



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
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**STATE OF NEW MEXICO**

**APODACA MUTUAL DOMESTIC WATER  
CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 3)

Year Ended December 31, 2011

**STATE OF NEW MEXICO**

**APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 3)**

**Year Ended December 31, 2011**

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**STATE OF NEW MEXICO  
APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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December 31, 2011**

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**STATE OF NEW MEXICO  
APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
Official Roster  
at December 31, 2011**

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<u>Name</u>	<u>Title</u>
<b><u>Board of Directors</u></b>	
Maria Martinez	President
David R. Griego	Treasurer
Gilbert E. Griego	Member
Eli Martinez	Member
Vacant	Member



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants  
Member AICPA, NMSCPA*

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 3)**

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To: Maria Martinez, President  
Apodaca Mutual Domestic Water Consumers Association  
and  
Honorable Timothy M. Keller  
New Mexico State Auditor

We have performed the procedures enumerated below for the Apodaca Mutual Domestic Water Consumers Association (Association) for the year ended **December 31, 2011** solely to assist the Association in demonstrating compliance with the provisions of Laws of 2008, Chapter 92, Section 48, Paragraph 83, as set forth in the accompanying Project Schedules – Summary and Detail, Exhibits A and B. The Association was determined to be a Tier 3 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Apodaca Mutual Domestic Water Consumers Association through the Office of the New Mexico State Auditor. The Apodaca Mutual Domestic Water Consumers Association's management is responsible for the organization's accounting records. 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 those parties specified in the 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 results of procedures performed follow.

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for the capital outlay award funds expended by the recipient that meet Tier 3 criteria.

### **1. The Contractor shall test all state-funded capital outlay expenditures to:**

#### **Procedures**

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.
- b) Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established 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 (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).

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

**Results of Procedures Performed**

- a) We determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled check copies, as appropriate.
- b) We determined that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) We determined 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 (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).
- d) We determined the physical existence by photographs of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with accounting records and other supporting documentation.

**2. Procedures**

If the project was funded in advance, the Contractor shall 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 Procedures Performed**

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

**3. Procedures**

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

**Results of Procedures Performed**

The project is complete as of December 31, 2011 and there is no unexpended balance in agreement with the grantor.

**4. Procedures**

The Contractor shall 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 agreement.

**Results of Procedures Performed**

Since the project was approved on a reimbursement basis, no separate fund or bank account was required.

## **5. Procedures**

The Contractor shall determine whether reimbursement requests were properly supported by costs incurred by the recipient. The Contractor shall determine whether the costs were paid by the local public body prior to the request for reimbursement.

### **Results of Procedures Performed**

We determined that reimbursement requests were properly supported and the Association incurred costs prior to the submission of requests for funding from the New Mexico Environment Department. The Association expended their own funds in excess of the grant agreement in the amount of \$602.99. See Exhibit B on p. 2 of this report.

### **Other Procedures**

If information comes to the Contractor's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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.

### **Results of Procedures Performed**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies. However, see the accompanying Schedule of Findings and Responses for a noncompliance issue related to Late Report submission (Finding 2010-1 on p. 4 of this report).

\* \* \* \* \*

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Project Schedules – Summary and Detail, Exhibits A and B. 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 the Apodaca Mutual Domestic Water Consumers Association, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Española, New Mexico  
February 23, 2016

STATE OF NEW MEXICO  
 APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 Agreed-Upon Procedures (Tier 3)  
 Project Schedule - Summary  
 For the Year Ended December 31, 2011

Exhibit A

<u>Capital Outlay Project No.</u>	<u>Pay Requests</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received</u>	<u>Grant Amount Expended</u>	<u>Remaining Balance</u>	<u>Actual Legislation</u>	<u>Effective Dates</u>
08-3896 GF	1	\$ 20,000.00	\$ 15,300.99	\$ 15,300.99	\$ 4,699.01	Laws of 2008, Chapter 92, Section 48, Paragraph 83 - To plan, design, construct, equip and install water system improvements, including interconnections, distribution lines and connections, meters, fire hydrants and a water tank, for the Los Apodaca mutual domestic water consumers association in Rio Arriba county.	Through 6/30/2012
	2		4,699.01	4,699.01	-		
		<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>	<u>\$ -</u>		



STATE OF NEW MEXICO  
 APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 Agreed-Upon Procedures (Tier 3)  
 Project Schedule - Summary  
 For the Year Ended December 31, 2011

Grant No.	Pay Requests	Invoice/ Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
08-3896 GF			\$ 20,000.00							
	1	9/8/2010		15,300.99	9/24/2010	15,300.99	1093	10/2/2010	15,300.99	Medina Consulting, LLC
	2	9/19/2011		4,699.01	9/29/2011	5,302.00	1106	8/7/2011	2,450.00	RG & Sons, Inc.
							1108	9/10/2011	2,852.00	RG & Sons, Inc.
			<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>		<u>\$ 20,602.99</u>			<u>\$ 20,602.99</u>	

**STATE OF NEW MEXICO  
APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Late Report	D	2010-1	2010-1
<b>Follow-up on Prior Year Findings:</b>			
Late Report	D	2010-1	2010-1

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO  
APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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**2010-1**

**Late Report**

**Criteria**

Office of the State Auditor, Rule 2011, Section 2.2.2.16.H, requires that local public bodies with a fiscal year other than June 30 fiscal year end must submit the agreed-upon procedures report no later than five months after the fiscal year end.

**Condition**

The Apodaca Mutual Domestic Water Consumers Association has a December 31 year end but the agreed-upon procedures report for the year ended December 31, 2011 was submitted more than five months after the fiscal year end.

**Cause**

The Apodaca Mutual Domestic Water Consumers Association was not aware of the agreed-upon procedures requirements until recently.

**Effect**

The Apodaca Mutual Domestic Water Consumers Association has not complied with Office of the State Auditor, Rule 2011, Section 2.2.2.16.H.

**Recommendation**

We recommend that the Apodaca Mutual Domestic Water Consumers Association submit all future agreed-upon procedures reports by the required deadline.

**Entity Response**

“Apodaca Mutual Domestic Water Consumers Association will submit all future agreed-upon procedures reports by the required deadline.”

**STATE OF NEW MEXICO  
APODACA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

**Exit Conference  
Year Ended December 31, 2011**

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**EXIT CONFERENCE**

The report contents were discussed at a telephonic exit conference held on February 23, 2016 with the following:

Apodaca Mutual Domestic Water Consumers Association

By telephone:

David R. Griego, Treasurer

Accounting Firm

James R. (Jim) Macias, CPA