TYRONE WATER & WASTEWATER ASSOCIATION
POST OFFICE BOX 570
TYRONE, NEW MEXICO 88065-0570
TELEPHONE: (575) 654-0391
EMAIL: TYRONENMWATERANDWASTEWATERASSN@GMAIL.COM
WEBSITE: tyronewater.org



SPECIAL MEETING DRAFT MINUTES
APPROVAL OF AUDITOR FOR FISCAL YEAR 2026 AUDIT AND REVIEW OF FY-2026 4TH QUARTER REPORT AND ENDING CASH AND BEGINNING CASH RECONCILATION FOR LOCAL GOVERNMENT BUDGET MANAGEMENT SYSTEM
MONDAY OCTOBER 26, 2026 2:00 pm

1. President Alan Berg called the meeting to order at 204 pm at 50 Malachite Avenue.
2. President Berg declared a quorum was present with Nate Siqueiros on Zoom and Roger Cruzan and Alan Berg present at 50 Malachite Avenue. Antonio Baca, Principle with High Desert CPAs was on Zoom.
3. New Business
    a. Approval/disapproval of Beasley, Mitchell & Co. LLP as the audit firm for Fiscal Year 2026 Audit. Nate Siqueiros made a motion to accept the proposal at a fee of $10,817.00. Motion was seconded by Roger Cruzan. Alan Berg called for the question, having heard no discussion on the motion. Motion passed unanimously by a voice vote. Agreement attached to the draft minutes.
    b. Approval/disapproval of Resolution 2027-5: Approval of 4th Quarter Fiscal Year 2026 Quarterly Report and ending cash for Fiscal Year 2026 and beginning cash for Fiscal Year 2027. Presentation by High Desert CPAs. After considerable discussion based on the reconciliation of the $92,099.02 difference in the reported ending cash for FY 2026 and beginning cash for FY 2027, Berg asked for a motion to approve Resolution 2027-05. Roger Cruzan made the motion and it was seconded by Nate Siqueiros. President Berg asked for a voice vote and the Resolution 2027-05 passed unanimously. Resolution 2027-05 and attachment included in the draft minutes.
4. Adjournment. President requested a motion to adjourn the special meeting. The motion was made by Nate Siqueiros and seconded by Roger Cruzan. Berg called for the question, and it passed unanimously by a voice vote.

Attest: _____ Alan Berg

TYRONE WATER & WASTEWATER ASSOCIATION
50 MALACHITE AVENUE TYRONE, NEW MEXICO 88065
RESOLUTION 2027-05
Tyronewater.org

Approval of 4th Quarter Fiscal Year 2026 Quarterly Report and ending cash for Fiscal Year 2026 and beginning cash for Fiscal Year 2027.

Whereas, the Board of Directors of Tyrone Water & Wastewater Association, County of Grant, the State of New Mexico has received tentative approval for the Fiscal Year 2027 budget from the State of New Mexico Local Government Budget Management System, and

Whereas, High Desert CPAs, our accounting firm has developed the attached document that explains the differences in the ending cash for Fiscal Year 2026 and beginning cash for Fiscal Year 2027.

Therefore, be it resolved that the Tyrone Water & Wastewater Association Board of Directors approves the attached report at a Special Meeting on October 26, 2026.

Alan Berg, President

Nate Siqueiros, Vice President

Roger Cruzan, Member

Elizabeth Gonzales, Member

(seal)

Tyrone WWA — FY2026 Cash Restatement Summary for the Board

Oct 21, 2026 · @Antonio

Purpose

No cash is missing: the Association held $442,771.03 at June 30, 2026, exactly what the bank and NMFA statements show. DFA-LGD flagged that the FY2026 fourth-quarter report ($499,933.91 ending) did not agree with the FY2027 beginning cash entered ($407,834.03), a $92,099.88 difference. Every dollar is now identified, and the Board is asked tonight to authorize resubmitting the corrected report.

