

**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
Independent Accountants' Report On
Applying Agreed-Upon Procedures
Six Months Ended June 30, 2013**

STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
JUNE 30, 2013

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**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
OFFICIAL ROSTER
JUNE 30, 2013**

BOARD OF DIRECTORS

Richard Rotert	President
Mike Ross	Vice-President
Sue Ann Stearns	Treasurer
Kala Scarafiotti	Secretary
David Mandel	Member

STAFF

Eric Lopez	Water Operator
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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Nogal Mutual Domestic Water Consumers Association and
Honorable Hector H Balderas, New Mexico State Auditor

We have performed the procedures as shown in Exhibit B, attached to this report, which were agreed to by the Nogal Mutual Domestic Water Consumers Association (NMDWCA), solely to assist the NMDWCA with respect to the compliance of the Tier 5 provisions of the Audit Act - Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC, as of June 30, 2013. The procedures were agreed to by the NMDWCA through the Office of the New Mexico State Auditor. The NMDWCA'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 can be found on Exhibit B, attached to 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. 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 Nogal 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.



Ronnie L Hemphill, PC
November 6, 2013



CPA

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Exhibit A - Schedule of Capital Outlay Projects
 For the Six Months Ended June 30, 2013

	<u>Award Amount</u>	<u>Prior Years Expenditures</u>	<u>Current Years Expenditures</u>	<u>Total Received</u>	<u>Remaining Balance</u>
NM Finance Authority loan/grant to pay the costs of elibilbe items as defined in Section 72-4A-7C of the Act, and Board Rule 19.25.10.11 NMAC. Project dated 11/12/10 Loan/Grant Number 160-WTB	\$ 369,500.00	\$ 39,394.76	\$ 132,646.73	\$ 132,646.73	\$ 197,458.51

NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT B – SCOPE OF WORK
AGREED UPON PROCEDURES
Tier 5 of the Audit Act–Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

1) CASH

- a) The Contractor shall 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.
Procedure:
Obtained copies of all bank reconciliations and bank statements for both bank accounts. Verified that the bank accounts were reconciled each month and all reconciliations were reviewed.
Finding:
All bank reconciliations were done in a timely manner by the Treasurer.
- b) The Contractor shall perform a random test of bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to DFA-Local Government Division.
Procedure:
All current bank reconciliations were reviewed and tested for accuracy.
Finding:
No discrepancies were noted.
- c) The Contractor shall 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.
Procedure:
Bank statements for the entire fiscal year ending December 31, 2012, were reviewed for balances which would require pledged collateral from the applicable financial institutions.
Finding:
Bank balances did not exceed the applicable FDIC insured amounts therefore, pledged collateral was not required.

NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT B-SCOPE OF WORK
AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

2) **CAPITAL ASSETS**

The Contractor shall verify the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Procedure:

Upon request of the Contractor, the Association updated their physical inventory list and made it available to the Contractor for review.

Finding:

No discrepancies were noted.

3) **REVENUE**

The Contractor shall identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

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

Procedure:

Water service revenue billings were reviewed by Contractor. Analytical tests were performed on water service revenues comparing actual revenues to budgeted amounts and prior year amounts. Average revenues per customer were computed for the current year and the prior year. Deposits of water service revenues from bank statements were traced to the applicable general ledger entry.

Finding:

The results of the analytical procedures appeared reasonable. No exceptions were noted on tracing deposits to the general ledger entry.

The Contractor shall test based on auditor judgment revenues for the following attributes:

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

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AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

- 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.

Procedure:

The Association records its transactions on a cash basis. The Contractor traced 100% of the fiscal year collections per the bank deposits to the respective general ledger entry.

Finding:

No discrepancies were noted.

4) **EXPENDITURES**

The Contractor shall select a sample of cash disbursements and test based on auditor judgment for 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.
- 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 13-1-199 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.

