



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
www.mgandc.com

STATE OF NEW MEXICO

**LOWER DES MONTES MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

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

Year Ended December 31, 2017

STATE OF NEW MEXICO

**LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS
ASSOCIATION**

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

Year Ended December 31, 2017

**STATE OF NEW MEXICO
LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster
at December 31, 2017**

<u>Name</u>	<u>Title</u>
<u>Board of Directors</u>	
Mike Martinez	President
John Archuleta	Vice-President
Edna Pena	Secretary
Epimenio Montoya	Member
Lee Varoz	Member
Ruby Romero	Member



Macias, Gutierrez
& Co., P.C.

*Certified Public Accountants
Member AICPA, NMSCPA*

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

To: Mike Martinez, President
Lower Des Montes Mutual Domestic Water Consumers Association #3252
and
Wayne A. Johnson
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Lower Des Montes Mutual Domestic Water Consumers Association (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, 2017, included in the accompanying information provided to us by management of the Lower Des Montes Mutual Domestic Water Consumers Association. The Lower Des Montes 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, 2017 included in the accompanying information provided to us by the management of the 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 Lower Des Montes Mutual Domestic Water Consumers Association's revenue calculation and tier determination. The Lower Des Montes 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. The Association expended less than 50% at December 31, 2016 but had expended the remainder through December 31, 2017.**

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 13-1511, we examined eight disbursements totaling \$130,244.58. The Association utilized \$5,244.58 of their own funds for Project 13-1511.
- b) We determined that the disbursement was properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) We determined 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).
- 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 Contractor shall determine if there is unexpended balance and whether it was reverted per statute and agreement with the grantor.

Results of Procedures Performed

Project 13-1511 is complete and there is no unexpended balance 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 project was 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 Association incurred costs prior to the submission of requests for funding from the New Mexico Environment Department. For Project 13-1511, we examined seven reimbursement requests totaling \$125,000.00.

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 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 Lower Des Montes Mutual Domestic Water Consumers Association for the year ended December 31, 2017, included in the accompanying information provided to us by management of the Lower Des Montes 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 Lower Des Montes 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.
Espanola, New Mexico 87532
May 2, 2018

STATE OF NEW MEXICO
 LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2017

Exhibit A

Capital Outlay Project No.	Pay Request	Amount Awarded	Amount Requested/ Received	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
13-1511-STB		<u>\$ 125,000.00</u>					
	1		\$ 44,915.34	\$ 44,915.34	\$ 80,084.66	Laws of 2013, Chapter 226, Section 23, Paragraph 84, to construct water system improvements, including the purchase and installation of new water storage tanks, a pump station, water lines and meters, for the Lower Des Montes nutal domestic water consumers association in Des Montes and Valdez in Taos county.	Through 6/30/2017
	2		22,844.40	22,844.40	57,240.26		
	3		31,397.27	31,397.27	25,842.99		
	4		6,180.39	6,180.39	19,662.60		
	5		6,963.12	6,963.12	12,699.48		
	6		5,643.83	5,643.83	7,055.65		
	7		<u>7,055.65</u>	<u>7,055.65</u>	<u>-</u>		
			<u>\$ 125,000.00</u>	<u>\$ 125,000.00</u>	<u>\$ -</u>		

STATE OF NEW MEXICO
 LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2017

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
13-1511			<u>\$ 125,000.00</u>							
STB										
	1	10/18/2016		\$ 44,915.34	12/28/2016	\$ 12,000.00	4871	12/14/2016	\$ 12,000.00	Done Right Construction
						32,915.34	4877	12/28/2016	32,915.34	Done Right Construction
			2016	<u>44,915.34</u>		<u>44,915.34</u>			<u>44,915.34</u>	
	2	10/19/2016		22,844.40	12/28/2016	22,844.40	4884	1/9/2017	22,844.40	Done Right Construction
	3	3/23/2017		31,397.27	3/30/2017	31,397.27	4933	3/30/2017	31,397.27	Done Right Construction
	4	3/23/2017		6,180.39	4/3/2017	4,302.42	4937	4/3/2017	6,180.39	Medina Consulting LLC
						1,877.97				
	5	6/13/2017		6,963.12	6/15/2017	6,963.12	4974	6/21/2017	6,963.12	Done Right Construction
	6	6/13/2017		5,643.83	6/15/2017	5,643.83	4975	6/21/2017	5,643.83	Medina Consulting LLC
	7	6/13/2017		<u>7,055.65</u>	6/15/2017	<u>12,300.23</u>	Certified	5/25/2017	<u>12,300.23</u>	Supply Waterworks
			2017	<u>80,084.66</u>		<u>85,329.24</u>			<u>85,329.24</u>	
			Total	<u>\$ 125,000.00</u>		<u>\$ 130,244.58</u>			<u>\$ 130,244.58</u>	

**STATE OF NEW MEXICO
LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2017**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
None Reported	N/A	N/A	N/A
Follow-up on Prior Year Findings:			
None Reported	N/A	N/A	N/A

An agreed-upon procedures report was not required for the year ended 12/31/16

*** Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO
LOWER DES MONTES MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference
Year Ended December 31, 2017**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on May 3, 2018 with the following:

Lower Des Montes Mutual Domestic Water Consumers Association

By telephone:

Mike Martinez, Board President
Epimenio Montoya, Board Member

Accounting Firm

James R. (Jim) Macias, CPA