



**QUORUM AT ABQ UPTOWN
TAX INCREMENT DEVELOPMENT DISTRICT
REPORT OF INDEPENDENT ACCOUNTANTS
ON THE APPLICATION OF
AGREED-UPON PROCEDURES**

JUNE 30, 2012

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT

**Official Roster
As of June 30, 2012**

Board of Directors

Michael Cook	Chairman
Gilbert Montano	Vice Chairman
James Dobbie	Treasurer
Kevin Kinzie	Member
Rebecca Jackson	Member

Report of Independent Accountants on the Application of Agreed-Upon Procedures

To the Board of Directors
Quorum at ABQ Uptown Tax Increment Development District
and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Quorum at ABQ Uptown Tax Increment Development District (District) and the New Mexico State Auditor (the specified parties), solely to assist you in evaluating the District's financial reporting relating to its Cash, Capital Assets, Debt, Revenue, Expenditures, Journal Entries and Budget information for compliance with Section 12-6-3B (6) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2012. The District is responsible for its financial reporting to and compliance with the State Auditor rules as described above.

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 the parties specified in this 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.

In accordance with Tier 6 of the Audit Act – Section 12-6-3 B (6) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and the associated 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. For purposes of performing our procedures “timely” means completion of the bank reconciliations within one month after the last day of the reporting month and “complete” means that statements for bank and investment accounts are all accounted for by the District.

- b) Perform a random sample of 2 months of the administrative account bank reconciliations for accuracy. Select the largest reconciling items on the selected bank reconciliation (up to at least 50% coverage of deposits in transit and outstanding checks) and trace each to deposit slips and subsequent bank statements. For the purpose of performing our procedures, "Accuracy" means that reconciling items agree to deposit slips and subsequent bank statements.
- c) Determine whether pledged collateral has been provided by the District's financial institution for uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable. Obtain the schedule of pledged collateral securities from the financial institution and compare the total amount to the 50% of the uninsured deposits.

Results of Procedures 1(a) – 1(c)

We obtained a list from management of all bank and investment accounts, and the corresponding statements for the fiscal year ended June 30, 2012 as described below:

Cash

Quorum TIDD \$ 643,836.00

The May and June 2012 bank reconciliations were selected and tested for accuracy.

The District did not have any uninsured deposits at June 30, 2012.

No instances of noncompliance were noted as a result of performing the procedures described in 1(a) – 1(c).

2. Capital Assets

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

Results of Procedure 2

The District has no capital assets and, accordingly, Section 12-6-10 NMSA 1978 is not applicable.

3. Debt

If the local public body has any debt, verify whether required payments on debt were made by comparing the payment amount and date (interest and principal) per amortization schedule to the trust statements. If the debt agreement requires reserves, verify that the local public body is in compliance with those requirements. To determine compliance with reserve requirement we will perform the following:

- a) read the bond indenture to determine the reserve requirement,
- b) obtain the District management's calculation and recalculate the reserve requirement, and compare the recalculated amount to the balance of reserve fund to determine compliance.

Results of Procedures 3(a) - 3(b)

The District has no debt and accordingly, steps 3(a) - 3(b) are not applicable.

4. Revenues

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. For purposes of performing our analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10% for each revenue type.

Select a random sample and test 50% of the total amount of revenues for the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement. For purposes of our procedures, we selected a random sample of recorded revenue transactions to achieve a minimum of 50% coverage.
- 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 of Procedures 4(a) - 4(c)

Revenue was not budgeted for FY 11-12; as a result the analytical review procedures in 4(a) were not performed.

The following items were selected for procedures 4(b) - 4(c) and obtained 100% coverage of the total revenues as follows:

Gross Receipts Tax Revenue

<u>Distribution Month</u>	<u>Gross Amount</u>	<u>Admin Fees</u>	<u>Net</u>
Jul-11	\$ 67,463.11	\$ (355.65)	\$ 67,107.46
Aug-11	16,150.16	(69.17)	16,080.99
Sep-12	25,265.87	(108.22)	25,157.65
Oct-12	24,283.70	(103.99)	24,179.71
Nov-12	23,420.17	(100.30)	23,319.87
Dec-12	30,289.71	(129.71)	30,160.00
Jan-12	28,386.06	(121.58)	28,264.48
Feb-12	32,705.66	(140.06)	32,565.60
Mar-12	24,496.47	(104.92)	24,391.55
Apr-12	25,008.71	(107.11)	24,901.60
May-12	27,853.21	(119.29)	27,733.92
Jun-12	26,811.40	(114.83)	26,696.57
	<u>\$ 352,134.23</u>	<u>\$ (1,574.83)</u>	<u>\$ 350,559.40</u>

No instances of noncompliance were noted as a result of performing the procedures described in 4(b) - 4(c).

5. 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 canceled check, as appropriate.

- b) Determine that Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. For purposes of performing our procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- 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 of Procedures 5(a) – 5(c)

The following cash disbursements (representing 54% of the total expenditures) were selected and the procedures described in 5(a) – 5(c) above were performed:

<u>Type</u>	<u>Date</u>	<u>Account</u>	<u>Amount</u>
Brownstein Hyatt Farber Schreck, LLP			
Bill	7/13/2011	Legal Fees	\$ 7,315.00
Bill	8/9/2011	Legal Fees	1,546.00
Bill	9/13/2011	Legal Fees	6,028.00
Bill	12/31/2011	Legal Fees	2,495.00
Bill	2/27/2012	Legal Fees	9,804.00
Bill	5/31/2012	Legal Fees	3,970.00
Bill	6/22/2012	Legal Fees	4,671.00
Hot Shot			
Bill	1/11/2012	Printing and Reproduction	<u>19.37</u>
			<u>\$ 35,848.37</u>
Total General Government			\$ 66,289.00
Percent of balance			54%

The District is not required to follow the Procurement Code in accordance with NMSA 5-11-10 D. or the Per Diem and Mileage Act, as the District has no employees.

