

*Cedar Crest Mutual Domestic Water
Consumers & Sewage Works Association*

*Independent Accountants' Report on
Applying Agreed-Upon Procedures
For the Year Ended December 31, 2013*



**Accounting &
Consulting Group, LLP**
Certified Public Accountants

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STATE OF NEW MEXICO
Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association
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For the Year Ended December 31, 2013

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STATE OF NEW MEXICO

Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association
Official Roster
December 31, 2013

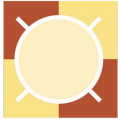
Board of Directors

Kevin Barr	President
Tito Manzanares	Vice President
Oscar M. Love III	Secretary Treasurer
Charles VanGelder	Board Member
Kay Paterson	Board Member

Staff

Kristin Thacher	Contract Administrative Assistant
Carl Housman	Contract Water Operator
Tito Manzanares	Contract Water Operator

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Accounting & Consulting Group, LLP

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association
and
Honorable Hector H. Balderas
New Mexico State Auditor

We have performed the procedures enumerated below for the Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association (the "Association"), for the year ended December 31, 2013. The Association was determined to be a Tier 3 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the organization's accounting records. Our engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Objective:

The scope of the agreed-upon procedures engagement shall encompass any and all state-funded capital outlay appropriations that meet Tier 3 criteria. Testwork shall: (1) be applied to only capital outlay expenditures that meet the Tier 3 criteria; and (2) extend to the end of fieldwork.

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 the Tier 3 criteria.

1. Procedures:

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 1.4.4 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.

Comments:

- a) After applying the procedures enumerated above, we noted no exceptions.
- b) After applying the procedures enumerated above, we noted no exceptions.
- c) After applying the procedures enumerated above, we noted no exceptions.
- d) After applying the procedures enumerated above, we noted no exceptions.
- e) After applying the procedures enumerated above, we noted no exceptions.

2. Procedures:

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.

Comments:

Not applicable, the Association was not funded in advance.

3. Procedures:

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

Comments:

Not applicable, the project is not yet complete. There is an outstanding balance at December 31, 2013 of \$33,581. The project will be completed in the upcoming year.

4. Procedures:

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.

Comments:

Not applicable, due to the Association receiving the funding on a reimbursement basis.

5. Procedures:

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.

Comments:

We performed procedures over four reimbursements and determined that these were properly supported and the costs were paid for prior to the request.

6. Procedures:

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.

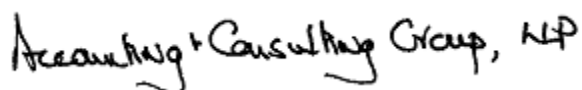
Comments:

After applying the procedures enumerated above, nothing came to the accountants' attention that is indicative of any of the above matters.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion. 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 use of the Association, the State of New Mexico, the Department of Finance and Administration – Local Government Division, and the Office of the State Auditor and their designees, and should not be used by those who did not agree to the procedures and take responsibility for the sufficiency of the procedures for their purposes.

Sincerely,



Accounting & Consulting Group, LLP
Albuquerque, New Mexico
May 7, 2014

STATE OF NEW MEXICO

Schedule III

Cedar Crest Mutual Domestic Water Consumers and Sewage Works Association

Projects Schedule

For the Year Ended December 31, 2013

<u>Award No.</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Remaining Balance</u>	<u>Actual Legislation</u>
12-1336-STB	\$ 100,000	\$ 66,419	\$ 33,581	Laws of 2012, Chapter 64, Section 11, Paragraph 6 to plan, design, and construct and equip water system improvements, including a water storage tank, well and supply lines, for the Cedar Crest Mutual Domestic Water Consumers and Sewage Works Association in Bernalillo County. Effective until June 30, 2016.

STATE OF NEW MEXICO
Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association
Schedule of Findings and Responses
December 31, 2013

2013-001 IPA Recommendation Form and Contract – Other Matters

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.

Criteria: Pursuant to 2.2.2.8(G)(6)(c)(ii) 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.

Effect: The Association is not in compliance with the New Mexico Administration Code.

Cause: Due to the year end falling on a date other than June 30, the Association was not aware the IPA recommendation form was due 30 days prior to their fiscal year end.

Auditors' 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.

Agency's Response: The IPA recommendation form was not submitted timely due to oversight. The Association will strive to ensure that the form is submitted timely for fiscal year 2014.

STATE OF NEW MEXICO

Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association
Other Disclosures
December 31, 2013

OTHER DISCLOSURES

Exit Conference

An exit conference was held on May 9, 2014. In attendance were the following:

Representing Cedar Crest Mutual Domestic Water Consumers & Sewage Works Association:

Kristin Thacher, Contract Administrative Assistant
Kevin Barr, Board President

Representing Accounting & Consulting Group, LLP:

Kyle Reeves, Senior