



**El Creston Mutual Domestic Water Consumers Association**

**Independent Accountant's Report  
on Applying Agreed Upon Procedures (TIER 3)**

**For the Year Ended December 31, 2019**



**Office of the State Auditor  
Brian S. Colón, Esq.**

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**State of New Mexico  
El Creston MDWCA  
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For the Year Ended December 31, 2019**

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**State of New Mexico  
El Creston MDWCA  
Official Roster  
December 31, 2019**

| <b><u>Name</u></b> | <b><u>Title</u></b> |
|--------------------|---------------------|
| Gene Solyntjes     | President           |
| Dennis Ditmanson   | Vice-President      |
| Cheryl Zebrowski   | Secretary           |
| Liz Valenzuela     | Treasurer           |
| Crystal Gallegos   | Director            |
| Anna Aragon        | Director            |



## State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES  
(505) 476-3821

### INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Members of Board  
El Creston Mutual Domestic Water  
Consumers Association (MDWCA)

We have performed the procedures enumerated below for the El Creston MDWCA (El Creston) for the year ended December 31, 2019, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by El Creston through the New Mexico Office of the State Auditor (OSA). El Creston 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. **Procedure** - 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."

#### **Results of Procedure 1**

We verified the El Creston revenue calculation, on a cash basis, of \$28,974 for the fiscal year ended December 31, 2019. Based on this information, El Creston was properly determined to be a Tier 3 entity for 2019 since their total revenue was less than \$50,000 and they expended more than 50% of the state capital outlay appropriation from the New Mexico Environment Department (NMED) during 2019.

2. **Capital Outlay and Procurement**

Test all state-funded capital outlay expenditures.

- a. **Procedure** - 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.

**Results of Procedure 2a**

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

**Results of Procedure 2b**

We determined that the disbursement was properly authorized and approved and in accordance with the project budget, legal requirements and established policies and procedures. There was one project, 18-C2275-STB and we examined one disbursement that totaled \$44,981.

- c. **Procedure** - 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).

**Results of Procedure 2c**

We determined that the bid process or request for proposal process, 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).

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

**Results of Procedure 2d**

The grant expenditure was for engineering design services for an extension of the Water System Improvement Project including distribution waterline with service connections, a fill station, gate valves and fire hydrants. We received a copy of the Water System Improvements Construction Plan and NMED approval of the project manual and construction drawings to verify physical existence.

- e. **Procedure** - 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 Procedure 2e**

We verified 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.

- 3. **Procedure** - 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.

**Results of Procedure 3**

The project was not funded in advance but on a reimbursement basis.

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

**Results of Procedure 4**

The project is complete and there is no unexpended appropriation received by El Creston. The unexpended balance was not available to El Creston and did not need to be reverted to grantor.

- 5. **Procedure** - 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.

**Results of Procedure 5**

We determined that the agreement with NMED did not require a separate fund or bank account.

- 6. **Procedure** - 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.

**Results of Procedure 6**

We determined that the reimbursement request was properly supported by costs incurred by El Creston. We determined that the costs were paid by El Creston after the request for reimbursement was submitted and approved in accordance with the terms of the grant.

7. **Procedure** - 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.

### **Results of Procedure 7**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

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 management of the El Creston, the OSA, the New Mexico Environmental Department, the Department of Finance and Administration – Local Government Division and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

*Office of the State Auditor*

Office of the State Auditor  
May 26, 2020



**State of New Mexico  
El Creston MDWCA  
Exhibit 1 – Schedule of Capital Outlay Awards  
December 31, 2019**

|   | <u>Note 1</u> |
|---|---------------|
| Amount awarded to El Creston                  | \$ 45,000     |
| Amount received by El Creston                 | 44,981        |
| Amount expended by El Creston in prior years  | -             |
| Amount expended by El Creston in current year | <u>44,981</u> |
| Remaining balance                             | <u>\$ -</u>   |

**Agreement Provisions**

**Note 1:** Capital Appropriation Project 18-C2275-STB to plan, design and construct water system improvements.

Legislative Authority: Laws of 2018, Chapter 80, Section 20, Paragraph 43

Legislative and Effective Dates: February 15, 2019

Agreement Termination / Reversion Date: June 30, 2022

**State of New Mexico  
El Creston MDWCA  
Schedule of Findings and Responses  
For the Year Ended December 31, 2019**

**Current Year Findings:**

**None noted**

**Prior Year Findings:**

**None noted**

**State of New Mexico**  
**El Creston MDWCA**  
**Exit Conference**  
**For the Year Ended December 31, 2019**

On May 26, 2020, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Attendees

El Creston:

Liz Valenzuela, Treasurer  
Cheryl Zebrowski, Secretary

Office of the State Auditor:

Natalie Cordova, Deputy State Auditor  
Lynette Kennard, Financial Audit Director  
Lucia Santini, Audit Manager  
Liza Kerr, Audit Manager