

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Tierra Monte Water Users Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended December 31, 2016

**Tierra Monte Water Users Association
Official Roster
Fiscal Year Ending December 31, 2016**

Board of Directors

Ken Bergeron, President

William Pederson, Vice-President

Gary Fishman, Treasurer

Paul Miskimin, Director

Rob Goldstein, Director

Administrative Staff

None

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Ken Bergeron, President
Tierra Monte Water Users Association
and
Tim Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the Tierra Monte Water Users Association (Association) for the fiscal year ending December 31, 2016, 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. Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Based on a review of the Association's general ledger, total revenues (excluding capital outlay appropriations and a loan) for the fiscal year ending December 31, 2016 were \$34,463. Therefore, the Association was properly determined to be a Tier 3 entity for FY16 since their revenues were between \$10,000 and \$50,000 and they fully expended two capital outlay appropriations during the fiscal year.

2. 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.

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 purchase order, vendors' invoices and canceled checks.

- 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 advertised a request for qualifications based proposals for the engineering services, and bids for the installation of a water filtration system in accordance with its procurement policy and the New Mexico Procurement Code.

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

The new uranium treatment system was observed on February 25, 2017. 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 project budget forms, request for reimbursement forms, construction status reports and paper periodic/final reports to the New Mexico Department of Environment (NMED) as required by the grant agreements. The amounts noted in the status reports agreed with the Association's general ledger and 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 form, invoices and supporting documentation to the NMED to obtain the grant funds for the design and installation of the water infiltration system.

- 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 capital outlay appropriations were fully expended as of December 31, 2016. See the Schedule of Capital Outlay Awards on p. 6.

- 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 Association opened a non-interest bearing checking account at the Bank of America to account for the grant receipts and check disbursements for the project expenditures.

- 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.

As of the fiscal year ending December 31, 2016, the Association submitted eighteen disbursement request forms totaling \$280,000 to the NMED for the engineering services and the construction project. The disbursement requests were supported by twenty-three invoices from contractors totaling \$282,010 for the project work. The invoices were paid by the Association after the grants checks were received from NMED.

- 3. 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.

4. 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, Department of Environment 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

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Santa Fe, New Mexico

February 25, 2017

**Tierra Monte Water Users Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2016**

Status of Prior Year Findings

No prior year findings.

Current Year Findings

None.

**Tierra Monte Water Users Association
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2016**

	1	2
Amount Awarded for Project	\$ 145,000.00	\$ 135,000.00
Amount Received and Expended in 2015	(45,850.28)	
Amount Received and Expended in 2016	(99,149.72)	(135,000.00)
Remaining Balance	\$ -	\$ -

Agreement Provisions

**1 - Grant Agreement Between the New Mexico Department of Environment and the
Tierra Monte Water Users Association - Fund 89200 Capital Appropriation Project (14-1599-STB)**

Legislative Authority: New Mexico Laws of 2014, Chapter 66, Section 16, Paragraph 5

Date of Agreement: October 27, 2014

Project Description: To plan, design and construct a water filtration system to mitigate excess uranium content in the drinking water for the Tierra Monte Water Users Association in Bernalillo County.

Estimated Project Cost: \$280,000

State Grant Amount: \$145,000

Agreement Termination/Reversion Date: June 30, 2018

**2 - Grant Agreement Between the New Mexico Department of Environment and the
Tierra Monte Water Users Association - Fund 89200 Capital Appropriation Project (15-0490-STB)**

Legislative Authority: New Mexico Laws of 2014, Chapter 3, Section 20, Paragraph 1

Date of Agreement: November 5, 2015

Project Description: To plan, design and construct water improvements, including the purchase and installation of a filtration system, for the Tierra Monte Water Users Association in Bernalillo County.

Estimated Project Cost: \$280,000

State Grant Amount: \$135,000

Agreement Termination/Reversion Date: June 30, 2019

**Tierra Monte Water Users Association
Exit Conference
Fiscal Year Ending December 31, 2016**

On February 25, 2017, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

Tierra Monte Water Users Association

William Pederson, Vice-President

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, General Manager