How the $92,099.88 reconciles

Step	Amount ($)
FY2026 Q4 ending balance as filed 7/14/2026 (366,161.05 beginning + 443,707.26 revenues − 309,934.40 expenditures)	499,933.91
Revenues understated (restated 450,275.26)	6,568.00
Expenditures understated (restated 373,665.28)	(63,730.88)
Restated FY2026 ending balance = actual cash 6/30/2026	**442,771.03**
NMFA loan reserve left out of FY2027 beginning cash (entered as $0)	(35,837.00)
Operating cash entered $900 above the bank balance (receipts that never cleared)	900.00
FY2027 beginning balance as entered in LGBMS	**407,834.03**
Difference flagged by DFA-LGD (499,933.91 − 407,834.03)	**92,099.88**

The restated $442,771.03 is Western Bank operating 7964 $321,861.88 + four money-market reserve accounts $85,072.15 + NMFA PPRF-6659 reserve $35,837.00. That is the corrected FY2027 beginning balance LGD will enter.

Why the filed report was off

The filed report combined the prior bookkeeper's July–December 2025 accrual-basis figures with the new QuickBooks file's January–June 2026 activity. LGBMS is on the cash basis: revenue when received, expenditures when paid, loan principal as an expenditure.

- **Three-year insurance premium ($22,599.00)** paid August 2025 was booked as a prepaid; on the cash basis it is an FY2026 expenditure, with nothing for this policy in FY2027 or FY2028.
- **Loan principal ~~($14,957.74)~~** on NMFA PPRF-6659 and CIF-5799 was posted to the loan accounts and never reached the report.
- **July–December 2025 converted to cash basis:** receipts ~~+$9,892.51,~~ disbursements +$17,988.29.
- **Four December 2025 payments never recorded ($4,809.39):** Southwest H2O, the bookkeeping fee, Streamline and Verizon.
- **Receipts corrected:** a $5,117.39 Town of Silver City receipt entered twice; $8,668.50 of April receipts posted to a duplicate account; $1,726.83 of June receipts not deposited until July.
- **NMFA reserve ~~($35,837.00):~~** a trustee-held account in the Association's name, counted in FY2026 beginning cash but entered as $0 for FY2027.

Board action and next steps

Management asks the Board to acknowledge the restatement and authorize resubmission of the FY2026 Q4 report and correction of FY2027 beginning cash to $442,771.03.

1. After approval, the Association asks DFA-LGD to reopen Q4 and correct the FY2027 beginning balances (LGD will say whether a resolution is needed).
2. Before filing, the NMFA reserve is updated to NMFA's 6/30/2026 statement balance; the interest earned raises revenue and the ending balance by the same amount.
3. Once LGD accepts, the FY2027 final budget's debt service lines are corrected and the FY2027 Q1 report (due 10/31/2026) is filed.

4. Going forward, all five Western Bank accounts and the NMFA reserve are reconciled monthly, and each quarterly report is tied to bank and NMFA statements before it is submitted.

Detail: September 29, 2026 memoranda to the Board and to DFA-LGD and the FY2026 Restatement Workbook.

Contract No. **3661-2026**

STATE OF NEW MEXICO
AGREED-UPON PROCEDURES CONTRACT

(Tier 6)

Tyrone Water & Wastewater Association

hereinafter referred to as the "Agency," and

Beasley, Mitchell & Co., LLP

hereinafter referred to as the "Contractor," agree:

As required by the Audit Rule, Section 2.2.2.1 NMAC *et seq.*, Contractor agrees to, and shall, inform the Agency of any restriction placed on Contractor by the Office of the State Auditor pursuant to Section 2.2.2.8 NMAC, and whether the Contractor is eligible to enter into this Contract despite the restriction.

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

1. **SCOPE OF WORK** (Include in Paragraph 25 any expansion of scope)

   A. The Contractor shall perform an agreed-upon procedures engagement for Tier 6 of the Audit Act (Section 12-6-1 et seq., NMSA 1978) in accordance with the procedures fully described in Exhibit A of this Contract for the period ending **06-30-2026**.

   B. The engagement shall be performed pursuant to:

      1. The American Institute of Certified Public Accountants (AICPA) Attestation Standards (Clarified), (ATC-C Section 100 for Common Concepts and AT-C Section 215 for Agreed-Upon Procedure Engagements);

      2. The AICPA Statements on Standards for Accounting and Review Services (Clarified), (AR-C Section 60 for General Principles and AR-C Section 80 for Compilation Engagements); and

      3. The applicable provisions of Section 2.2.2 NMAC, *Audits of Governmental Entities: Requirements for Contracting and Conducting Audits of Agencies*

2. **DELIVERY AND REPRODUCTION**

   A. In order to meet the delivery terms of this Contract, the Contractor shall deliver the documents required by Section 2.2.2.9 NMAC to the State Auditor on or before the deadline set forth for the Agency in NMAC 2.2.2.9 NMAC.

