



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

**JUNE 30, 2013**

**MOSS-ADAMS** LLP

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

**TABLE OF CONTENTS**

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT**

**OFFICIAL ROSTER ..... 1**

**REPORT OF INDEPENDENT ACCOUNTANTS  
ON THE APPLICATION OF AGREED-UPON PROCEDURES..... 2**

**SCHEDULE OF REVENUES AND EXPENDITURES –  
BUDGET AND ACTUAL (CASH BASIS)**

    General Fund..... 10

**YEAR END FINANCIAL REPORT SUBMITTED TO DFA..... 11**

**OTHER INFORMATION**

    Schedule of Findings and Responses ..... 12

    Exit Conference ..... 15

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT**

**OFFICIAL ROSTER  
(As of date of dissolution, May 22, 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, Revenue, Expenditures, Journal Entries and Budget information for compliance with Section 12-6-3B (4) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended June 30, 2013. 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 4 of the Audit Act – Section 12-6-3 B (4) 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 these 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.]

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

- 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). [For the purpose of performing these procedures, "Accuracy" means that reconciling items agree to deposit slips and subsequent bank statements.]
- c) Determine whether the local public body's financial institutions have provided it with 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

**Results of Procedures 1(a) - 1(c)**

We obtained the bank statements and corresponding bank reconciliations for the District's bank account. We determined that bank reconciliations are performed in a timely manner and that all bank statements for the fiscal year are complete and on hand. Following is the District's bank account and related bank balance at June 30, 2013:

Wells Fargo           \$   710,911.34

We selected a random sample of 2 months (September 2012 and June 2013) of the bank reconciliations and found the reconciliations accurate by selecting the largest reconciling items on the bank reconciliations (up to at least 50% coverage of deposits in transit and outstanding checks) and agreeing the items to deposit slips and/or subsequent bank statements. We also traced ending balances to the general ledger and supporting documentation. The District did not submit financial reports as required in procedure 1(b). See Schedule of Findings and Responses on page 12.

We requested whether the District's financial institution provided it with 50% of pledged collateral on uninsured deposit balances. The District did not have pledged collateral for uninsured deposits at June 30, 2013. See Schedule of Findings and Responses on page 12.

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

## **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. 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. [For purposes of performing analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10%.]

Select a sample of revenues based on auditor judgment [for purposes of procedures in 3(b) and 3(c), we selected a random sample of recorded revenue transactions to achieve a minimum of 50% coverage], and test for 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.

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

**Results of Procedures 3(a) – 3(c)**

Revenue was not budgeted for FY13. As a result, the analytical review procedures in 3(a) were not performed.

The following items were selected for procedures 3(b) – 3(c), representing 100% coverage of revenues, as follows:

**Gross Receipts Tax Revenue**

Distribution Month	Gross Amount	Admin Fees	Net
July – 12	\$ 29,231	\$ (125)	\$ 29,106
Aug – 12	24,670	(106)	24,564
Sept – 12	<u>23,783</u>	<u>(102)</u>	<u>23,681</u>
	<u>\$ 77,684</u>	<u>\$ (333)</u>	<u>\$ 77,351</u>

No instances of noncompliance were noted as a result of performing the procedures described in 3(b) – 3(c).

**4. Expenditures**

Select a sample of cash disbursements based on auditor judgment [for purposes of steps 4(b) and (c), we randomly selected a sample of cash disbursements, to achieve 50% of total expenditures] 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.

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

- 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 these procedures, disbursements were considered to be properly authorized if they contained evidence of review such as sign off on invoices or approval through correspondence.]
- 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 4(a) – 4(c)**

The following cash disbursements (representing 79% of the total expenditures) were selected and the procedures described in 4(a) – 4(c) above were performed:

Type	Name	Date	Account	Amount
Bill	Brownstein Hyatt Farber Schreck, LLP	9/7/2012	Legal Fees	\$ 9,173
Bill	Brownstein Hyatt Farber Schreck, LLP	10/16/2012	Legal Fees	343
Bill	Moss Adams	11/21/2012	Accounting Fees	9,363
Bill	Moss Adams	1/1/2013	Accounting Fees	6,688
Total				\$ 25,567
Total General Government				\$ 32,301
Percentage Tested				79%

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 does not have employees.