Procedure:

Tested 100% of capital projects expenditures and all other cash disbursements of \$1,000 or greater. Cash disbursements tested were examined for adequate supporting documentation, verified amount, payee, date and description agreed to vendor's invoice

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AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

and cancelled check. Traced authorization to established policies and procedures and approval by the Board of Directors and management. Bids for capital projects were examined in the prior year audit and all were found to be in compliance with the New Mexico Procurement Code. Traced all disbursements to the requests for reimbursement sent to the State of New Mexico on the various capital projects and reviewed the same for proper approval.

Finding:

No discrepancies were noted.

5) **JOURNAL ENTRIES**

If non-routine journal entries, such as adjustments or reclassifications, are posted to the general ledger, the Contractor shall test significant items for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.

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

Procedure:

During the period being audited, the only journal entries made were those proposed to management from the prior period auditor. Those entries were approved by the President and Treasurer of the Association.

Finding:

No discrepancies were noted.

6) **BUDGET**

The Contractor shall obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT B – SCOPE OF WORK
AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

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

Procedure:

Contractor obtained a copy of the budget for the Association which was signed and approved by the Board of Directors, and evidence of approval was recorded in the respective Board minutes. Correspondence was reviewed indicating that the budget was submitted to DFA. See attached schedule of revenues and expenditures – budget and actual – cash basis.

Finding:

No discrepancies were noted.

7) **CAPITAL OUTLAY APPROPRIATIONS**

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for any capital outlay award funds expended by the recipient during the fiscal year.

The Contractor shall test all capital outlay expenditures during the fiscal year to:

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

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EXHIBIT B – SCOPE OF WORK
AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC

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

Procedures:

Contractor obtained documentation and bid files (audited in the prior year) for each capital project. Disbursements for each project were examined and reconciled to the applicable requests for reimbursements and status reports. Traced all grant receipts to the bank deposits and the respective entry to the general ledger. Reimbursement requests were properly supported by costs incurred and had evidence of proper approvals. Payments were made timely to vendors upon receipt of grant funds.

Finding:

No discrepancies were noted.

**NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXHIBIT B – SCOPE OF WORK
AGREED UPON PROCEDURES
Tier 5 of the Audit Act – Section 12-6-3 B (5) NMSA 1978 and Section
2.2.2.16 NMAC**

OTHER

If information comes to the Contractor'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 2.2.210(I)(3)© NMAC.

Finding:

No information came to our attention regarding fraud, illegal acts or noncompliance.

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 EXHIBIT C
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL - CASH BASIS
 For The Six Months Ended June 30, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts Budgetary Basis	
REVENUES				
Water service	\$ 5,250	\$ 5,250	\$ 5,483	\$ 233
Other income	969	969	300	(669)
Grant proceeds	348,750	348,750	132,647	(216,103)
Total revenues	354,969	354,969	138,430	(216,539)
EXPENDITURES				
Governmental gross receipts tax	550	550	252	298
Insurance	250	250	203	47
Professional fees	1,500	1,500	-	1,500
Utilities	600	600	541	59
Debt service	2,364	2,364	2,388	(24)
Dues	129	129	-	129
Fees and other	110	110	60	50
Supplies	1,100	1,100	243	857
Repairs and maintenance	500	500	70	430
Property taxes	11	11	-	11
Water operator fees	2,700	2,700	2,700	-
Training	500	500	-	500
Lease	76	76	75	1
Travel	-	-	162	(162)
Capital outlay	329,500	329,500	134,819	194,681
Total expenditures	339,890	339,890	141,513	198,377
Excess (deficiency) of revenues over expenditures	15,079	15,079	(3,083)	(18,162)
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources	15,079	15,079	\$ (3,083)	\$ (18,162)
Budgeted cash carryover	4,362	4,362		
	<u>\$ 19,441</u>	<u>\$ 19,441</u>		

EXHIBIT D

SPECIAL DISTRICT NAME:
SECOND QUARTER FY 2013

NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION (NMDWCA)
Period Covering 4/1-6/30/2013

