

**SUN VALLEY WATER AND  
SANITATION DISTRICT**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON THE APPLICATION OF TIER 4  
AGREED-UPON PROCEDURES  
YEAR ENDED JUNE 30, 2018**



**SUN VALLEY WATER AND SANITATION DISTRICT  
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JUNE 30, 2018**

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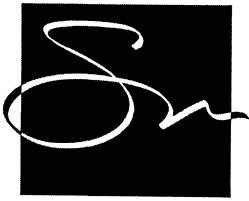
**SUN VALLEY WATER AND SANITATION DISTRICT  
OFFICIAL ROSTER  
JUNE 30, 2018**

**BOARD OF DIRECTORS**

<b>Name</b>	<b>Title</b>
James Miller	Chairman/Director
Marc Stewart	Vice Chairman/Director
Charles Britten	Treasurer/Director
Frank Vanderveen	Director
Sarah Mazur	Director

**ADMINISTRATIVE/OPERATIONS STAFF**

Joe Buchanan	System Operator
Sharon Stewart	Bookkeeper
Karen Payton	Secretary



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

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

Wayne Johnson, New Mexico State Auditor, and  
Board of Directors of  
Sun Valley Water and Sanitation District  
Alto, New Mexico

We have performed the procedures enumerated below for the Sun Valley Water and Sanitation District (District), for the year ended June 30, 2018. The 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 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 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 the expression of an opinion or conclusion, respectively, on the District's financial position and operations as of and for the year ended June 30, 2018. 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 Sun Valley Water and Sanitation District, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the DFA-LGD 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  
August 6, 2018

**SUN VALLEY WATER AND SANITATION DISTRICT  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2018**

<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.	The District's cash basis revenues totaled approximately \$120,309 and did not expend any capital outlay awards. The District is correctly 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 fiscal year bank statements 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 all bank reconciliations noted the reconciliations were accurate and agreed with the general ledger and financial reports submitted to DFA.
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 District's funds were on deposit with multiple financial institutions during the fiscal year. The balances on deposit did not exceed the \$250,000 FDIC maximum insured coverage at each financial institution. The financial institutions were not required to provide additional collateralization for uninsured deposits.
<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 District maintains and annually approves a capital asset inventory listing as required under Section 12-6-10 NMSA 1978.
<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 at least 30% of the total dollar amount and test for the following attributes: Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.	Testwork of 100% of revenues recorded in the general ledger agreed with deposit slips, utility reports and/or other supporting documentation provided and to the bank statements without exceptions.

**SUN VALLEY WATER AND SANITATION DISTRICT  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2018**

<b>4. Revenue (Cont.)</b> <b>Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.</b>	
c. Select a sample of revenue equal to at least 30% of the total dollar amount and test for the following attributes: 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 representative sample 91% of revenue transactions noted the amounts were properly recorded on modified-cash basis as to classification, amount and period per review of supporting documentation.

<b>5. Expenditures</b> <b>Select a sample of cash disbursements 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 representative sample of 64.8% of total cash disbursement transactions noted no exceptions with respect to amount, payee, date and description.
b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.	A representative sample of 64.8% of total cash disbursements 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).

<b>6. Journal Entries</b> <b>Test all non-routine journal entries, adjustments, and reclassifications 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.	The District has policies in place that require any journal entries made by the contract bookkeeper to be reviewed and approved by the Treasurer and the Board during the monthly meetings.

**SUN VALLEY WATER AND SANITATION DISTRICT  
SCOPE OF PROCEDURES AND RESULTS  
JUNE 30, 2018**

<b>7. Budget</b>	
<b>Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:</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 were no subsequent budget adjustments for the fiscal year.
b. Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, 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 individual fund.	The Schedule of Support, Revenue and Expenses – Budget and Actual on the modified-cash basis follows these procedures 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.

