

Bluewater Lake MDWCA

Independent Accountant's Report
on Applying Agreed Upon Procedures (TIER 4)

For the Year Ended December 31, 2016



Office of the State Auditor
Brian S. Colón, Esq.

This Page Intentionally Left Blank

State of New Mexico
Bluewater Lake MDWCA
Table of Contents
For the Year Ended December 31, 2016

Official Roster	ii
Independent Accountant’s Report on Applying Agreed Upon Procedures	1
Schedule of Revenue and Expenditure Budget and Actual Cash Basis	7
Department of Finance and Administration – Local Government Division Year End Report	8
Schedule of Findings and Responses	9
Exit Conference	17

**State of New Mexico
Bluewater Lake MDWCA
Official Roster
December 31, 2016**

Board of Directors

<u>Name</u>	<u>Title</u>
Scott Fadrowski	President
Kiersten Jacoby	Vice-President
Shannon Nettleton	Secretary/Treasurer
Tom Jones	Board Member
Gary Ford	Board Member



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Members of the Board of Directors
Bluewater Lake MDWCA

We have performed the procedures enumerated below for the Bluewater Lake MDWCA (Association) for the year ended December 31, 2016, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 4 entity per Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor (OSA). The Association 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."

Results of Procedure 1

We calculated revenue per the financial statements for the 2016 tier determination form and the Association was properly determined to be a Tier 4 entity for 2016 since its revenue was between \$50,000 and \$250,000 and it did not receive or expend a capital outlay award during 2016.

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.

Results of Procedure 2a

We were unable to verify bank reconciliations were being performed in a timely manner, see finding 2015-002. The Association was unable to provide documentation of a cash reconciliation that agreed to the general ledger, see finding 2015-002. Additionally, the Association was unable to provide a statement for the certificate of deposit account, see finding 2015-002. Monthly bank statements for the checking account and quarterly statements for the savings account were 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 DFA-Local Government Division.

Results of Procedure 2b

We selected four months of the checking account and one quarterly statement of the savings account (31%) of bank reconciliations for testwork. The bank statements tested did not reconcile to the general ledger balances, see finding 2015-002. Interest income from the savings account was reported as “Fees Income” in the financial statements, see finding 2015-001. We traced the beginning cash balance to the report submitted to DFA-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.

Results of Procedure 2c

The bank account deposit and certificate of deposit were fully insured by the FDIC during 2016. Pledged collateral was not required.

3. Capital Assets

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

Results of Procedure 3

The Association did not perform a yearly inventory required by NMSA 1978, Section 12-6-10 for fiscal year 2016, see finding 2015-003.

4. Revenue

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

Results of Procedure 4

The revenue sources for the Association consisted of monthly water usage and related fees.

- a. Perform an analytical review, test actual revenue compared to budgeted revenue for the year for each type of revenue.

Results of Procedure 4a

We tested actual revenue compared to budgeted revenue for the year for each type of revenue. We noted Fees Income variance were not as expected. We noted variances indicated income was incorrectly classified, see finding 2015-001. Results were as expected for total revenues reported.

For a sample of revenue equal to at least 30% of the total dollar amount and test the following attributes:

- b. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

Results of Procedure 4b

We tested four months of revenue records, equal to 43% of revenue. The general ledger provided by the Association did not include transaction postings by date to support the revenue reported in the financial statements, see finding 2015-001. We noted variances in amounts paid and amounts due and accounts that were not paid during the month, see finding 2015-004. We also noted the monthly deposits per bank statements did not agree to income reported in financial statements, see finding 2015-001. The Association was unable to provide supporting documentation for one deposit that appeared to be a transfer but we were unable to determine how the amount was recorded in the financial statements, see finding 2015-001. Other amounts deposited agreed to payment entry sheets for the months tested.

- 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.

Results of Procedure 4c

We tested four months of revenue records, equal to 43% of revenue. The general ledger provided by the Association did not include transaction postings by date to support the revenue reported in the financial statements, see finding 2015-001. We also noted the monthly deposits per bank statements do not agree to income reported in financial statements, see finding 2015-001. The Association was unable to provide supporting documentation for one deposit that appeared to be a transfer but we were unable to determine how the amount was recorded in the financial statements, see finding 2015-001. The amount and period listed in the bank statements agreed to payment entry sheets for other deposits tested.

5. Expenditures

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

- 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 canceled check, as appropriate.

Results of Procedure 5a

We tested 44% of the total dollar amount of cash disbursements. The amounts recorded as disbursed agreed to adequate supporting documentation.