Fiscal Year 2013 _____

FUND TITLE	FUND NUMBER	UNAUDITED BEGINNING CASH Balance on Hand 4/1/2013	INVESTMENTS	BUDGETED REVENUES	BUDGETED TRANSFERS	BUDGETED EXPENDITURES	ESTIMATED ENDING CASH BALANCE	(OPTIONAL)* LOCAL RESERVE	ADJUSTED ENDING CASH BALANCE
GENERAL FUND - Operating (GF)	101	\$4,361.09	\$0.00	6,219.00	-	10,390.00	190.09	-	1,629.74
INTERGOVERNMENTAL GRANTS	218	\$1.00	\$0.00	348,750.00	-	329,500.00	19,251.00	-	19,251.00
OTHER	299	\$0.00	\$0.00	-	-	-	-	-	-
DEBT SERVICE	400	\$0.00	\$0.00	-	-	-	-	-	-
Grand Total		\$ 4,362.09	\$ -	354,969.00	-	339,890.00	19,441.09	-	20,880.74

Check if this form is a re-submission Re-submission No: _____ Resubmission Date: _____

***USER COMMENTS: (Please describe what any reserve requirements are used for).**

THIS REPORT COVERS the second quarter of our Fiscal Year for 2013. NOTE: Our Association approved changing our fiscal year from January through December TO JANUARY THROUGH JUNE, 2013, MAKING IT A HALF YEAR, IN ORDER BEGINNING JULY 1, 2013 OUR 2014 FISCAL YEAR WILL BE FROM JULY 1, 2013 TO JUNE 30, 2014.

These two quarters are being audited now to be in compliance with state rules and regulations.

Sue Stearns, Treasurer

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SPECIAL DISTRICT NAME: NOGAL MDWCA

Second Quarter FY 2013 (4/1-6/30/2013)

Second Quarter

	FY 2013 ACTUALS, YEAR To Date 6/30/2013	FY 2013 BUDGETED 12/31/2012	FY 2014 BUDGET REQUEST
General Fund 101			
Water Usage Receipts	5,483.49	5,250.00	12,000.00
New User Agreement Fees	300.00	300.00	300.00
User Assessment	-	-	3,600.00
Miscellaneous	-	669.00	100.00
OTHER	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
SUB TOTAL GENERAL FUND REVENUES	\$ 5,783.49	\$ 6,219.00	\$ 16,000.00
OTHER FINANCING SOURCES Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -
TOTAL GENERAL FUND REVENUES	\$ 5,783.49	\$ 6,219.00	\$ 16,000.00
Intergovernmental Grants 218			
State or University Grants	-	-	-
Federal Grants	-	-	-
State Grants	-	332,750.00	1,200,000.00
Local Grants	-	-	-
Private Grants	-	-	-
Legislative Funding	-	16,000.00	-
Miscellaneous (e.g.NMDA)	-	-	-
	-	-	-
SUB TOTAL INTERGOVERNMENTAL GRANTS	\$ 132,646.73	\$ 348,750.00	\$ 1,200,000.00
OTHER FINANCING SOURCES Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -
TOTAL GRANT REVENUES	\$ 132,646.73	\$ 348,750.00	\$ 1,200,000.00
Other 299			
Contract Services	0	0	0
Educational Income	0	0	0
Charges for Services	0	0	0
Capital Outlay Funded	0	0	25,000
Project Income	0	0	0
Project Expenses Income	0	0	0
Silent Auctions	0	0	0
Miscellaneous	0	0	0
SUB TOTAL OTHER 299	\$ -	\$ -	\$ 25,000.00
OTHER FINANCING SOURCES Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL IN/OUT TRANSFERS IN OTHER 299	\$ -	\$ -	\$ -
TOTAL OTHER	0	0	25,000
Debt Service 400			
General Obligation Bonds	-	-	-
General Obligation - (Property tax)	-	-	-
Investment Income	-	-	-
Other - Misc	-	-	-
Revenue Bonds	-	-	-
Bond Proceeds	-	-	-
Revenue Bonds - GRT	-	-	-
Investment Income	-	-	-
Revenue Bonds - Other	-	-	-
Miscellaneous(NMFA, BOF, etc.)	-	-	-
Investment Income	-	-	-
Loan Revenue	-	-	-
SUB TOTAL DEBT SERVICE FUND	\$ -	\$ -	\$ -
OTHER FINANCING SOURCES Transfers In	-	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ -	\$ -
TOTAL DEBT SERVICE REVENUES	\$ -	\$ -	\$ -
GRAND TOTALS REVENUES	\$ 138,430.22	\$ 354,969.00	\$ 1,241,000.00

