



**TECOLOTITO MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION**

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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES - TIER 3  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**MORTON**  
ACCOUNTING, LLC

certified public accountants | consultants

**TECOLOTITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3  
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**TECOLOTITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3  
OFFICIAL ROSTER AS OF JUNE 30, 2019**

**Board of Directors**

Claude Hayward  
Jean Salas  
Eve Bowen  
Virginia Tenorio

President  
Vice-President  
Secretary/Treasurer  
Member



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Santa Fe, NM 87505  
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## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3**

Brian S. Colón, Esq.,  
New Mexico State Auditor and  
Claude Hayward, Board President  
Tecolotito Mutual Domestic Water Consumers Association  
Glorieta, NM 87535

We have performed the procedures enumerated below, which were agreed to by Tecolotito Mutual Domestic Water Consumers Association (Association) and the New Mexico State Auditor (specified parties), solely to assist you in determining compliance with provisions of the Audit Act for Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978 as of and for the year ended June 30, 2019. The Association's management is responsible for maintaining its accounting records and the subject matter. 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated 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](http://www.osanm.org) under "Tiered System Reporting Main Page".**

The Association's revenue calculation and tier determination were documented on the form provided at [www.osanm.org](http://www.osanm.org) under the "Tier System Reporting Main Page" and it was determined that the Association is under the Tier 3 reporting procedure as revenue of \$31,800 is less than \$50,000 and the local public body expended at least 50% of, or the remainder of a capital outlay award.

### **2. Perform the following tests on 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.**

We obtained the one disbursement for \$10,000, related to state-funded capital outlay expenditures. We determined that the amount disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check.

- b. **Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.**

We obtained the one disbursement for \$10,000, related to state-funded capital outlay expenditures. We determined that the cash disbursement was properly authorized and approved in accordance with legal requirements and the State's procurement policies and

- 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).**

No bids for any procurements related to the capital awards project occurred during FY2019.

- d. **Determine physical existence (by observation) of the capital asset based on expenditures to date.**

Physical existence of the completed project was determined based on observation of disbursements documents (award agreement and detailed project invoice) as the assets were located underground and observation was not possible.

- 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.**

Obtained award agreement, reimbursement form, capital appropriation report and supporting documentation (bank statements, canceled checks, invoices) and viewed. We determined that the amounts on the reimbursement forms agree with the general ledger, funds received and payment made. The Association submitted the required final report to the New Mexico Environment Department (NMED). The amounts in the report agreed with the general ledger and other supporting documentation.

- 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.**

Obtained and viewed reimbursement forms, bank statement, canceled check and invoice. We determined that the project was not funded in advance. The Association was required to submit reimbursement form to the NMED, and final report upon completion of work on the project. The capital award of \$10,000 was fully expended.

- 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.**

Obtained and viewed one award agreement, a capital appropriation final report and the related reimbursement request. The one award was fully expended during fiscal year 2019, therefore no unexpended balances or reversions remain at year end.

- 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.**

Obtained and viewed one award document totaling \$10,000. We determined that the capital projects agreement did not require a separate fund or separate bank account that is non-interest bearing for the capital outlay funds.

- 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.**

Obtained and viewed one reimbursement request totaling \$10,000 comprising the entire award amount. We determined that the Association filed Request for Reimbursement Form with the NMED based on unpaid invoices submitted to the Association by vendor who had performed work on the related Association Project. The costs were not paid by the Association prior to the request for reimbursement because the Association did not have the necessary funds for payment. The Association paid for its project expenditures after the Association received the NMED checks. A finding was not considered necessary since the Association complied with the NMED's reimbursement procedures requirements.

- 7. 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(L) NMAC.**

No information or indications of fraud, illegal acts, noncompliance or internal control deficiencies were noted during the performance of the agreed-upon procedures.

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 review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier 3 agreed upon procedures. 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 Tecolotito Mutual Domestic Water Consumers Association, the New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration Local Government Division, the New Mexico Environment Department and the New Mexico State Legislature, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "Morton Accounting Services, LLC".

Morton Accounting Services, LLC  
Santa Fe, New Mexico  
December 13, 2019

**TECOLOTITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
SCHEDULE OF CAPITAL OUTLAY AWARDS AND EXPENDITURES  
JUNE 30, 2019**

**Amounts awarded for projects:**

15-0540-STB	\$ 10,000
<b>Amounts received by the Association</b>	10,000
<b>Amounts expended by the Association</b>	(10,000)
<b>Remaining balance</b>	\$ -

**Agreement Provisions:**

<b>Legislative Authority / Project Description</b>	<b>Dates of Agreement</b>	<b>Estimated Project Cost</b>	<b>Agreement Termination / Reversion Dates</b>
NM Laws 2015, Chapter 3, Section 20, Paragraph 52, (STB)	6/11/2018	\$ 10,000	Earlier of project completion or 6/30/2019

Project Description: \$10,000 to plan, design and construct water system improvements.



**TECOLOTITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019**

**Status of Prior Year Findings:**

Not applicable

**Current Year Findings:**

None

**TECOLOTITO MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2019**

On December 13, 2019 an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and contents of this report.

**Tecolotito Domestic Water Consumers Association**

Claude Hayward

President

Veronica Castro

Bookkeeper

**Morton Accounting Services, LLC**

Janet Pacheco-Morton, CPA, CGFM

Managing Principal