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

Results of Procedure 5b

We tested 44% of the total dollar amount of cash disbursements. Disbursements were properly authorized and approved in compliance with 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedure 5c

We tested 44% of the total dollar amount of cash disbursements. 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.

6. 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.

Results of Procedure 6a

We were unable to determine if the Association prepared or posted journal entries for fiscal year 2016, see finding 2015-001.

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

Results of Procedure 6b

We were unable to determine if the Association prepared or posted journal entries for the fiscal year 2016, see finding 2015-001.

7. 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, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.

Results of Procedure 7a

We determined the original budget was approved by DFA-LGD. There were no budget adjustments during 2016.

- b. Determine whether the total actual expenditures exceeded the final budget at the legal level of budgetary control; if the answer is yes, report a compliance finding.

Results of Procedure 7b

We determined actual expenditures did not exceed the final budget at the Association's legal level of budgetary control.

- 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.

Results of Procedure 7c

See schedule of revenues and expenditures – budget and actual prepared on a cash basis on page 7. The amounts listed are the amounts recorded in the financial statements. However, we were unable to reconcile these amounts to the reports submitted to DFA-LGD, see finding 2015-001. The total amount of expenditures agreed to the report submitted to DFA-LGD.

8. Other

If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies by the former Board of Trustees during the years covered by this Report, 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)(3)(C) NMAC.

Results of Procedure 8

We noted that the Association was not reconciling amounts billed to amounts paid by members, see finding 2015-004. Also, the Association did not submit the required financial report to OSA on a timely basis, see finding 2015-007. We also noted amounts reported in the budget report to DFA-LGD did not reconcile to the financial statements and connection fees were inaccurately recorded as a reduction of expenditures, see finding 2015-001. All noncompliance items noted were reported in the schedule of findings and responses. No instances of fraud, illegal acts and other noncompliance were noted.

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 4 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 management of the Association, the OSA, the New Mexico Department of Finance and Administration - Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Office of the State Auditor

Office of the State Auditor
Santa Fe, NM
June 30, 2020

**State of New Mexico
Bluewater Lake MDWCA
Schedule of Revenues and Expenditures
Budget and Actual (Cash Basis)
For the Year Ended December 31, 2016**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable/ (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees	\$ 51,000	\$ 51,000	\$ 52,223	\$ 1,223
Fines and Penalties	200	200	-	(200)
Interest Income	100	100	-	(100)
Total revenues	<u>51,300</u>	<u>51,300</u>	<u>52,223</u>	<u>\$ 923</u>
Budgeted cash	<u>5,150</u>	<u>5,150</u>		
Total budgeted revenue and cash	<u>\$ 56,450</u>	<u>\$ 56,450</u>		
Expenditures				
Equipment	10,000	10,000	-	10,000
Maintenance	5,000	5,000	6,987	(1,987)
Office Supplies	3,000	3,000	2,020	980
Insurance	3,000	3,000	2,909	91
Postage	600	600	-	600
Supplies - Field	1,000	1,000	2,406	(1,406)
Subscription/Dues	200	200	332	(132)
Labor	20,000	20,000	18,300	1,700
Equipment Rental	300	300	-	300
Contract Labor	5,000	5,000	982	4,018
Transportation	1,000	1,000	-	1,000
Training	350	350	357	(7)
PS - Attorney	3,000	3,000	1,791	1,209
Miscellaneous	4,000	4,000	4,539	(539)
Total expenditures	<u>\$ 56,450</u>	<u>\$ 56,450</u>	<u>40,623</u>	<u>\$ 15,827</u>
Excess (deficiency) of revenues over expenditures			<u>\$ 11,600</u>	

State of New Mexico
Bluewater Lake MDWCA
Department of Finance and Administration - LGD – Year End Report
For the Year Ended December 31, 2016

