

**Lake Roberts Water Users' Association
Independent Accountant's Report on
Applying Agreed Upon Procedures
For the Fiscal Year Ended May 31, 2013**

**LAKE ROBERTS WATER USERS' ASSOCIATION
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FOR THE FISCAL YEAR ENDED MAY 31, 2013**

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**LAKE ROBERTS WATER USERS' ASSOCIATION
OFFICIAL ROSTER
FOR THE FISCAL YEAR ENDED MAY 31, 2013**

Board of Directors

Kathy Prince, President

John Aguilera, Vice President

Frances Aguilera, Secretary / Treasurer

Lee Leon, Director

Ralph Prince, Director

Dan Froyland, Director

Kim Stone, Director

WATTS CPA, P.C.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Lake Roberts Water Users' Association
And Honorable Timothy Keller, New Mexico State Auditor:

I have performed the procedures enumerated below, which were agreed to by the Lake Roberts Water Users' Association (LRWUA) and the New Mexico State Auditor's Office, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC for the year ended May 31, 2013. LRWUA's 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 those parties specified in the report. Consequently, I 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.

My procedures and findings are as follows:

1. Test all state-funded capital outlay expenditures:

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

Results

All of the cash disbursements for the capital outlay award were tested by agreeing all disbursements to supporting documentation. The amount, payee, date and description agreed to the vendor's invoice and check image with the bank statement for all of the disbursements for the capital outlay award. LRWUA does not use purchase order forms.

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

Results

The cash disbursements were properly authorized and approved in accordance 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

Results

The bid process was in accordance with the New Mexico Procurement Code.

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

Results

Observed the Preliminary Engineers Report.

- 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

The grant agreement required Periodic Paper Reports that were due monthly and a Paper Final Report when the project was completed. LRWUA did not prepare the monthly reports. The final report was submitted to the Department of Finance and Administration and agreed to the general ledger.

- 2. 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.

Results

The project is funded on a reimbursement basis, as defined in the grant agreement.

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

Results

There was no unexpended balance on the project.

- 4. 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.

Results

The grant agreement did not require a separate fund or separate bank account.

- 5. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Results

All reimbursement requests were properly supported by costs incurred and agreed to vendor invoices. The grant agreement was on a reimbursement basis, but allowed payment of invoices received that were a valid liability to be paid to LRWUA prior to LRWUA paying the vendor.

- 6. 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 per Section 2.2.2.10(I)(3)(C) NMAC.

Results

See findings on page 6.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of management and others within LRWUA, the New Mexico State Auditor, the Department of Finance and Administration – Local Government Division and the State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

Watts CPA, P.C.

El Paso, Texas
May 22, 2015

**LAKE ROBERTS WATER USERS' ASSOCIATION
SCHEDULE OF CAPITAL OUTLAY AWARDS
FOR THE FISCAL YEAR ENDED MAY 31, 2013**

Amount awarded for project	\$50,000.00
Amount received and expended for the project in FY 2012	<u>34,612.92</u>
Remaining balance at May 31, 2012	15,387.08
Amount received and expended for the project in FY 2013	<u>15,387.08</u>
Remaining balance	<u>\$ 0.00</u>

Agreement Provisions

Legislative Authority: NM Laws of 2010, Chapter 4, Section 8, Paragraph 1

Effective date of agreement: February 2, 2011

Agreement termination/reversion date: June 30, 2012

**LAKE ROBERTS WATER USERS' ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED MAY 31, 2013**

Status of Prior Year Findings

Finding 2012-01 - Repeat

Current Year Findings

Finding 2012-1. Late Submission of Firm Recommendation Form and Late Agreed-Upon Procedures Report

Condition

For the fiscal year ending May 31, 2013, LRWUA did not submit the Recommendation Form for Tiered System Local Public Bodies and signed agreed-upon procedures to the New Mexico Office of the State Auditor (OSA) until May 2014.

Also, the agreed-upon procedures report for the fiscal year ending May 31, 2013 was not submitted to the OSA by the due date of October 31, 2013.

Criteria

According to the State Audit Rule, Section 2.2.2.16.D (6) NMAC the LRWUA should submit the completed Recommendation Form for Tiered System Local Public Bodies to the OSA on or before July 1, 2012.

According to the State Audit Rule, Section 2.2.2.16 (H) NMAC, local public bodies with a fiscal year-end other than June 30 must submit the agreed-upon procedures report no later than 5 months after the fiscal year-end.

Effect

By submitting the recommendation form and report late, users of the agreed-upon procedures report do not have timely information regarding the results of the agreed-upon procedures.

Cause

LRWUA was not aware of the OSA contracting requirements for agreed-upon procedures.

Recommendation

The Directors / employees of LRWUA should read Section 2.2.2.16 NMAC of the State Audit Rule to understand the specific requirements and due dates for agreed-upon procedures.

Management's Response

LRWUA is now familiar with the requirements of Section 2.2.2.16 NMAC of the State Audit Rule and understands the requirements and due dates for completing agreed-upon procedures. In future years, LRWUA will meet the due dates for IPA recommendations and the submission of the IPA report.

**LAKE ROBERTS WATER USERS' ASSOCIATION
EXIT CONFERENCE
FOR THE FISCAL YEAR ENDED MAY 31, 2013**

On May 22, 2015, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Lake Roberts Water Users' Association

Frances Aguilera, Secretary / Treasurer

Watts CPA, P.C.

Brad Watts, CPA, Shareholder