	1,500.00	-657.89	56.1%
State	6,420.21	0.00	6,420.21	100.0%
<b>Total Taxes</b>	<b>7,262.32</b>	<b>1,500.00</b>	<b>5,762.32</b>	<b>484.2%</b>
Telephone	0.00	0.00	0.00	0.0%
<b>Travel &amp; Seminars</b>				
Mileage	0.00	0.00	0.00	0.0%
Room & Board	0.00	0.00	0.00	0.0%
Seminar Fees	0.00	0.00	0.00	0.0%
Travel & Seminars - Other	0.00	999.96	-999.96	0.0%
<b>Total Travel &amp; Seminars</b>	<b>0.00</b>	<b>999.96</b>	<b>-999.96</b>	<b>0.0%</b>
Uncategorized Expenses	0.00	0.00	0.00	0.0%
<b>Uncollectible Accounts</b>				
Customers moved out.	0.00	600.00	-600.00	0.0%
<b>Total Uncollectible Accounts</b>	<b>0.00</b>	<b>600.00</b>	<b>-600.00</b>	<b>0.0%</b>
<b>Utilities</b>				
Electricity	1,818.54	2,749.92	-931.38	66.1%
<b>Total Utilities</b>	<b>1,818.54</b>	<b>2,749.92</b>	<b>-931.38</b>	<b>66.1%</b>
Water conservation fees	0.00	660.00	-660.00	0.0%
Water meter installation	0.00	1,999.92	-1,999.92	0.0%
Water Samples	0.00	0.00	0.00	0.0%
Water Storage Tank Maintenance	0.00	3,999.96	-3,999.96	0.0%
<b>Total Expense</b>	<b>68,765.85</b>	<b>92,903.88</b>	<b>-24,138.03</b>	<b>74.0%</b>
<b>Net Ordinary Income</b>	<b>14,528.85</b>	<b>-8,209.20</b>	<b>22,738.05</b>	<b>-177.0%</b>
<b>Other Income/Expense</b>				
Other Income				
Other Income	0.00	0.00	0.00	0.0%
<b>Total Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
Other Expense				
Other Expenses	0.00	0.00	0.00	0.0%
<b>Total Other Expense</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Net Other Income</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>Net Income</b>	<b>14,528.85</b>	<b>-8,209.20</b>	<b>22,738.05</b>	<b>-177.0%</b>

**STATE OF NEW MEXICO  
ALPINE VILLAGE SANITATION DISTRICT  
Schedule of Findings and Responses and Exit conference  
Year Ended June 30, 2017**

	Type of Finding	Prior Year Finding #	Current Year Results	Current Year Finding #
<b>Prior Year Findings:</b>				
Bank Reconcilements	C	2016-001	Resolved	
Budget Reporting	D	2016-002	Repeated and Amended	
Gross Receipts Tax	D	2016-003	Resolved	
Procurement Policy	D	2016-004	Resolved	
Late Report	D	2016-005	Resolved	
<b>Current Year Findings</b>				
Budget Reporting	D			2016-002

**Legend of Findings:**

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

**2016-002 Budget Reporting-Significant Deficiency**

**Condition**

The District is required to monitor its budget and timely report quarterly results. The Board review or approve the budget report prior to submission and did not submit budgets timely. The Board failed to adopt a policy requiring timely submission.

**Criteria**

Pursuant to Section 6-6-2A NMSA 1978 the District adopted a budget. The District per 6-6-2f failed to timely report accurate quarterly results to DFA-LGD

**Effect**

Non-Compliance with statutory requirements.

**Cause**

Management failed to complete and forward reports to DFA-LGD

**Recommendation**

Establish policy to review and approve budget reports on a quarterly basis prior to submission.

**Response**

Board will implement a policy to require review of Budget Reports and approval prior to submission.

**Expected Response Completion Date** February 28, 2018      **Responsible Party** System Manager

## **EXIT CONFERENCE**

The report contents were discussed an exit conference at the office of Dan Austin CPA, PC with the officials of Alpine Village Sanitation District on December 13, 2017. The following were in attendance:

### Alpine Village Sanitation District

Mike Buechter, Vice President  
Joe Buchanan, District Manager

### Accounting Firm

Dan Austin, CPA