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

## **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. [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, correspondence, 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 5(a) – 5(b)**

No journal entries were noted that required review. QuickBooks is used for accounting processing, which was obtained and reviewed.

No instances of noncompliance were noted as a result of performing the procedures described in 5(a) – 5(b).

## **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.

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

- 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 6(a) – 6(c)**

It was noted that a budget was not approved by the Board of Directors and submitted to DFA-LGD, due to the dissolution of the District. See Schedule of Findings and Reponses on page 14.

#### **7. 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 7 - Other**

The Board of Quorum at ABQ Uptown Tax Increment Development District authorized the dissolution of the District by a resolution adopted on May 22, 2012, and the City of Albuquerque consented to the dissolution of the District. On August 30, 2012, the New Mexico Taxation and Revenue Department was directed to cease remitting gross receipts tax beginning January 1, 2013.

Schedule of Findings and Responses are included on pages 12 through 14 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.

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

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  
November 12, 2013

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
BUDGET AND ACTUAL (CASH BASIS) SCHEDULE  
GENERAL FUND  
Year Ended June 30, 2013**

It was noted that a budget was not approved by the Board of Directors and submitted to DFA-LGD.

See Schedule of Findings and Responses on page 14.

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
YEAR-END FINANCIAL REPORT SUBMITTED TO DFA**

It was noted that the District did not submit a year-end financial report to DFA.

See Schedule of Findings and Responses on page 12.

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2013**

**13-01 Year-End Financial Report**

CONDITION

It was noted that the District did not submit financial reports to DFA-LGD.

CRITERIA

2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act stipulates that the District submit financial reports to DFA-LGD.

CAUSE

The Board of the Quorum at ABQ Uptown Tax Increment Development District authorized the dissolution of the District by a resolution adopted on May 22, 2012, and the City of Albuquerque consented to the dissolution of the District. On August 30, 2012, the New Mexico Taxation and Revenue Department was directed to cease remitting gross receipts tax beginning January 1, 2013. The District failed to submit year-end financial reports for FY 2013, due to the dissolution of the District.

EFFECT

The District is not in compliance with 2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act.

RECOMMENDATION

Management should have submitted year-end financial reports to DFA-LGD.

MANAGEMENT'S RESPONSE

There was no board to review and approve financial statements and there was no material change in the financial statements from the prior year.

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2013**

**13-02 Pledged Collateral on Uninsured Deposits**

CONDITION

The District's financial institution did not provide the District with the 50% pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

CRITERIA

2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act stipulates that the District's financial institution provide it with 50% of pledged collateral on uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act.

CAUSE

The District was not aware of the requirement to have pledged collateral on uninsured deposits.

EFFECT

The District is not in compliance 2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act.

RECOMMENDATION

Management should have been aware of all requirements related to Section 6-10-12 NMSA 1978, Public Money Act.

MANAGEMENT'S RESPONSE

There was no board in place and therefore there was no authorization to move funds.

**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2013**

**13-03 Budget**

CONDITION

It was noted that a budget was not approved by the Board of Directors, nor submitted to DFA-LGD, due to the dissolution of the District.

CRITERIA

2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act stipulates that a budget is to be approved and submitted to DFA-LGD.

CAUSE

The Board of the Quorum at ABQ Uptown Tax Increment Development District authorized the dissolution of the District by a resolution adopted on May 22, 2012, and the City of Albuquerque consented to the dissolution of the District. On August 30, 2012, the New Mexico Taxation and Revenue Department was directed to cease remitting gross receipts tax beginning January 1, 2013. The District failed to approve and submit a budget for FY 2013, due to the dissolution of the District.

EFFECT

The District is not in compliance with 2013 Agreed Upon Procedures reflected in Tier 4 of the Audit Act.

RECOMMENDATION

Management should have approved and submitted a budget to the DFA-LGD.

MANAGEMENT'S RESPONSE

There was no board in place and therefore no official body to approve the budget.



**QUORUM AT ABQ UPTOWN TAX INCREMENT DEVELOPMENT DISTRICT  
EXIT CONFERENCE  
Year Ended June 30, 2013**

An exit conference was held on November 12, 2013.

Attending were the following:

Representing Quorum at ABQ Uptown Tax Increment Development District:

James Dobbie, Treasurer  
Tony Holdman, Bookkeeper

Representing Moss Adams LLP:

Kim Nunley, CPA, Partner  
Tyler Zundel, Manager