



STATE OF NEW MEXICO

**BLUEWATER ACRES DOMESTIC
WATER USERS ASSOCIATION**

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2010

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STATE OF NEW MEXICO
BLUEWATER ACRES DOMESTIC WATER USERS ASSOCIATION

Official Roster
June 30, 2010

<u>Name</u>		<u>Title</u>
	Board of Directors	
Jesse Gomez		President
Gordon Drone		Vice-President
Ray D. Vernon		Secretary/Treasurer
Joy Olivar		Director
	Staff	
Dereck Smith		Contract Maintenance Operator
Evelyn Gomez		Contract Billing Assistant

MEMBER:
AMERICAN INSTITUTE
OF CERTIFIED PUBLIC
ACCOUNTANTS

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MEMBER:
NEW MEXICO SOCIETY
OF CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To: Jesse Gomez, President
Bluewater Acres Domestic Water Users Association
And
Honorable Hector H. Balderas
New Mexico State Auditor

We have performed the procedures enumerated below for the Bluewater Acres Domestic Water Users Association (BADWUA) for the year ended June 30, 2010, solely to assist the BADWUA in demonstrating compliance with the provisions of Laws of 2008, Chapter 9, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The BADWUA was determined to be a Tier 3 entity under the Audit Act, Section 2-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the BADWUA through the office of the New Mexico State Auditor. The BADWUA management is responsible for the organization's accounting records. This agree-upon procedures engagement was conducted and accordance with attention 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 of for any other purpose. Our procedures and findings 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 agree 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 3-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the per Diem and Mileage Act (2.42.2 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.

Findings

- 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) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).
- d) There are no physical assets. The only expenditure was spent on engineering services. The engineers report was viewed 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

Findings

All funds were held and disbursed by the New Mexico Environment Department construction programs bureau. Per confirmation with the department, the award balance appropriately reflects the percentage of completion based on the project schedule and expenditures to date

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.

Findings

The project is not yet complete

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.

Findings

The cash received for the award was accounted for by the New Mexico Environment Department construction programs bureau. Per confirmation with the department, the award balance appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

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.

Findings

The grant is not on a reimbursement basis. Payments are made directly to vendors from the grant funds.

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) © NMAC

Findings

Report 2010-01

The agency was not in compliance with 2.2.2. NMAC 23. The agreed-upon procedures report was due no later than December 1,2010. The report has not submitted by the deadline.

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 Projects 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 Bluewater Acres Domestic water users Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

Elizabeth G. Olivas CPA
Albuquerque, New Mexico 87113
April 19, 2012

STATE OF NEW MEXICO
BLUEWATER ACRES DOMESTIC WATER USERS ASSOCIATION
 Projects Schedule - Summary
 For the Year Ended June 30, 2010

Exhibit A

Grant No.	Pay Request	Amount Awarded	Amount Requested/ Received*	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
SAP 09-3794-STB	1	\$100,000.00	\$100,000.00	\$24,009.38	\$75,990.62	Laws of 2009, Chapter 7 Section 3, Subsection 53 To plan, design, construct water system improvements for the Bluewater Acres Domestic Water Users Association in Cibola County.	Through 6/30/2013
			<u>\$100,000.00</u>	<u>\$24,009.38</u>	<u>\$75,990.62</u>		

*held and administered by NM Environment Department, Construction Programs Bureau.

STATE OF NEW MEXICO
BLUEWATER ACRES DOMESTIC WATER USERS ASSOCIATION
 Projects Schedule - Detail
 For the Year Ended June 30, 2010

Exhibit B

<u>Grant No.</u>	<u>Pay Request</u>	<u>Certification Request Date</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received*</u>	<u>Invoice Amount</u>	<u>Actual Amount Expended</u>
SAP 09-3794-STB	1	4/13/2010	\$100,000.00	\$24,009.38	\$7,996.89 7,996.84 8,015.65 <u>\$24,009.38</u>	\$ 24,009.38
			<u>\$100,000.00</u>	<u>\$24,009.38</u>	<u>\$24,009.38</u>	<u>\$ 24,009.38</u>

* payment made directly to contractor.

**STATE OF NEW MEXICO
 BLUEWATER ACRES DOMESTIC WATER USERS ASSOCIATION**

**Schedule of Findings and Responses
 Year Ended June 30, 2010**

	<u>Type of Finding</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Late report	Other	N/A	2010-01
Follow-up Prior Year Findings:			
None	N/A	N/A	N/A

**STATE OF NEW MEXICO
BLUEWATER ACRES DOMESTIC WATER USERS ASSOCIATION**

Exit Conference
Year Ended June 30, 2010

EXIT CONFERENCE

The report contents were discussed at an exit conference held on April 19, 2012 with the following in attendance:

Bluewater Acres Domestic Water Users Association

Jesse Gomez, Board President
Ray Vernon, Board Secretary-Treasurer
Evelyn Gomez, Contract Billing Assistant
Dereck Smith, Contract Maintenance Operator

Accounting Firm

Elizabeth G. Olivas, CPA