Bluewater Lake

Cumulative Jan to Dec 2016

	Approved B Jan 1 - Dec 31, 2016		Amount Ove % of Budge	
Beginning Cash Balance on Jan 1, 2016:	28,141.00			
Revenue				
Fees	51,000.00	52,220.59	1,220.59	102.39%
Fines and Penalties	200.00	0.00	(200.00)	0.00%
Interest Income	100.00	7.10	(92.90)	7.10%
Contributions	0.00	0.00	0.00	-
Sales-Other	0.00	0.00	0.00	-
Federal Grant	0.00	0.00	0.00	-
State Grants-Capital Outlay	0.00	0.00	0.00	-
Miscellaneous	0.00	0.00	0.00	-
Total Revenue	51,300.00	52,227.69	927.69	101.81%
Expenditures				
Equipment	10,000.00	8,409.71	(1,590.29)	84.10%
Maintenance	5,000.00	(1,422.67)	(6,422.67)	-28.45%
Office Supplies	3,000.00	2,020.05	(979.95)	67.34%
Insurance	3,000.00	2,908.82	(91.18)	96.96%
Postage	600.00	0.00	(600.00)	0.00%
Supplies-Field	1,000.00	2,405.73	1,405.73	240.57%
Subscription/Dues	200.00	332.46	132.46	166.23%
Labor	20,000.00	18,731.68	(1,268.32)	93.66%
Equipment Rental	300.00	0.00	(300.00)	0.00%
Contract Labor	5,000.00	550.00	(4,450.00)	11.00%
Transportation	1,000.00	0.00	(1,000.00)	0.00%
Debt Service-Principal	0.00	0.00	0.00	-
Debt Service-Interest	0.00	0.00	0.00	-
Training	350.00	356.08	6.08	101.74%
Equipment/Machinery	0.00	0.00	0.00	-
AUP or Audit	0.00	0.00	0.00	-
PS-Attorney	3,000.00	1,790.88	(1,209.12)	59.70%
PS-Design	0.00	0.00	0.00	-
Commission	0.00	0.00	0.00	-
Miscellaneous	4,000.00	4,538.86	538.86	113.47%
Total Expenditures	56,450.00	40,621.60	(15,828.40)	71.96%
Estimated Ending Cash Balance on Dec 31, 2016:	22,991.00			

Note: Amounts presented in the DFA report do not reconcile to the Budget and Actual schedule presented on page 7. See finding 2015-006 for further details.

**State of New Mexico
 Bluewater Lake MDWCA
 Schedule of Findings and Responses
 For the Year Ended December 31, 2016**

Prior Year Findings:	<u>Status</u>	<u>Finding Number</u>
	Modified and	
Lack of Accounting Records	Repeated	2015-001
No Cash Reconciliations	Repeated	2015-002
No Physical Inventory at Fiscal Year End	Repeated	2015-003
Lack of Reconciliation of Water Fees Billed and Variances in Amounts Paid	Repeated	2015-004
Lack of Supporting Documentation for Expenditures	Resolved	2015-005
Submission of Budget and Financial Reports to the New Mexico Department of Finance and Administration-	Modified and	
Local Government Division	Repeated	2015-006
Late Financial Reporting	Repeated	2015-007

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

2015-001 – Lack of Accounting Records (Modified and Repeated)

Condition:

The Association provided a general ledger that was produced manually. The general ledger did not accurately classify revenue or provide postings by date to support the financial statements. The Association was unable to provide supporting documentation for one deposit, totaling \$5,925, that appeared to be a transfer but we were unable to determine how the amount was recorded in the financial statements. The total amount of deposits per the bank statements did not agree to the financial statements provided, the financial statements reported \$6,646 less than the bank statements. Interest income from the savings account was reported as “Fees Income” in the financial statements. We also noted amounts reported in the budget report to DFA-LGD agreed in total but we were unable to vouch amounts reported in all categories of expenditures to the financial statements. Upon inquiry of a negative expenditure, the Association stated that connection fees were inaccurately recorded as a reduction in expenditures. Also, revenue reported in the budget report to DFA-LGD included Interest Income of \$7 that was not listed in the financial statements. Additionally, we were unable to determine if journal entries were made to the books and records. Management did not make progress in resolving this finding in 2016 because 2015 and 2016 agreed upon procedures were performed concurrently.

Criteria:

Effective internal controls and procedures to maintain documentation to support financial statements presented to enhance accountability and accurate financial reporting. NMSA 1978, Section 6-6-3 requires the Association to keep all the books, records and accounts in their respective offices in the form prescribed by the local government division.

Cause:

The Association did not maintain supporting documentation for the financial statements.

Effect:

Misstatements due to errors or fraud may go undetected. Untimely and/or inaccurate financial reporting and noncompliance with State statute could affect Federal and State funding. The Association may lack adequate internal controls necessary to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

Recommendation:

We recommend the Association implement procedures to maintain documentation to support the financial statements.

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Agency Response:

The board agrees with the findings. The board made steps in 2019 to ensure that this issue was corrected. In 2019-20 we terminated our accountant after finding many mistakes on the books, and issues with record keeping. The Secretary/Treasurer was instructed to purchase and install a new accounting software that could be more efficiently monitored.