   B. Reports delivered electronically by 5:00 p.m. of the Agency's due date will be considered received by the due date for purposes of Section 2.2.2.9 NMAC. Unfinished or excessively deficient reports will not satisfy this requirement; such reports will be rejected and returned to the Contractor and the State Auditor may take action in accordance with Section 2.2.2.16 NMAC. If the State Auditor does not receive copies of the management representation letter with the agreed-upon procedures report or prior to delivery of the agreed-upon procedures report, the State Auditor will not consider the report submitted to the State Auditor.

   C. As soon as the Contractor becomes aware that circumstances exist that will make the Agency's agreed-upon procedures report late, the. Contractor shall immediately provide written notification of the situation to the State Auditor in accordance with Section 2.2.2.9 NMAC.

   D. Pursuant to Section 2.2.2.16 NMAC, the Contractor shall prepare a written and dated engagement letter that identifies the specific responsibilities of the Contractor and the Agency.

   E. After its review of the agreed upon procedures report pursuant to Section 2.2.2.16 NMAC, the State Auditor shall authorize the Contractor to print and submit the final agreed-upon procedures report. Within five business days from the date of the authorization to print and submit the final agreed-upon procedures report, the Contractor shall provide the State Auditor with an electronic version of the agreed-upon procedures report, in PDF format, and any other required electronic schedule (if applicable). After the State Auditor officially releases the agreed upon procedures report by issuance of a release letter, the Contractor shall deliver **2** copies of the agreed-upon procedures report to the Agency. The Agency or IPA shall ensure that every member of the Agency's governing authority shall receive a copy of the report.

3. **COMPENSATION**

A. The total amount payable by the Agency to the Contractor under this Contract, including New Mexico gross receipts tax and expenses, shall not exceed **$10,817.00**.

B. Contractor agrees not to, and shall not, perform any services in furtherance of this Contract prior to approval by the State Auditor. Contractor acknowledges and agrees that it will not be entitled to payment or compensation for any services performed by Contractor pursuant to this Contract prior to approval by the State Auditor.

C. The Agency shall pay the Contractor the New Mexico gross receipts tax levied on the amounts payable under this Contract and invoiced by the Contractor. Payment is subject to availability of funds pursuant to the Appropriations Paragraph set forth below.

D. The State Auditor may authorize progress payments to the Contractor by the Agency; pursuant to Section 2.2.2.16(G) NMAC; provided that the authorization is based upon evidence of the percentage of services completed as of the date of the request for partial payment. If requested by the State Auditor, the Agency shall provide a copy of progress billings. Final payment for services rendered by the Contractor shall not be made until the State Auditor has stated in a letter to the Agency that the agreed- upon procedures report has been released and that the agreed-upon procedures were conducted in accordance with the provisions of this Contract; and the State Auditor has received the electronic copy of the Excel version of the summary of findings form and the management representation letter.

4. **TERM.** Unless terminated pursuant to Paragraphs 5 or 19, this Contract shall terminate one calendar year after the latest date on which it is signed.

5. **TERMINATION, BREACH AND REMEDIES**

A. This Contract may be terminated:

1. By either party without cause, upon written notice delivered to the other party and the State Auditor at least ten (10) days prior to the intended date of termination.

2. By either party, immediately upon written notice delivered to the other party and the State Auditor, if a material breach of any of the terms of this Contract occurs. Unjustified failure to deliver the agreed-upon procedures report in accordance with Paragraph 2 shall constitute a material breach of this Contract.

3. By the Agency pursuant to Paragraph 19, immediately upon written notice to the Contractor and the State Auditor.

4. By the State Auditor, immediately upon written notice to the Contractor and the Agency after determining that the agreed-upon procedures engagement has been unduly delayed, or for any other reason.

