



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

**ENSENADA MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended June 30, 2011

**STATE OF NEW MEXICO**

**ENSENADA MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

**Year Ended June 30, 2011**

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

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June 30, 2011**

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

**Official Roster  
at June 30, 2011**

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<u>Name</u>		<u>Title</u>
<b><u>Board of Directors</u></b>		
Vicente Montañó		President
Anthony Casados		Vice-President
Tess Casados		Secretary/Treasurer
Joseph Martinez		Member
George Valdez		Member
<b><u>Staff</u></b>		
John Paul Maldonado		Water Operator



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants  
Member AICPA, NMSCPA*

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

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To: Vicente Montaña, President  
Ensenada Mutual Domestic Water Consumers Association  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below for the Ensenada Mutual Domestic Water Consumers Association (EMDWCA) for the year ended June 30, 2011, solely to assist the EMDWCA in demonstrating compliance with the provisions of Laws of 2008, Chapter 92, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The EMDWCA 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 EMDWCA through the Office of the New Mexico State Auditor. The EMDWCA'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 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 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) 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) We determined the physical existence (by observation) of the new water tank 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**

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

## **3. Procedures**

If the project is complete, the Contactor 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**

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.

### Findings

We determined that the Grant Agreement was amended to replace any reference to “reimburse, reimbursed, or reimbursement” with the word “pay, payment, paid or payments”, as appropriate and add the following paragraph under **Special Terms and Conditions** “ For payment made by NMED to the Grantee for eligible expenditures incurred, but not yet paid for by the Grantee, for goods and services provided by a third party vendor, the Grantee shall make payment to those vendors within 15 calendar days from the date of cashing or depositing of the State Warrant.” We determined that the reimbursement requests were properly supported by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement or in accordance with the **Special Terms and Conditions** noted above.

### 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.

### Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

\* \* \* \* \*

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 Ensenada Mutual Domestic Water Consumers 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.

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

Macias, Gutierrez & Co., CPAs, P. C.  
Española, New Mexico  
July 14, 2011

**STATE OF NEW MEXICO**  
**ENSENADA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**Projects Schedule - Summary**  
**For the Year Ended June 30, 2011**

Exhibit A

<u>Grant No.</u>	<u>Pay Request</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received</u>	<u>Actual Amount Expended</u>	<u>Requested Remaining Balance</u>	<u>Actual Legislation</u>	<u>Effective Dates</u>
SAP 08-3129-STB		\$ 250,000.00				Laws of 2008, Chapter 92 Section 15, Subsection 48	Through 6/30/2012
	1		\$ 11,105.62	\$ 11,105.62	\$ 238,894.38	To plan, design, construct replace and improve the	
	2		9,545.59	9,545.59	229,348.79	water system for the	
	3		7,253.53	7,253.53	222,095.26	Ensenada mutual domestic	
	4		9,091.94	9,091.94	213,003.32	water consumers and mutual sewage works association in	
	5		18,604.69	18,604.69	194,398.63	Rio Arriba county.	
	6		17,860.50	17,860.50	176,538.13		
	7		12,666.06	12,666.06	163,872.07		
	8		<u>123,041.75</u>	<u>123,041.75</u>	<u>40,830.32</u>		
			<u>\$ 209,169.68</u>	<u>\$ 209,169.68</u>	<u>\$ 40,830.32</u>		



**STATE OF NEW MEXICO  
 ENSENADA MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION  
 Projects Schedule - Detail  
 For the Year Ended June 30, 2011**

**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>Date Paid * Received</u>	<u>Invoice Amount</u>	<u>B Warrant/ Check Number</u>	<u>Check Date</u>	<u>Actual Amount Expended</u>
SAP 08-3129-STB			\$ 250,000.00						
	1	6/22/2009		\$ 11,105.62	7/29/2009 *	\$ 7,015.94 4,089.68 <u>11,105.62</u>	B1001609314	7/29/2009	\$ 11,105.62
	2	7/23/2009		9,545.59	8/19/2009	9,545.59	1366	7/30/2009	9,545.59
	3	8/12/2009		7,253.53	9/11/2009 *	7,253.53	B1001674460	9/11/2009	7,253.53
	4	7/6/2010		9,091.94	8/4/2010	537.73 558.10 792.80 318.19 694.49 533.06 392.50 607.53 433.17 <u>3,163.99</u> 8,031.56 <u>685.00</u> 8,716.56 <u>375.38</u> <u>9,091.94</u>	1227 1236 1294 1338 1368 1371 1384 1391 1421 1432	2/6/2008 3/3/2008 12/9/2008 4/9/2009 8/11/2009 8/25/2009 11/3/2009 12/3/2009 4/1/2010 5/26/2010	537.73 558.10 792.80 318.19 694.49 533.06 392.50 607.53 433.17 <u>3,163.99</u> 8,031.56 <u>685.00</u> 8,716.56 <u>375.38</u> <u>9,091.94</u>
	5	12/16/2010		18,604.69	1/12/2011	18,604.69	1492	12/29/2010	18,604.69
	6	2/2/2011		17,860.50	2/16/2011	17,860.50	1507	2/9/2011	17,860.50
	7	2/25/2011		12,666.06	3/18/2011	12,666.06	1514	3/18/2011	12,666.06
	8	3/24/2011		<u>123,041.75</u>	4/11/2011	<u>123,041.75</u>	1517	4/1/2011	<u>123,041.75</u>
				<u>\$ 209,169.68</u>		<u>\$ 209,169.68</u>			<u>\$ 209,169.68</u>

\* Payment made directly to contractor.

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

**Schedule of Findings and Responses  
Year Ended June 30, 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>			
None	N/A	N/A	N/A
<b>Follow-up on Prior Year Findings:</b>			
None	N/A	N/A	N/A

**\* Legend for Findings:**

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

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

**Exit Conference  
Year Ended June 30, 2011**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on July 17, 2011 with the following in attendance:

Ensenada Mutual Domestic Water Consumers Association

Vicente Montañó, Board President  
Tess Casados, Board Secretary/Treasurer

Accounting Firm

James R. (Jim) Macias, CPA