

CEDAR CREST MUTUAL DOMESTIC WATER CONSUMERS
& SEWAGE WORKS ASSOCIATION

December 31, 2015

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& SEWAGE WORKS ASSOCIATION

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CEDAR CREST MUTUAL DOMESTIC WATER CONSUMERS
& SEWAGE WORKS ASSOCIATION

Official Roster
December 31, 2015

Board of Directors

Kevin Barr	President
Tito Manzanares	Vice President
Oscar Love	Secretary/Treasurer
Chuck Van Gelder	Board Member

Staff

Kristin Thacher	Contract Administrative Assistant
Carl Housman	Contract Water Operator

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED UPON PROCEDURES

Honorable Tim Keller
New Mexico State Auditor
And
Kevin Barr, President
Cedar Crest Mutual Domestic Water Consumers
& Sewage Works Association

We have performed the procedures enumerated below, which were agreed to by Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association (the "Association") for the year ended December 31, 2015. The Association was determined to be a Tier 3 entity under the Audit Act Section 12-6-3 (B) NMSA 1978 and Section 2.2.2.16 NMAC. These procedures were agreed to by the Association through the Office of the New Mexico State Auditor ("OSA"). The Association's managements 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 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."

Findings – Burt & Company CPAs, LLC (B&C) verified the body's revenue calculation and noted it was documented on the OSA form.

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.
 - 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).

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- 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.

Findings – B&C performed the above procedures and did not note any exceptions.

- 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.

Findings – B&C performed the above procedure and did not note any exceptions.

- 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.

Findings – B&C determined the project was completed, there was no unexpended balances, therefore not reverted per agreement with grantor.

- 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.

Findings – B&C performed the above procedure, separate bank account not required, did not note any findings.

- 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.

Findings – B&C compared reimbursement request to support documentation and determined requests were properly supported. B&C noted funds were received prior to vendor as the general fund did not have adequate funds to pay in advance and advanced funding was allowed by the grant. Not considered an exception.

- 7. If information comes to the Independent Public Accounts' 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.

Findings – B&C performed the above procedures and noted finding 2013-001.

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We were not engaged to, and did not, conduct and audit, the objective of which would be the expression of an opinion on the accounting records. 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 Cedar Crest Domestic Water Consumers & Sewage Works Association, the New Mexico State Auditor's Office, DFA-Local Government Division and New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Burt & Company CPAs, LLC

Burt & Company CPAs, LLC
Albuquerque, New Mexico
May 27, 2016

CEDAR CREST MUTUAL DOMESTIC WATER CONSUMERS
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Schedule of Capital Outlay Award
December 31, 2015

Award No: 14-1597-STB

Awarded/Expended: \$165,000

Amount Received: \$165,000

Remaining Balance: \$0

Legislation: Laws of 2014, Chapter 66, Section 16, Paragraph 3, for site development and grading, for construction of well control and disinfection building and the construction of 80,000 gallon water storage tank. Includes building of an access road, installing security fencing, constructing the well control building with all equipment for controls, electric service and plumbing. Trench and lay pipe from wells to well control house, storage tank and distribution system. Two fire hydrants to be installed on new 8 inch PVC water line that replace 1800 feet of old 2 inch steel pipe. The old 30,000 gallon water tank to be removed from system. For Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association in Bernalillo County, NM. Effective until June 30, 2018.

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Schedule of Findings and Responses
December 31, 2015

2013-001 IPA Recommendation Form and Contract – Compliance

Condition: The Association submitted the IPA Recommendation form and the signed contract to the Office of the State Auditor (OSA) subsequent to the regulatory due date of 30 days prior to year-end. It was noted the Association had completed their initial determination by using only revenues prior to the deadline to submit Tier recommendations to the OSA, and thought they did not need Tier 3 or higher procedures. However, subsequent to this deadline they became aware of the need for Tier 3 procedures as during 2015 they closed out the grant related to the capital outlay appropriation.

Criteria: Pursuant to 2.2.2.8(G)(6) NMAC, the Association is required to submit the IPA recommendation and signed audit contract to OSA no later than 30 days prior to fiscal year-end, based on an accurate Tier determination form.

Effect: The Association is not in compliance with the New Mexico Administrative Code and the NM State Audit Rule.

Cause: The Association prepared their initial Tier determination and did not consider that they were making the final expenditure related to the Capital Outlay Appropriation requiring a Tier 3 set of procedures regardless of revenue limits.

Accountants' Recommendation: The Association should ensure they prepare the IPA recommendation form and contract with sufficient time to have the approval of all required parties and submit the information to OSA by the required deadline. Forms should be reviewed to prevent errors or omissions.

Management's Response: The Association will strive to ensure that forms are submitted timely and accurately for the fiscal year 2016.

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Status of Prior Year Findings
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2013-001	IPA Recommendation Form and Contract – Other Matter	Repeated/Modified
2014-001	Bank Reconciliations – Compliance	Resolved
2014-002	Governmental Conduct Act – Compliance	Resolved
2014-003	DFA Approval of Budget Adjustment Requests – Compliance	Resolved
2014-004	Depreciable Assets Not Being Depreciated – Internal Control Deficiency	Resolved

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Exit Conference
December 31, 2015

Exit Conference

An exit conference was held with the Association on May 18, 2016. The following were in attendance:

Oscar Love, President - Association

Kristin Thacher, Contract Administrative Assistant - Association

Christopher J. Schmitz, CPA, CGMA, Onsite Manager – Burt & Company CPAs, LLC