B. By termination, neither party may nullify obligations already incurred for performance or failure to perform prior to the date of termination. If the Agency or the State Auditor terminates this Contract, the Contractor shall be entitled to compensation for work performed prior to termination in the amount of earned, but not yet paid, progress payments, if any, that the State Auditor has authorized as provided in Paragraph 3(D). If the Contractor terminates this Contract for any reason other than Agency's breach of this Contract, the Contractor shall repay to the Agency the full amount of any progress payments for work performed under the terms of this Contract.

C. Pursuant to Section 2.2.2.8 NMAC, the State Auditor may disqualify the Contractor from eligibility to contract for agreed-upon procedures services with the State of New Mexico if the Contractor knowingly makes false statements, false assurances or false disclosures under this Contract. The State Auditor on behalf of the Agency or the Agency may bring a civil action for damages or any other relief against a Contractor for a material breach of this Contract.

D. THE REMEDIES HEREIN ARE NOT EXCLUSIVE, AND NOTHING IN THIS SECTION 5 WAIVES OTHER LEGAL RIGHTS AND REMEDIES OF THE PARTIES.

6. **STATUS OF CONTRACTOR**

The Contractor and its agents and employees are independent contractors performing professional services for the Agency and are not employees of the Agency. The Contractor and its agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the Agency as a result of this Contract. The Contractor agrees not to purport to bind the State of New Mexico to any obligation not assumed under this Contract unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

7. **ASSIGNMENT**

The Contractor shall not assign or transfer any interest in this Contract or assign any claims for money due or to become due under this Contract.

8. **SUBCONTRACTING**

The Contractor shall not subcontract any portion of the services to be performed under this Contract except pursuant to a Contingency Subcontractor Form in the event the IPA is unable to complete the engagement.

9. **RECORDS**

The Contractor shall maintain detailed time records that indicate the date, time, and nature of services rendered during the term of this Contract. The Contractor shall retain the records for a period of at least five (5) years after the date of final payment under this contract. The records shall be subject to inspection by the Agency and the State Auditor. The Agency and the State Auditor shall have the right to audit billings both before and after payment. Payment under this Contract shall not foreclose the right of the Agency or the State Auditor on behalf of the Agency to recover excessive or illegal payments.

10. **RELEASE**

The Contractor, upon receiving final payment of the amounts due under the Contract, releases the State Auditor, the Agency, their respective officers and employees and the State of New Mexico from all liabilities, claims and obligations whatsoever arising from or under this Contract. This paragraph does not release the Contractor from any liabilities, claims or obligations whatsoever arising from or under this Contract.

11. **CONFIDENTIALITY**

All information provided to or developed by the Contractor from any source whatsoever in the performance of this Contract shall be kept confidential and shall not be made available to any individual or organization by the Contractor, except in accordance with this Contract or applicable standards, without the prior written approval of the Agency and the State Auditor.

12. **PRODUCT OF SERVICES; COPYRIGHT AND REPORT USE**

Nothing developed or produced, in whole or in part, by the Contractor under this Contract shall be the subject of an application for copyright by or on behalf of the Contractor. The Agency and the State Auditor may post an agreed-upon procedures report on their respective websites once it is publicly released by the State Auditor.

13. **CONFLICT OF INTEREST**

The Contractor represents and warrants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Contract. Each of the Contractor and the Agency certifies that it has followed the requirements of the Governmental Conduct Act, Section 10-16-1, et seq., NMSA 1978, regarding contracting with a public officer, state employee or former state employee, as required by the applicable professional standards.

14. **INDEPENDENCE**

The Contractor represents and warrants its personal, external and organizational independence from the Agency in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States, and Section 2.2.2.8 NMAC. The Contractor shall immediately notify the State Auditor and the Agency in writing if any impairment to the Contractor's independence occurs or may occur during the period of this Contract.

15. **AMENDMENT**

This Contract shall not be altered, changed or amended except by prior written agreement of the parties and with the prior written approval of the State Auditor. Any amendments to this Contract shall comply with the Procurement Code, Sections 13-1-28 through 13-1- 199, NMSA 1978.