Moss Adams noted that there was no invoice for the Hot Shot printing and reproduction bill of \$19.37. No other instances of noncompliance were noted as a result of performing the procedures described in 5(a) – 5(c).

6. 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. A journal entry is considered reasonable if: i. explanation is consistent with the nature of the adjustment, and the general ledger accounts affected, ii. Supporting documentation (invoices, contracts, correspondences, calculations, etc) agrees with the journal entry details.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures 6(a) – 6(b)

No journal entries were noted requiring review. QuickBooks is used for accounting processing, which we obtained and reviewed.

No instances of noncompliance were noted as a result of performing the procedures described in 6(a) – 6(b).

7. 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 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 of Procedures 7(a) – 7(c)

Through review of Resolution No. 2010-03, it was noted that the budget was passed by the Board of Directors on May 19, 2011.

As a result of performing the procedures described in 7(a) – 7(c), we noted that through a review of the minutes and correspondence, that the original budget was approved by the local public body's governing body. However, we noted that total expenditures exceeded budgeted expenditures and a budgetary amendment was not requested. See Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis) on page 11 of this report.

8. Capital Outlay Appropriations

Request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

Test all capital outlay expenditures during the fiscal year to:

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).
- d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.

- e) Verify that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with the general ledger and other supporting documentation.
- f) If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.
- g) If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.
- h) Determine whether cash received for the award was accounted for in a separate fund or separate bank account that is non-interest bearing if so required by the capital outlay award agreement.
- i) Determine whether reimbursement requests were properly supported by costs incurred by the recipient.

Results of Procedures 8(a) through (i) for Capital Outlay Appropriations

The District did not expend any capital outlay funds for the year ended June 30, 2012. Hence, procedures for Capital Outlay Appropriations are not applicable.

9. 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 of Procedure 9 - Other

Schedule of Findings and Responses are included on pages 12 to 13 of this report.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the District's financial reporting to the State Auditor as described above. 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 District and Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Mess Adams LLP

Albuquerque, New Mexico
December 3, 2012

QUORUM AT ABQ UPTOWN TAX INCENTIVE DEVELOPMENT DISTRICT
BUDGET TO ACTUAL (CASH BASIS) SCHEDULE
GENERAL FUND
Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Gross receipt and property tax revenue	\$ -	-	350,559	350,559
Total revenues	-	-	350,559	350,559
Expenditures				
General government	55,000	55,000	66,289	(11,289)
Total expenditures	55,000	55,000	66,289	(11,289)
Other Financing Sources (Uses)				
Transfer out	-	-	-	-
Total	-	-	-	-
Net change in fund balance	-	-	284,270	284,270
Fund balances, beginning of year	-	-	391,373	391,373
Fund balances, end of year	\$ -	-	675,643	675,643

**QUORUM AT ABQ UPTOWN TAX INCENTIVE DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2012**

12-01 Expenditures

CONDITION

One of the eight expenditures tested did not have supporting documentation to ensure the disbursement was authorized and approved in compliance with the budget, legal requirements and established polices and procedures.

CRITERIA

2012 Agreed Upon Procedures reflected in Tier 6 of the Audit Act stipulates that expenses disbursed agree to adequate supporting documentation.

CAUSE

Supporting documentation was not retained by The District.

EFFECT

The District is not in compliance 2012 Agreed Upon Procedures reflected in Tier 6 of the Audit Act.

RECOMMENDATION

Management should ensure that all supporting documentation for expenditures be retained.

MANAGEMENT'S RESPONSE

We agree with the finding and will ensure all supporting documentation for expenditures is retained in the future.

**QUORUM AT ABQ UPTOWN TAX INCENTIVE DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
Year Ended June 30, 2012**

12-02 Budget

CONDITION

During FY 2012 actual expenditures of \$66,289 exceeded the final budgeted amount of \$55,000.

CRITERIA

2012 Agreed Upon Procedures reflected in Tier 6 of the Audit Act stipulates actual expenditures are not to exceed the final budgeted expenditures.

CAUSE

The District failed to request subsequent budget adjustments to ensure that actual expenditures did not exceed the final budgeted amount.

EFFECT

The District is not in compliance 2012 Agreed Upon Procedures reflected in Tier 6 of the Audit Act.

RECOMMENDATION

Management should request budgetary amendments to ensure that actual expenditures do not exceed the final budget.

MANAGEMENT'S RESPONSE

We agree with the finding. In the future a budgetary amendment will be requested for expenditures that are expected to exceed the original budget. It should be noted that the expenditures exceeded budget due to the dissolution of the TIDD and the related legal costs associated with the dissolution.

**QUORUM AT ABQ UPTOWN TAX INCENTIVE DEVELOPMENT DISTRICT
EXIT CONFERENCE
Year Ended June 30, 2012**

An exit conference was held on December 3, 2012.

Attending were the following:

Representing Quorum at ABQ Uptown Tax Incentive Development District:

James Dobbie, Treasurer
Tony Holdman, Bookkeeper

Representing Moss Adams LLP:

Kim Nunley, CPA, Partner

The Schedule of Revenues and Expenditures – Budget to Actual (Cash Basis) was prepared with the assistance of Moss Adams LLP.