The person now responsible for handling the accounting records is the Secretary/Treasurer. Completion for this task was to be the end of 2019.

2015-002 – No Cash Reconciliations (Repeated)

Condition:

The Association was unable to provide documentation of a cash reconciliation that agreed to the general ledger for the fiscal year 2016. Four of the four checking account bank statements tested did not agree to the amount reported on the financial reports. The bank balance was listed as \$114, \$183, \$226, \$157 and \$2, respectively, less than the financial statements. The bank statements tested did not include a reconciliation to the general ledger or documentation of the date performed and reviewed. The Association was unable to provide supporting documentation for a certificate of deposit account totaling \$10,000. In addition, the general ledger did not include a daily cash record. Management did not make progress in resolving this finding in 2016 because 2015 and 2016 agreed upon procedures were performed concurrently.

Criteria:

Effective internal controls and procedures require timely and accurate reconciliations to ensure cash transactions completely and accurately recorded in general ledger. NMSA 1978, Section 10-6-2 states, "It is the duty of every public official or agency of this state that receives or disburses public money to maintain a cash record in which is entered daily, in detail, all items of receipts and disbursements of public money. The cash record shall be balanced daily so as to show the balance of public money on hand at the close of each day's business."

Cause:

The Association was not aware that bank reconciliations should be performed and reviewed timely.

Effect:

Misstatements due to errors or fraud may go undetected. Untimely and/or inaccurate financial reporting and noncompliance with State statute could affect Federal and State funding. The Association may lack adequate internal controls necessary to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Recommendation:

We recommend the Association's accountant perform and document the monthly cash reconciliation shortly after the bank statements are received. The accountant should initial and date the reconciliation as documentation of who performed the reconciliation and the date completed. A member of the board should review the reconciliation for accuracy and timeliness and initial and date it as documentation of who performed the review and the date completed.

Agency Response:

The board agrees with the findings of this report. The board has made the steps necessary to ensure that all of the revenue is being reconciled in a timely matter. In 2019-20 we terminated our accountant after finding many mistakes on the books, and issues with record keeping. Revenues are now reconciled at the beginning of each month when the bank statement is received (with the exception of the CD).

Person responsible for handling the reconciliation is the Secretary/Treasurer with the President overseeing the reports. Completion for this task was to be the end of 2019.

2015-003 - No Physical Inventory at Fiscal Year End (Repeated)

Condition:

The Association did not perform and document a physical inventory of its capital assets and have the results of the physical inventory certified by its Board of Directors. Management did not make progress in resolving this finding in 2016 because 2015 and 2016 agreed upon procedures were performed concurrently.

Criteria:

NMSA 1978, Section 12-6-10.A requires each agency to conduct a physical inventory at the end of each fiscal year of all assets costing more than \$5,000. The inventory is required to be certified by the governing authority as to correctness.

Cause:

The Association was unaware of the requirement to perform an annual physical inventory that is certified by its Board.

Effect:

Misstatements due to errors or fraud may go undetected. Untimely and/or inaccurate financial reporting and noncompliance with State statute could affect Federal and State funding. The Association may lack adequate internal controls necessary to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Recommendation:

We recommend the Association perform an annual physical inventory of all its assets costing more than \$5,000. The list should include a description of the asset, date acquired, cost, location, and useful life. The written inventory report should be certified and approved by the Board of Directors.

Agency Response:

The agency agrees with this finding. The board was previously unaware that this was a requirement. The board is now aware of this requirement and will be working on it from here on out. Employee responsible for handling this will be the President. Timeline for completion will be December 31, 2021.

2015-004 –Lack of Reconciliation of Water Fees Billed and Variances in Amounts Paid (Repeated)

Condition:

During our revenue testwork, we tested 43% of water fees transactions. We noted amounts collected that did not agree to the historical billing report and other amounts listed as due that were not collected during the four months tested. For the four months tested, deposits totaled \$22,402 and the supporting documentation totaled \$15,420, a difference of \$6,981. We noted the Association was not reconciling amounts paid to member accounts billed or determining amounts under/overpaid. The Association is unable to determine amounts due to/from the Association related to under/overpaid member accounts, if any. Management did not make any progress in resolving this finding in 2016 because 2015 and 2016 agreed upon procedures were performed concurrently.

Criteria:

Effective internal controls and procedures require timely and accurate reconciliation of member payments to amounts billed to determine if any under/overpaid amounts exist.