**STATE OF NEW MEXICO  
SUN VALLEY WATER AND SANITATION DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION - BUDGET AND ACTUAL (NON-GAAP BASIS)  
YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	\$ 85,000	\$ 85,000	\$ 106,575	\$ 21,575
Tap, Transfer and Late Fees	1,600	1,500	2,656	1,156
Property Tax	62,534	57,532	61,658	4,126
Interest Income	500	500	1,535	1,035
Gross Receipts Tax Collected	6,500	5,331	5,332	1
Other	525	1,794	2,982	1,188
<b>Total Revenues</b>	<u>156,659</u>	<u>151,657</u>	<u>180,738</u>	<u>29,081</u>
<b>EXPENDITURES</b>				
Contract Services	63,950	63,950	63,933	17
Water Conservation Fee	200	200	150	50
Insurance	4,000	4,000	2,759	1,241
Dues	400	400	334	66
Mill Levy Tax Fee	-	-	617	(617)
Legal and Accounting	9,335	9,338	5,525	3,813
Water Treatment	700	700	486	214
Office Expense	7,010	7,020	5,901	1,119
Education and Training	2,000	2,000	-	2,000
Repairs and Maintenance	14,000	14,000	6,875	7,125
Supplies	5,000	4,827	3,576	1,251
Utilities	2,000	2,160	1,576	584
Gross Receipts Tax Remitted	6,500	6,500	5,350	1,150
Capital Outlay	41,564	36,562	34,525	2,037
<b>Total Expenses</b>	<u>156,659</u>	<u>151,657</u>	<u>131,607</u>	<u>20,050</u>
<b>Change in Net Position</b>	-	-	49,131	<u>\$ 49,131</u>
<b>Cash - Beginning of Year</b>	<u>217,452</u>	<u>217,452</u>		
<b>Cash - End of Year</b>	<u>\$ 217,452</u>	<u>\$ 217,452</u>		
<b>Reconciliation to GAAP Basis</b>				
Depreciation			(47,065)	
Capital Outlay			34,525	
Change in:				
Accounts Receivable			2,764	
Accounts Payable			<u>554</u>	
<b>Change in Net Position - GAAP Basis</b>			<u>\$ 39,909</u>	

See independent accountant's compilation report.



**STATE OF NEW MEXICO  
SUN VALLEY WATER AND SANITATION DISTRICT  
4TH QUARTER DFA FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

FUND	CURRENT QUARTER	TO DATE	APPROVED BUDGET	% OF BUDGET
<b>REVENUES:</b>				
Water Revenue	26,126.45	106,574.66	85,000.00	125.38%
Tap Fees	0.00	0.00	0.00	#DIV/0!
Transfer Fee	500.00	1,200.00	1,000.00	120.00%
Late Fees	120.00	835.00	500.00	167.00%
Misc Fees	169.16	620.86	100.00	620.86%
Total County Tax Proceeds	15,876.85	61,041.78	57,532.00	106.10%
Interest Income	393.32	1,535.14	500.00	307.03%
Solar Income	157.00	213.00	325.00	65.54%
Misc Income	0.00	2,769.03	200.00	1384.52%
NM Gross Receipts Tax Collected	1,286.98	5,331.83	6,500.00	82.03%
<b>TOTAL REVENUE</b>	<b>44,629.76</b>	<b>180,121.30</b>	<b>151,657.00</b>	<b>118.77%</b>
<b>TRANSFERS: IN/ (OUT)</b>			0.00	#DIV/0!
				#DIV/0!
				#DIV/0!
				#DIV/0!
<b>NET TRANSFERS</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>#DIV/0!</b>
<b>EXPENDITURES:</b>				
Contract Labor	15,835.11	63,933.24	63,950.00	99.97%
Water Conservation Fee	0.00	150.29	200.00	75.15%
Insurance & Bonds	-269.00	3,064.00	4,000.00	76.60%
Membership Dues	46.81	334.51	400.00	83.63%
Legal	867.50	1,187.28	5,000.00	23.75%
Accounting	0.00	4,337.50	4,335.00	100.06%
Water Treatment Expense	148.20	485.75	700.00	69.39%
Office Expenses	2,079.95	5,880.33	7,000.00	84.00%
Education & Training	0.00	0.00	2,000.00	0.00%
Repairs & Maintenance	1,199.94	6,321.21	14,000.00	45.15%
Supplies & Pipe	3,525.00	3,576.03	5,000.00	71.52%
Utilities	546.00	2,130.00	2,000.00	106.50%
Capital Outlay	30,999.57	34,524.57	36,562.00	94.43%
NM Gross Receipts Tax Paid	1,381.11	5,349.73	6,500.00	82.30%
Bank Charges	-19.95	19.70	10.00	197.00%
<b>TOTAL EXPENDITURES</b>	<b>56,340.24</b>	<b>131,294.14</b>	<b>151,657.00</b>	<b>86.57%</b>

