

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Ancones Mutual Domestic Water and Wastewater Consumers Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2016

Ancones Mutual Domestic Water and Wastewater Consumers Association
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Fiscal Year Ended December 31, 2016

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**Ancones Mutual Domestic Water and Wastewater Consumers Association
Official Roster
Fiscal Year Ending December 31, 2016**

Board of Directors

Leonel Chacon, President

Robert Montoya, Jr., Vice President

Stacy Maestas, Secretary/Treasurer

LeRoy Campos, Member

Belinda Vasquez, Member

Administrative Staff

Leonel Toby Chacon, Certified Water Operator

Independent Accountant's Report on Applying Agreed-Upon Procedures

Leonel Chacon, President
Ancones Mutual Domestic Water and Wastewater Consumers Association
and
Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the Ancones Mutual Domestic Water and Wastewater Consumers Association (Association) for the year ended December 31, 2016, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the MDWWCA through the New Mexico Office of the State Auditor. The Association's management is responsible for its accounting records and the subject matter. 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. Our procedures and findings are as follows

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Based on a review of the Association's general ledger, total revenues for the fiscal year ending December 31, 2016 were \$8,255 (excluding the capital outlay grant) and the Association expended the remaining balance of a capital outlay grant from the New Mexico Environment Department (NMED). Based on this information, the Association was properly determined to be a Tier 3 entity for FY16 since their total revenues were less than \$10,000 and they expended the remaining balance of a capital outlay grant during 2016.

2. Test all state-funded capital outlay expenditures:
 - 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.

All of the cash disbursements for the capital award project were tested. The amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Association does not use purchase order forms.

- b. Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

The cash disbursements tested were properly authorized and approved in accordance with the project budget, legal requirements and the Association's procurement 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).

None of the project work completed in 2016 required sealed bids or proposals. The Association obtained quotes and selected the lowest qualified bidder for the work done on the project. The purchase of goods and services for the project complied with the requirements of the New Mexico Procurement Code.

- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.

The project work was observed on April 12, 2017. The work done as of December 31, 2016 agreed with the contractors' invoices and 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.

The Association submitted the required status reports to the New Mexico Environment Department (NMED). The amounts in the status reports agreed with the general ledger and other supporting documentation.

- 3. 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.

The project was not funded in advance. The Association was required to submit disbursement request forms to the NMED along with vendor invoices, status reports and other supporting documentation.

- 4. If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

As of December 31, 2016, the well and fill station project was completed and the \$87,900 grant to the Association was fully expended. See the Schedule of Capital Outlay Awards on p. 6 of this report.

5. 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.

The Association received \$12,615.86 from the NMED which was deposited in the Association's checking account at the Valley National Bank in Espanola, NM. The capital outlay award agreement did not require a separate fund or separate non-interest bearing bank account to deposit the amounts received.

6. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

During 2016, the Association filed one disbursement request form totaling \$12,615.86 with the NMED for the project expenditures. The request was supported by the contractors' invoices for the work completed on the fill station project. The project costs were not paid by the Association prior to the request for reimbursement because the Association did not have the necessary funds. The Association paid for the project costs after the grant check was received from the NMED.

7. The agreed-upon procedures report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation that meets the Tier 3 criteria.

See the Schedule of Capital Outlay Awards on p. 6 of this report.

8. 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 information or indications of fraud, illegal acts, noncompliance or internal control deficiencies were noted during the performance of the agreed-upon procedures.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Tier 3 agreed upon procedures. 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 management and others with the Association, the New Mexico State Auditor, Department of Finance and Administration – Local Government Division, New Mexico Environment Department and the State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

April 12, 2017

**Ancones Mutual Domestic Water and Wastewater Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Status of Prior Year Findings

Finding 2015-001. Late Submission of Firm Recommendation Form and Contract to the Office of the State Auditor – Resolved.

Current-Year Findings

None.

**Ancones Mutual Domestic Water and Wastewater Consumers Association
 Schedule of Capital Outlay Awards
 For the Fiscal Year Ending December 31, 2016**

	1
Amount Awarded for Project	\$ 87,900.00
Amount Received and Expended in 2015	(75,284.14)
Amount Received and Expended in 2016	(12,615.86)
Remaining Balance	\$ -

Agreement Provisions

**1 - Grant Agreement Between the New Mexico Environment Department and the Ancones Mutual Domestic Water and Wastewater Consumers Association
 Fund 89200 Capital Appropriations Project #14-1673-STB**

Legislative Authority: NM Laws of 2014, Chapter 66, Section 16, Paragraph 81

Date of Agreement: February 20, 2015

Project Description: To design and construct a pump house for the Ancones Mutual Domestic Water and Wastewater Consumers Association in La Madera in Rio Arriba County.

Estimated Project Cost: \$188,377

State Grant Amount: \$87,900

Agreement termination/reversion date: June 30, 2018

**Ancones Mutual Domestic Water and Wastewater Consumers Association
Exit Conference
Fiscal Year Ended December 31, 2016**

On April 12, 2017, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

Ancones Mutual Domestic Water and Wastewater Consumers Association

Stacy Maestas, Secretary/Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, General Manager