Cause:

The Association has not implemented adequate internal controls to reconcile member payments to amounts billed.

Effect:

The Association is unable to determine amounts under/overpaid by members. The Association may not be collecting all amounts due from members. Misstatements due to errors or fraud may go undetected. Untimely and/or inaccurate financial reporting could affect Federal and State

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

funding. The Association may lack adequate internal controls necessary to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information.

Recommendation:

We recommend the Association reconcile amounts billed to amounts paid by members on a monthly basis. The Association should implement a process to determine amounts under/overpaid accounts and subsequent resolution of the under/over collected amounts. The Association should improve its record-keeping system for all revenue transactions, cash receipts and deposits. Supporting documentation for all revenue transactions (meter reading reports, monthly water billings for each member, detailed payment and deposit reports, and a complete accounts receivable ledger for each water customer and revenue source) should be generated and maintained.

Agency Response

The agency does not agree and also agrees with these findings. The agency has a software program that records all moneys due to the agency, and how much was paid. Any money that is paid over the balance due/billed is left as a credit on the account. The agency has made corrective measures for any misstated payments received in the past.

The employee responsible for maintaining the customer billing and record keeping is the Secretary/Treasurer. Timeline for completion of corrective plan was December 31, 2019 (When the accounting was all returned and kept internally).

Auditor's Response

The agency did not provide supporting documentation of a reconciliation of amounts paid to member accounts billed or a listing of amounts due to the Association for the months tested or the fiscal year.

2015-006 – Submission of Financial Reports to the New Mexico Department of Finance and Administration-Local Government Division (Modified and Repeated)

Condition:

The Association's quarterly financial report to DFA-LGD for the fourth quarter did not reconcile to the financial statements provided by the Association.

Criteria:

Section 6-6-2.F, the Association is required to submit quarterly financial reports to DFA-LGD.

Cause:

The Association was not aware of these requirements.

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Effect:

Noncompliance with State statute could affect Federal and State funding. The Association may lack adequate internal controls necessary to safeguard assets and prevent or detect intentional or unintentional misstatements of accounting information. DFA-LGD was unable to perform its oversight function of the Association without accurate submission of the quarterly financial report.

Recommendation:

We recommend the Association implement procedures to submit quarterly financial reports to DFA-LGD that reports the cash balance, loan balance and cumulative totals for revenues and expenditures in the manner prescribed by DFA-LGD.

Agency Response:

The agency agrees with these findings. The agency was unaware at the time of the requirements of the DFA. The agency took corrective action at the beginning 2016. The employee responsible for creating, reporting, and maintain the budget records is the Secretary/Treasurer with the oversight of the entire board.

2015-007 – Late Financial Reporting (Repeated)

Condition:

The Association did not submit the 2016 agreed upon procedures (AUP) report to the OSA by the required due date of no later than five months after the fiscal year end. Management did not make any progress in resolving this finding in 2016 because 2015 and 2016 agreed upon procedures were performed concurrently.

Criteria:

Section 2.2.2.16(H)(1) NMAC (Audit Rule) states that “Local public bodies with a fiscal year end other than June 30 shall submit the AUP report or certification no later than five months after the fiscal year-end.”

Cause:

The Association was not aware of this requirement.

Effect:

Noncompliance with the Audit Rule could impact the Association’s ability to receive funding. Decision making bodies such as the New Mexico Interstate Stream Commission, the Department

State of New Mexico
Bluewater Lake MDWCA
Schedule of Findings and Responses
For the Year Ended December 31, 2016

of Finance and Administration, the State Auditor, and the New Mexico Legislature did not have timely information regarding the Association.

Recommendation:

The Association should implement procedures to ensure the annual financial reporting requirements to the OSA are completed timely.

Agency Response:

The agency agrees with these findings. The agency was unaware at the time that we were required to report to the OSA. The agency has corrected this oversight in 2020. The agency worked towards bringing the agency up-to-date with the OSA. The agency will ensure that all reporting be made to the OSA no later than 5 months after the close of the calendar year. The person responsible for handling the reporting to the OSA is the Secretary/Treasurer.

State of New Mexico
Bluewater Lake MDWCA
Exit Conference
For the Year Ended December 31, 2016

On June 30, 2020, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Attendees

Bluewater Lake MDWCA:

Shannon Nettleton

Title:

Secretary/Treasurer

Office of the State Auditor:

Natalie Cordova

Lynette Kennard

Lucia Santini

Title:

Deputy State Auditor

Financial Audit Director

Audit Manager