16. **MERGER**

This Contract supersedes all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Contract. Contractor and Agency shall enter into and execute an engagement letter pursuant to Section 2.2.2.10 NMAC, consistent with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAGAS). **The engagement letter and any associated documentation included with or referenced in the engagement letter shall not be interpreted to amend this Contract. Conflicts between the engagement letter and this Contract are governed by this Contract, and shall be resolved accordingly.**

17. **APPLICABLE LAW**

The laws of the State of New Mexico shall govern this Contract. By execution of this Contract, Contractor irrevocably consents to the exclusive personal jurisdiction of the courts of the State of New Mexico over any and all lawsuits arising from or related to this Contract.

18. **AGENCY BOOKS AND RECORDS**

The Agency is responsible for maintaining control of all books and records at all times and the Contractor shall not remove any books and records from the Agency's possession for any reason.

19. **APPROPRIATIONS**

The terms of this Contract are contingent upon sufficient appropriations and authorization being made by the Agency's governing body for the performance of this Contract. If sufficient appropriations and authorization are not made by the Agency's governing body, this Contract shall terminate upon written notice being given by the Agency to the Contractor. The Agency's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final. This section of the Contract does not supersede the local public body's requirement to have an annual examination of its financial affairs pursuant to Section 12-6-3(B), NMSA 1978.

20. **PENALTIES FOR VIOLATION OF LAW**

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

21. **EQUAL OPPORTUNITY COMPLIANCE**

The Contractor shall abide by all federal and state laws, rules and regulations, and executive orders of the Governor of the State of New Mexico pertaining to equal employment opportunity. In accordance with all such laws, rules, regulations and orders, the Contractor assures that no person in the United States shall, on the grounds of race, age, religion, color, national origin, ancestry, sex, physical or mental handicap or serious medical condition, spousal affiliation, sexual orientation or gender identity be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Contract. If the Contractor is found not to be in compliance with these requirements during the life of this Contract, the Contractor shall take appropriate steps to correct these deficiencies.

22. **WORKING PAPERS**

The Contractor shall retain its working papers of the Agency's agreed upon procedures conducted pursuant to this Contract for a period of at least five (5) years after the date shown on the agreed upon procedures report, or longer if requested by the Agency, oversight agency for audit, pass through-entity or the State Auditor. The State Auditor shall have access to the working papers at the State Auditor's discretion. When requested by the State Auditor or the Agency, the Contractor shall deliver the original or clear, legible copies of all working papers to the requesting entity.

23. **DESIGNATED ON-SITE STAFF**

The Contractor's on-site individual accountant responsible for supervision of work and completion of the agreed upon procedures engagement is **Brad Beasley**. The Contractor shall notify the Agency and the State Auditor in writing of any changes in staff assigned to perform the agreed-upon procedures engagement.

24. **INVALID TERM OR CONDITION**

If any term or condition of this Contract shall be held invalid or unenforceable, the remainder of this Contract shall not be affected.

25. **OTHER PROVISIONS**

SIGNATURE PAGE

This Contract is made effective as of the date of the latest signature.

AGENCY		**CONTRACTOR**	
Tyrone Water & Wastewater Association		**Beasley, Mitchell & Co., LLP**	
PRINTED NAME:	Alan G. Berg	PRINTED NAME:	Dahlia Garcia
TITLE:	President Board of Directors	TITLE:	Partner
Electronically Signed on 10/23/2026 11:50:28 AM		Electronically Signed on 2026-10-23 14:30:03	

This engagement is to be performed pursuant to the AICPA Statements on Standards for Attestation Engagements (SSAEs), AT Section 201 for agreed-upon procedure engagements.

1. **Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osa.nm.gov under "Tiered System Reporting Main Page."** 1. If the entity expended capital outlay appropriations meeting the Tier 6 criteria, include a statement documenting the reason for the Tier 6 engagement related to capital outlay: (a) A capital outlay appropriation was received and expended in full during the fiscal year; (b) A capital outlay appropriation was received and has expended 50% or more of the appropriation; or (c) A capital outlay appropriation was received, and the remainder of the appropriation was expended.

2. **Cash**

    a. Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand.

    b. Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to Department of Finance and Administration-Local Government Division.

    c. Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

3. **Capital Assets**

    Verify the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

4. **Debt**

    If the local public body has any debt, verify the required payments were made during the year. If the debt agreement requires reserves, verify the local public body is in compliance with those requirements.

