



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TIERRA AMARILLA, NEW MEXICO

STATE OF NEW MEXICO

**CAÑONES MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 3)

Year Ended December 31, 2015

STATE OF NEW MEXICO

CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION

**Independent Accountants' Report on Applying
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**STATE OF NEW MEXICO
CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster
at December 31, 2015**

<u>Name</u>	<u>Title</u>
<u>Commissioners</u>	
Dolores Valdez	President
Inez Gallegos	Vice-President
Aurelia Valdez	Treasurer
Mary Velasquez	Secretary



Macias, Gutierrez
& Co., P.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 3)

To: Dolores Valdez, President
Cañones Mutual Domestic Water Consumers Association #3066
and
Brian S. Colón, Esq.
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Cañones Mutual Domestic Water Consumers Association and the Office of the State Auditor on the Tier Verification, the State-Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended **December 31, 2015**, included in the accompanying information provided to us by management of the Cañones Mutual Domestic Water Consumers Association. The Cañones Mutual Domestic Water Consumers Association is responsible for the Tier Verification, the State Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, 2015 included in the accompanying information provided to us by the management of the Cañones Mutual Domestic Water Consumers Association. 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. The procedures and associated findings (Results of Procedures Performed) are as follows:

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for the capital outlay award funds expended by the recipient that meet Tier 3 criteria.

1. Before beginning the procedures below, the IPA must verify the local public body's revenue calculation and tier determination using the form provided at www.osanm.org under "Tiered System Reporting Main Page."

We verified the Cañones Mutual Domestic Water Consumers Association's revenue calculation and tier determination. The Cañones Mutual Domestic Water Consumers Association's cash basis revenue was less than \$50,000 and expended at least 50% of, or the remainder of a capital outlay award which meets the criteria for **Tier 3 determination**.

2. The Contractor shall test all state-funded capital outlay expenditures to:

Procedures

- 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).
- 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.

Results of Procedures Performed

- a) We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled check copies, as appropriate. There was one project For Project 14-1671, we examined two disbursements totaling \$51,955.21.
- b) We determined that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) We determined that the bid process, 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).
- d) We determined the physical existence by photographs of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with accounting records and other supporting documentation.

3. Procedures

If the project was funded in advance, the Contractor shall determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

Results of Procedures Performed

There was one project. The project was not intended to be funded in advance but on a reimbursement basis.

4. Procedures

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

Results of Procedures Performed

Project 14-1671 is not complete and there is an unrequested/unexpended balance of \$8,244.79 in agreement with the grantor.

5. Procedures

The Contractor shall 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 agreement.

Results of Procedures Performed

Since the projects were approved on a reimbursement basis, no separate fund or bank accounts were required.

6. Procedures

The Contractor shall determine whether reimbursement requests were properly supported by costs incurred by the recipient. The Contractor shall determine whether the costs were paid by the local public body prior to the request for reimbursement.

Results of Procedures Performed

We determined that reimbursement requests were properly supported and the Cañones Mutual Domestic Water Consumers Association incurred costs prior to the submission of requests for funding from the New Mexico Environment Department. There was one project. For Project 14-1671, we examined two reimbursement requests totaling \$51,955.21.

7. Other Procedures

If information comes to the Contractor’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) (3) (C) NMAC.

Results of Procedures Performed

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 a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, State-Funded Capital Outlay Expenditures and Reimbursements or Other for the Cañones Mutual Domestic Water Consumers Association for the year ended December 31, 2015, included in the accompanying information provided to us by management of the Cañones Mutual Domestic Water Consumers Association. 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 you.

This report is intended solely for the information and use of the Cañones Mutual Domestic Water Consumers Association, the New Mexico State Auditor’s Office, the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than the specified parties.

Macias, Gutierrez & Co., CPAs, P. C.

Macias, Gutierrez & Co., CPAs, P. C.
Tierra Amarilla, New Mexico 87575
April 5, 2019

STATE OF NEW MEXICO
 CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2015

Exhibit A

Capital Outlay Project No.	Pay Request	Amount Awarded	Amount Requested/ Received	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
14-1671-STB		<u>\$ 60,200.00</u>					
	1		\$ 25,024.63	\$ 25,024.63	\$ 35,175.37	Laws of 2014, Chapter 66, Section 16, Paragraph 79, to plan, design and construct phase two water system improvements for the Canones mutual domestic water consumers and mutual sewage works association in Rio Arriba county.	Through 6/30/2018
	2		26,930.58	26,930.58	8,244.79		
			<u>\$ 51,955.21</u>	<u>\$ 51,955.21</u>	<u>\$ 8,244.79</u>		

STATE OF NEW MEXICO
 CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2015

Exhibit B

Grant No.	Pay Request	Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
14-1671			<u>\$ 60,200.00</u>							
STB										
	1	5/15/2015		\$ 25,024.63	7/27/2015	\$ 25,024.63	1109	6/15/2015	\$ 25,024.63	Western Solutions
	2	11/16/2015		<u>26,930.58</u>	12/17/2015	<u>26,930.58</u>	1135	11/16/2015	<u>26,930.58</u>	Western Solutions
			Total	<u>\$ 51,955.21</u>		<u>\$ 51,955.21</u>			<u>\$ 51,955.21</u>	

**STATE OF NEW MEXICO
CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2015**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Late Report	D	N/A	2015-001
Follow-up on Prior Year Findings:			
None	N/A	N/A	N/A

- * Legend for Findings:**
- A. Fraud
 - B. Illegal Act(s)
 - C. Internal Control Deficiency(ies)
 - D. Noncompliance

**STATE OF NEW MEXICO
CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2015**

2015-001

Late Report

Criteria

Office of the State Auditor, Rule 2015, Section 2.2.2.16.H, requires that local public bodies with other than a June 30 fiscal year end must submit the agreed-upon procedures (AUP) report no later than five months after the fiscal year end.

Condition

The Cañones Mutual Domestic Water Consumers Association agreed-upon procedures report for the year ended December 31, 2015 was submitted more than five months after the fiscal year end.

Cause

The Cañones Mutual Domestic Water Consumers Association did not have the adequate funding to pay for an AUP for the year ended December 31, 2015 and, therefore, they did not submit a recommendation or contract for State Auditor approval until March 2019 when they were awarded funding through the Office of the State Auditor.

Effect

The Cañones Mutual Domestic Water Consumers Association has not complied with Office of the State Auditor, Rule 2015, Section 2.2.2.16.H.

Recommendation

We recommend that the Cañones Mutual Domestic Water Consumers Association submit all future agreed-upon procedures reports by the required deadline.

Entity Response and Corrective Action Plan

“The Board of Directors and the Accounts Manager will immediately take appropriate action to ensure that all future agreed-upon-procedures reports are submitted by the required deadline.”

**STATE OF NEW MEXICO
CAÑONES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference
Year Ended December 31, 2015**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on April 4, 2019 with the following:

Cañones MDWCA

By telephone:

Inez Gallegos, Vice-President
Ana Berry, Accounts Manager

Accounting Firm

James R. (Jim) Macias, CPA