



**GREATER GLORIETA COMMUNITY REGIONAL
MDWCA AND SEWER WORKS ASSOCIATION**

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED UPON PROCEDURES - TIER 3
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

MORTON
ACCOUNTING, LLC

certified public accountants | consultants

**GREATER GLORIETA COMMUNITY REGIONAL MDWCA & SEWER WORKS ASSOCIATION
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3
TABLE OF CONTENTS**

Official Roster.....	1
Independent Accountant's Report on Applying Agreed Upon Procedures - Tier 3.....	2
Schedule of Capital Outlay Awards and Expenditures.....	6
Schedule of Findings and Responses.....	7
Exit Conference.....	8

**GREATER GLORIETA COMMUNITY REGIONAL MDWCA & SEWER WORKS ASSOCIATION
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3
OFFICIAL ROSTER AS OF DECEMBER 31, 2018**

Board of Directors

Trent Botkin		President
Linda Hassemer		Vice-President
Louis Sanchez	Through 8/18	Secretary/Treasurer
Samantha Ferguson	Beginning 8/18	Secretary/Treasurer
Stephanie Lopez		Member
Dan Griego		Member
Paul Estrom	Through 9/18	Member
Rudy Gurule	Beginning 9/18	Member
Kathleen O'Neill	Beginning 9/18	Member



1512 Pacheco Street
Suite D-204
Santa Fe, NM 87505
505.303.3557 (o)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3

Brian S. Colon, Esq.,
New Mexico State Auditor and
Trent Botkin, President
Greater Glorieta Community Regional MDWCA & Sewer Works Association
Glorieta, NM 87535

We have performed the procedures enumerated below, which were agreed to by Greater Glorieta Community Regional MDWCA and Sewer Works 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 December 31, 2018. 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 under "Tiered System Reporting Main Page".

The Association's revenue calculation and tier determination were documented on the form provided at 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 \$46,805 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.

All of the cash disbursements documents for the capital awards project were obtained and tested. We determined that 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.

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

All of the cash disbursements documents for the capital awards project were obtained and tested. We determined that the cash disbursements were properly authorized and approved in accordance with legal requirements and the State'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).**

No bids for any procurements related to the capital awards project occurred during FY2018.

- 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 invoices) 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 one award agreement, reimbursement forms, 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 payments made. The Association submitted the required status reports to the New Mexico Environment Department (NMED). The amounts in the status reports 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 statements, canceled checks and invoices. We determined that the project was not funded in advance. The Association was required to submit reimbursement forms to the NMED upon completion of work on the project.

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 report and the related reimbursement requests. We determined that the Association had one award budgeted for project/expenditure during FY2018.

NM Laws 2015, Chapter 3, Section 20, Paragraph 62, (STB) - this project was completed and fully expended, therefore, there were no unexpended balances or reversions as of 12/31/18.

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 \$20,000. 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 two reimbursement requests totaling \$20,000 for all project award disbursements. We determined that the Association filed Request for Reimbursement Forms with the NMED based on unpaid invoices submitted to the Association by vendors who had performed work on the Association projects. 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 Greater Glorieta Community Regional MDWCA & Sewer Works Association, the New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration, 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.

Morton Accounting Services, LLC

Morton Accounting Services, LLC

Santa Fe, New Mexico

July 24, 2019

**GREATER GLORIETA COMMUNITY REGIONAL MDWCA & SEWER WORKS ASSOCIATION
SCHEDULE OF CAPITAL OUTLAY AWARDS AND EXPENDITURES
DECEMBER 31, 2018**

Amounts awarded for projects:

15-0549-STB \$ 20,000

Amounts received by the Association 20,000

Amounts expended by the Association (20,000)

Remaining balance \$ -

Agreement Provisions:

<u>Legislative Authority / Project Description</u>	<u>Dates of Agreement</u>	<u>Estimated Project Cost</u>	<u>Agreement Termination / Reversion Dates</u>
NM Laws 2015, Chapter 3, Section 20, Paragraph 62, (STB)	12/7/2017	\$ 20,000	Earlier of project completion or 6/30/2019

Project Description: \$20,000 to plan, design, construct purchase and install phase 3 improvements to the water and sewage systems and for the greater Glorieta community regional mutual domestic

**GREATER GLORIETA COMMUNITY REGIONAL MDWCA & SEWER WORKS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Status of Prior Year Findings:

Not applicable

Current Year Findings:

**2018-001 Late Contract to the Office of the State Auditor and
Late Agreed Upon Procedures Submission**

Condition:

For the fiscal year ending December 31, 2018, the Association did not submit the Firm Recommendation and Contract for Tiered System Local Public Bodies using OSA-CONNECT, and the unsigned agreed-upon procedures contract to the New Mexico Office of the State Auditor until May, 2019. In addition, the Association is in non-compliance with New Mexico Office of the State Auditor requirements regarding timely submission of report.

Criteria:

According to State Audit Rule 2018, Section 2.2.2.8 (F) (8) NMAC, the Association should have submitted the required unsigned contract via OSA-CONNECT 30 days before the end of the fiscal year. Also per Section 2.2.2.9.A (i) agencies with a fiscal year-end other than June 30 shall submit the audit report no later than five months after year end. The fiscal year 2018 agreed upon procedures report was due May 31, 2019.

Effect:

The Audit Contract and associated Report were not timely submitted.

Cause:

The Association misunderstood requirements for agreed-upon procedures, and therefore, did not submit the contract by the due date.

Recommendation:

The Association's Board of Directors should thoroughly read Section 2.2.2.16 NMAC of the State Audit Rule to understand the specific requirements and due dates for agreed upon procedures as requirements may change.

Management's Response:

The Association's board will thoroughly read Section 2.2.2.16 NMAC of the State Audit Rule to ensure future compliance. A checklist will be created and kept with the secretary of the association to ensure that all requirements of this rule are met. These tasks will be performed immediately, during Fiscal Year 2019.

**GREATER GLORIETA COMMUNITY REGIONAL MDWCA & SEWER WORKS ASSOCIATION
EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

On July 24, 2019 an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and contents of this report.

Greater Glorieta Community Regional MDWCA & Sewer Works Association

Samantha Ferguson

Secretary/Treasurer

Veronica Castro

Bookkeeper

Morton Accounting Services, LLC

Janet Pacheco-Morton, CPA, CGFM

Managing Principal