



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
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STATE OF NEW MEXICO

**RIO CHIQUITO MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION**

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

Year Ended December 31, 2016

STATE OF NEW MEXICO

**RIO CHIQUITO MUTUAL DOMESTIC WATER
CONSUMERS ASSOCIATION**

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

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**STATE OF NEW MEXICO
RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO
RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Official Roster
at December 31, 2016**

<u>Name</u>	<u>Title</u>
<u>Board Members</u>	
Toby R. Trujillo	President
Steve Trujillo	Vice-President
Jeannie Montano	Treasurer
Lorraine Dominguez	Secretary
Elsie L. Trujillo	Parliamentarian
William Waters	Member
Cecilia Medina	Member
Benny Romero	Member
Maggie Vigil	Member



Macias, Gutierrez
& Co., P.C.

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

To: Toby R. Trujillo, President
Rio Chiquito Mutual Domestic Water Consumers Association #3329
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Rio Chiquito Mutual Domestic Water Consumers Association (RCMDWCA) 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, 2016, included in the accompanying information provided to us by management of Rio Chiquito Mutual Domestic Water Consumers Association. Rio Chiquito 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, 2016 included in the accompanying information provided to us by the management of RCMDWCA. 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 Rio Chiquito Mutual Domestic Water Consumers Association's revenue calculation and tier determination. Rio Chiquito 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. For Project 15-0523 STB, we examined 9 disbursements totaling \$58,392.91 for the year ended December 31, 2016. Rio Chiquito Mutual Domestic Water Consumers Association utilized \$8,392.91 of their own funds to complete the project (see Exhibit B, page 2).
- 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 (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) 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 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

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

The project is complete and there was no unexpended balance reverted per statute and 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 account was 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 by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement. For Project 15-0523-STB, we examined six (6) reimbursement requests totaling \$50,000.00.

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 (I) (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 or illegal acts. However, see the Schedule of Findings and Responses for a noncompliance issue related to Late Report (See Finding 2016-001, p. 4).

* * * * *

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 Rio Chiquito Mutual Domestic Water Consumers Association for the year ended December 31, 2016, included in the accompanying information provided to us by management of Rio Chiquito 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 Rio Chiquito Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office and 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.
Española, New Mexico
September 1, 2017

STATE OF NEW MEXICO
 RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2016

Exhibit A

<u>Capital Outlay Project No.</u>	<u>Pay Request</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received</u>	<u>Amount Expended</u>	<u>Remaining Balance</u>	<u>Actual Legislation</u>	<u>Effective Dates</u>
15-0523 STB		<u>\$ 50,000.00</u>					
	1		\$ 10,150.23	\$ 10,150.23	\$ 39,849.77	Laws of 2015, Chapter 3, Section 20, Paragraph 35, to plan, design, purchase and install water meters for the Rio Chiquito mutual domestic water consumers and mutual sewer works association in Rio Arriba and Santa Fe counties.	Through 6/30/2019
	2		6,420.00	6,420.00	33,429.77		
	3		9,630.00	9,630.00	23,799.77		
	4		15,353.81	15,353.81	8,445.96		
	5		5,350.00	5,350.00	3,095.96		
	6		<u>3,095.96</u>	<u>3,095.96</u>	<u>-</u>		
			<u>\$ 50,000.00</u>	<u>\$ 50,000.00</u>	<u>\$ -</u>		

STATE OF NEW MEXICO
 RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2016

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
15-0523			<u>\$ 50,000.00</u>							
	STB									
	1	6/15/2016		\$ 10,150.23	6/20/2016	\$ 10,150.23	2630	7/11/2016	\$ 10,150.23	Baker Utility Supply
	2	7/8/2016		6,420.00	7/26/2016	6,420.00	2632	8/1/2016	6,420.00	JR's Plumbing & Excavating
	3	7/26/2016		9,630.00	8/3/2016	9,630.00	2633	8/4/2016	9,630.00	JR's Plumbing & Excavating
	4	7/26/2016		15,353.81	8/2/2016	15,353.81	2634	8/10/2016	15,353.81	Baker Utility Supply
	5	9/2/2016		5,350.00	9/19/2016	5,350.00	2638	9/25/2016	5,350.00	JR's Plumbing & Excavating
	6	12/6/2016		3,095.96	12/16/2016	11,804.38	Debit Card	12/21/2016	5,000.00	Baker Utility Supply
							Debit Card	12/22/2016	5,000.00	Baker Utility Supply
							Debit Card	12/27/2016	1,488.87	Baker Utility Supply
				<u>\$ 50,000.00</u>		<u>\$ 58,708.42</u>			<u>\$ 58,392.91</u>	

**STATE OF NEW MEXICO
RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

	<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	2016-001
Follow-up on Prior Year Findings:			
None	N/A	N/A	N/A

An agreed-upon procedures report was not required for the year ended December 31, 2015

*** Legend for Findings:**

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

**STATE OF NEW MEXICO
RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

2016-001

Late Report (Noncompliance)

Criteria

Office of the State Auditor, Rule 2016, Section 2.2.2.16.G, states that local public bodies with other than a June 30 fiscal year-end must submit the agreed upon procedures report no later than five months after fiscal year end.

Condition

Rio Chiquito Mutual Domestic Water Consumers Association has a December 31 year end but the agreed upon procedures report for the year ended December 31, 2016 was submitted more than five months after fiscal year end.

Cause

Rio Chiquito Mutual Domestic Water Consumers Association did not submit the IPA recommendation or Tier 3 AUP contract to the State Auditor by the required deadline and, therefore, was unable to provide the Independent Public Accountant (IPA) with appropriate documents to support the state funded capital outlay expenditures to meet the reporting deadline.

Effect

Rio Chiquito Mutual Domestic Water Consumers Association has not complied with Office of the State Auditor, Rule 2016, Section 2.2.2.16.G.

Recommendation

We recommend that Rio Chiquito Mutual Domestic Water Consumers Association complete the recommendation and contract forms and submit all future agreed-upon procedures reports by the required deadlines.

Entity Response

“The Rio Chiquito Mutual Domestic Water Consumers Association will complete all required contract forms and submit all future agreed-upon procedural reports by the required deadlines. Effective immediately, the Rio Chiquito MDWCA President will be responsible for future compliance.”

**STATE OF NEW MEXICO
RIO CHIQUITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference
Year Ended December 31, 2016**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on September 1, 2017 with the following:

Rio Chiquito Mutual Domestic Water Consumers Association

By telephone:

Toby R. Trujillo, President

Accounting Firm

James R. (Jim) Macias, CPA