**STATE OF NEW MEXICO**  
**SUN VALLEY WATER AND SANITATION DISTRICT**  
**4TH QUARTER DFA FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2018**

Entity Name: Sun Valley Water & Sanitation Dist.										Entity Code: 0
										Qtr. Reporting: 4
										Page: 3
DISTRICT RECEIPTS	Fund	Line Item	Qtr. Reporting	Year to Date Total	Encumbrances	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Received
<b>GENERAL FUND</b>										
Water Revenue		4-100	26,126.45	106,574.66		85,000		85,000	(21,575)	125.38%
Tap Fees		4-101	0.00	0.00		0		0	0	#DIV/0!
Transfer Fee		4-125	500.00	1,200.00		1,000		1,000	(200)	120.00%
Late Fees		4-150	120.00	835.00		500		500	(335)	167.00%
Misc Fees		4-175	169.16	620.86		100		100	(521)	620.86%
Total County Tax Proceeds		4-200	15,876.85	61,041.78		57,532		57,532	(3,510)	106.10%
Interest Income		4-300	393.32	1,535.14		500		500	(1,035)	307.03%
Solar Income		4-375	157.00	213.00		325	(113)	212	(1)	100.47%
Other Income		4-400	0.00	2,769.03		200	1,282	1,482	(1,287)	186.84%
NM Gross Receipts Tax Collected		4-450	1,286.98	5,331.83		6,500	(1,169)	5,331	(1)	100.02%
<b>TOTAL GENERAL FUND</b>			<b>44,629.76</b>	<b>180,121.30</b>		<b>151,657</b>	<b>1,169</b>	<b>151,657</b>	<b>(28,464)</b>	<b>118.77%</b>

Entity Name: Sun Valley Water & Sanitation Dist.										Entity Code: 0
										Qtr. Reporting: 4
										Page: 6

DISTRICT DISBURSEMENTS	Fund	Dept. Code	Qtr. Reporting	Year to Date Total	Encumbrances	Approved Budget	Resolutions Adj. Budget	Adjusted Budget	Budget Balance	Budget % Expended
<b>GENERAL FUND</b>										
Contract Labor		5-125	15,835.11	63,933.24		63,950		63,950	17	99.97%
Water Conservation Fee		5-175	0.00	150.29		200		200	50	75.15%
Insurance & Bonds		5-200	(269.00)	3,064.00		4,000		4,000	936	76.60%
Membership Dues		5-230	46.81	334.51		400		400	65	83.63%
Legal		5-250	867.50	1,187.28		5,000		5,000	3,813	23.75%
Accounting		5-260	0.00	4,337.50		4,335	3	4,338	1	99.99%
Water Treatment Expense		5-262	148.20	485.75		700		700	214	69.39%
Office Expenses		5-275	2,079.95	5,880.33		7,000		7,000	1,120	84.00%
Education & Training		5-285	0.00	0.00		2,000		2,000	2,000	0.00%
Repairs & Maintenance		5-300	1,199.94	6,321.21		14,000		14,000	7,679	45.15%
Supplies & Pipe		5-325	3,525.00	3,576.03		5,000	(173)	4,827	1,251	74.08%
Utilities		5-350	546.00	2,130.00		2,000	160	2,160	30	98.61%
-113		5-400	30,999.57	34,524.57		36,562		36,562	2,037	94.43%
NM Gross Receipts Tax Paid		5-450	1,381.11	5,349.73		6,500		6,500	1,150	82.30%
Bank Charges		5-550	(19.95)	19.70		10	10	20	0	98.50%
<b>TOTAL GENERAL FUND</b>			<b>56,340.24</b>	<b>131,294.14</b>	<b>0</b>	<b>151,657</b>	<b>0</b>	<b>151,657</b>	<b>20,363</b>	<b>86.57%</b>

