

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

El Creston Mutual Domestic Water Consumers Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended December 31, 2014

**El Creston Mutual Domestic Water Consumers Association
Table of Contents
Fiscal Year Ended December 31, 2014**

	<u>Page</u>
Table of Contents	i
Official Roster	ii
Independent Accountant's Report	1
Schedule of Findings and Responses	4
Schedule of Capital Outlay Awards	5
Exit Conference	6

**El Creston Mutual Domestic Water Consumers Association
Official Roster
Fiscal Year Ending December 31, 2014**

Board of Directors

Joe Zebrowski, President

Gene Solyntjes, Vice President

Lupita Gonzalez, Secretary

Crystal Gallegos, Treasurer

Ricardo Valenzuela, Director

Administrative Staff

Thomas Chavez, Water Delivery Driver

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

P.O. Box 24164
Santa Fe, NM 87502
Office: 505.920.4024
Fax: 505.984.8088
nmauditors@gmail.com

Independent Accountant's Report on Applying Agreed-Upon Procedures

Joe Zebrowski, President
El Creston Mutual Domestic Water Consumers Association
and
Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the El Creston Mutual Domestic Water Consumers Association (Association) for the year ended December 31, 2014, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (4) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor. The Association's management is responsible for its accounting records and the subject matter. 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 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. Our procedures and findings are as follows

1. 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.

All of the cash disbursements for the capital award project were tested. The amounts 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. The Association does not use purchase order forms.

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

The cash disbursements tested were properly authorized and approved in accordance with the project budget, legal requirements and the Association's procurement 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).

The Association hired Souder, Miller & Associates as the project manager who advertised, obtained bids and quotes where necessary, and entered into contracts and purchase agreements in accordance with its procurement policies and applicable state laws and regulations.

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

The exploratory well was observed. The work done as of December 31, 2010 agreed with the project description and contract. Nothing unusual was noted.

- 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.

The Association submitted the required disbursement request form to the New Mexico Environment Department (NMED). The amounts in the status reports agreed with the general ledger and the supporting documentation.

- f. 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.

The project was not funded in advance. The Association was required to submit disbursement request forms to the NMED along with the contractor's partial payment estimate and other supporting documentation.

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

The entire project has not been completed. As of December 31, 2014, only an exploratory well was drilled. The \$10,000 capital outlay appropriation was fully received and expended by the Association for the drilling of the exploratory well. See the Schedule of Capital Outlay Awards on p. 6 of this report.

- h. 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.

The \$10,000 received from NMED/DFA for the exploratory well was deposited in the Association's checking account at the Wells Fargo Bank. The capital outlay

award agreement did not require a separate fund or separate non-interest bearing bank account to deposit the amounts received.

- i. 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.

For the capital outlay award, the Association filed one disbursement request form with the NMED for the project expenditures. The requests were supported by partial payment estimates and other documentation for the project costs. The project costs were not paid by the Association prior to the request for reimbursement because the Association did not have the necessary funds. The Association paid for the project costs after the checks were received from NMED/DFA.

2. The agreed-upon procedures report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation that meets the Tier 3 criteria.

See the Schedule of Capital Outlay Awards on p. 6 of this report.

3. Other

- a. 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.

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

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the Tier 3 agreed upon procedures. 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 management and others with the Association, the New Mexico State Auditor, Department of Finance and Administration – Local Government Division, Environment Department and the State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

March 20, 2015

**El Creston Mutual Domestic Water Consumers Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2014**

Status of Prior Year Findings

Not applicable.

Current Year Findings

None.

**El Creston Mutual Domestic Water Consumers Association
 Schedule of Capital Outlay Awards
 For the Fiscal Year Ending December 31, 2014**

	1
Amount Awarded for Project	\$ 10,000.00
Amount Received and Expended by El Creston MDWCA	(10,000.00)
Remaining Balance	\$ -

Agreement Provisions

**1 - Grant Agreement Between the New Mexico Environment Department and the El Creston Mutual Domestic Water Consumers Association
 Fund 89200 Capital Appropriation Project #13-1490-STB**

Legislative Authority: NM Laws of 2013, Chapter 226, Section 23, Paragraph 60

Date of Agreement: January 17, 2014

Project Description: To drill and construct a water supply well for El Creston Mutual Domestic Water Consumers Association in San Miguel County.

Estimated Project Cost: \$720,444

State Grant Amount: \$10,000

Agreement termination/reversion date: June 30, 2017

**El Creston Mutual Domestic Water Consumers Association
Exit Conference
Fiscal Year Ended December 31, 2014**

On March 20, 2015, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

El Creston Mutual Domestic Water Consumers Association

Joe Zebrowski, President

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Engagement Manager