5. **Revenue**

    Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.
    a. Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

    b. Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes: Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

    c. Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

    Note: The sample must be representative of the population. If, in the auditor's professional judgment, sufficient test work is met before the 30% sample size the auditor shall appropriately document their professional judgement. If the auditor does not test the 30% sample size, the auditor must test a minimum of 40 transactions.

6. **Expenditures**

    Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

    a. Determine amount recorded as disbursed agrees to adequate supporting documentation. Verify the amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate.

    b. Determine the disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

    c. Determine 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 (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

    Note: The sample must be representative of the population. If, in the auditor's professional judgment, sufficient test work is met before the 30% sample size the auditor shall appropriately document their professional judgement. If the auditor does not test the 30% sample size, the auditor must test a minimum of 40 transactions.

7. **Journal Entries**

    Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:

    a. Journal entries appear reasonable and have supporting documentation.

b. The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

8. Budget

Obtain the original fiscal year budget and all budget adjustments made throughout the fiscal year and perform the following test work:

a. Verify, through a review of the minutes and correspondence, the original budget and subsequent budget adjustments were approved by the local public body's governing body and Department of Finance and Administration-Local Government Division.

b. Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.

c. From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures - budget and actual on the budgetary basis used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

9. Capital Outlay Appropriations*

The scope of the agreed-upon procedures engagement shall encompass all capital outlay funds as defined in Audit Rule (2.2.2.16 NMAC) that meet Tier 6 criteria. The intent of the capital outlay procedures is to ensure that 100% capital outlay expenditures as defined in Audit Rule, have been tested at the completion of the project. Request and review all capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year that meet the definition in Audit Rule. Perform the following tests on all capital outlay expenditures:

a. Determine the amount recorded as disbursed agrees to adequate supporting documentation. Verify amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

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

c. Determine 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).

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

e. Verify status reports were submitted to the state agency charged with oversight per the terms of the agreement and verify the amounts in the status report agree with the general ledger and other 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.

g. If the project is complete, determine if there is an unexpended balance and whether the agency was required to revert unexpended funds per statute and agreement with the grantor.

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.

i. Determine whether reimbursement requests were properly supported by costs incurred by the recipient.

10. Other

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 detailed in Section 2.2.2.10(L)(1)(d) NMAC.

Report Requirements

Prepare and submit to the Office of the State Auditor an agreed-upon procedures report and a compilation report that comply with AT-C Section 215 and AR-C Section 80, respectively.

At a minimum, the compilation report shall include fund financial statements on the GAAP basis of accounting, for each individual fund (for all fund types) that the local public body has, consisting of:

a. Balance Sheets - governmental funds, and/or Statements of Net Position - proprietary funds, and/or Statements of Net Position - fiduciary funds, for each individual fund.

b. Statement of Revenues and Expenditures, and Changes in Fund Balances or Statement of Revenues, Expenses, and Changes in Fund Net Assets-Proprietary Fund or Statement of Changes in Fiduciary Net Assets-Fiduciary Funds.

c. Notes related to the statements required in a) and b) above.

d. An explanatory paragraph(s) for the departure from GAAP for the omission of the Government-Wide Financial Statements, the Statements of Cash Flows- proprietary funds, the related note disclosures, and any other departures from GAAP where modification of the standard report is considered by the IPA to be adequate to disclose the departure (AR-C 80).

Additionally, the agreed-upon procedures report shall include:

a. Table of Contents.

b. Official Roster.

c. The capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation for which there were expenditures during the fiscal year that meet the Tier 6 criteria*

d. The procedures performed and the results of those procedures.

e. For each individual fund, a Schedule of Revenues and Expenditures - Budget and Actual. Each budgetary comparison must show the original and final appropriated budget (same as final budget approved by Department of Finance and Administration), the actual amounts on the budgetary basis, and a column with the variance between the final budget and the actual amounts. The budgetary comparisons shall include the amount of prior-year cash balance required to balance the budget.

f. Schedule of Findings and Responses.

g. Exit conference information (Section 2.2.2.16(F)(3) NMAC).

h. Summary of Findings form (Section 2.2.2.16(F)(4) NMAC). The Summary of Findings form must be submitted electronically in a separate Excel file in addition to being included with the final report.

* Note - Only perform capital outlay appropriations procedures when the capital outlay appropriation has been expended in the relative fiscal year.