**STATE OF NEW MEXICO  
SUN VALLEY WATER AND SANITATION DISTRICT  
4TH QUARTER DFA FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

<b>Entity Name:</b> Sun Valley Water & Sanitation Dist.	<b>Entity Code:</b>
	<b>Qtr. Reporting:</b> 4
	<b>Page:</b> 2

**Schedule of Investments:**

Investment	Fund	Investment Date	Maturity Date	Source (Bank or Fiscal Agent)	Book Value	Market Value
Certificate of Deposit	75000	03/16/18	09/16/18	Pioneer Bank	75000	

**Schedule of General Obligation Bonds:**

Purpose	Date of Issue	Original Amount of Issue	Budgeted Principal Payment	Principal Paid Year To Date	Bonds Redeemed Early	Unredeemed Bonds P & I	Total Bonds Outstanding	Budgeted Interest Payment	Interest Paid To Date	Maturity Date
NONE										

**Schedule of Revenue Bonds:**

Purpose	Date of Issue	Original Amount of Issue	Budgeted Principal Payment	Principal Paid Year To Date	Bonds Redeemed Early	Unredeemed Bonds P & I	Total Bonds Outstanding	Budgeted Interest Payment	Interest Paid To Date	Maturity Date
NONE										

**Schedule of Other Debt (i.e. Interceptor Agreements, Board of Finance Loans, etc.):**

Purpose (Name of Loan)	Fund	Revenue Source	Total Loan Amount	Date of Issue	Budgeted Annual Payment	Principal Paid Year To Date	Interest Paid To Date	Maturity Date
NONE								

**STATE OF NEW MEXICO  
SUN VALLEY WATER AND SANITATION DISTRICT  
4TH QUARTER DFA FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF DEDICATED REVENUE SOURCES:**

Revenue Source	Fund Dedicated To	Purpose	Percent (%) Disposed
NONE			

**SCHEDULE OF TRANSFERS:**

TRANSFER FROM (FUND): (\$2000)	TRANSFER TO (FUND): (\$1000)	AMOUNT THIS QTR.	AMOUNT YTD	APPROVED BUDGET	PURPOSE OF TRANSFER
NONE					
<b>GRAND TOTAL</b>		0	0	0	

**SUN VALLEY WATER AND SANITATION DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2018**

**FINANCIAL STATEMENT FINDINGS**

*CURRENT YEAR FINDINGS:*

NONE

*PRIOR YEAR FINDINGS:*

NONE

**SUN VALLEY WATER AND SANITATION DISTRICT  
EXIT CONFERENCE  
JUNE 30, 2018**

The contents of this report were discussed with the Sun Valley Water and Sanitation District representatives on August 6, 2018. The following individuals were present for the conference:

**Sun Valley Water and Sanitation District**

**Scott Northam, CPA, PC**

Charles Britten - Treasurer  
James Miller - Chairman

Scott Northam, CPA

The financial statements of Sun Valley Water and Sanitation District were prepared by Scott Northam, CPA, PC, from original books and records provided by and with assistance from the management of the District.

Although standards strongly emphasize the District prepare its own financial statements, the consensus between District management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the District designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The District reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes, supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.