SPECIAL DISTRICT NAME: NOGAL MDWCA

Second Quarter Report (4/1-6/30/2013)

Second Quarter

EXPENDITURES	1/1/13 - 6/30/13	FY 2013	FISCAL YEAR
		BUDGETED 6/30/2013	2014 BUDGET FORECAST REQUEST
GENERAL FUND 101			
Loan Payment: WTB - 0160	1,629.74	1,600.00	1,650.00
Loan Payment: WTB - 0126	131.12	135.00	135.00
Loan Payment: RIP 97-03	627.19	629.00	630.00
Insurance	203.00	250.00	1,800.00
Utilities (Electricity, Natural Gas, Propane, Water, Sewer)	541.00	600.00	1,000.00
USFS Land Lease	73.59	75.00	75.00
System Repairs	70.00	500.00	250.00
Office Supplies and Other Expenses	243.62	600.00	250.00
State Regulation Filing Fee	10.00	10.00	10.00
Land Tax		11.00	15.00
Training Workshops & Education Expense	161.54	500.00	500.00
Annual Audit/Financial Report Expenses		1,500.00	2,800.00
Dues and Board Fees		129.00	130.00
Water Conservation Fee	14.99	50.00	50.00
Field Supplies & Equipment		500.00	200.00
Water Testing Fees	-	50.00	50.00
Well Lease - Crouse	1.00	1.00	1.00
Contractual Fees and Other Services	2,700.00	2,700.00	5,400.00
GRT Taxes	251.61	550.00	550.00
Miscellaneous Expenses	35.00		300.00
Total General Fund Expenditures	6,693.40	10,390.00	15,796.00
Intergovernmental Grants Expenditures 218			
State or University Grants	-	-	-
Federal Grants	-	-	-
State Grants	132,646.73	329,500.00	1,200,000.00
Local Grants	-	-	-
Private Grants	-	-	-
Legislative Funding	2,172.40	-	-
Other		-	-
Total Grant Expenditures	134,819.13	329,500.00	1,200,000.00
Other Expenditures 299			
Loan Payments	0	0	0
Capital Outlay Expenses/Capital Projects		0	0
Conservation and Environmental Control Expenses		0	0
Bonding	0	0	0
All Other Insurance	0	0	0
Loan Program Expenses including Loan Repayments	0	0	0
Miscellaneous Expenses		0	0
	0	0	0
Total Other Expenditures		0	0
Debt Service 400			
Bond Payments Principal	0	0	0
Bond Payments- Interest	0	0	0
Other Debt Service	0	0	0
	0	0	0
Total Debt Service Expenditures	-	-	-
TOTAL EXPENDITURES	141,512.53	339,890.00	1,215,796.00

SCHEDULE OF BONDS & LONG TERM DEBT SECOND QUARTER FY 2013							Fund Number: 400 Fiscal Year (FY): 2014
SPECIAL DISTRICT NAME: NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION							
(A) NAME AND TYPE	(B) DATE OF ISSUE	(C) ORIGINAL FACE AMOUNT OF ISSUE	(D) OUTSTANDING PRINCIPAL AMOUNT (Unpaid)	(E) COUPON RATE OF INTEREST	(F) PRINCIPAL DUE FY2013	(G) INTEREST DUE FY2013	
NMED RIP Loan 97-03 R	12/31/2004	10,000	5,803	0.03%	440	187	
NMFA Loan Nogal #1 WTB-0126	6/1/2009	2,500	1,925	0.03%	126	5	
NMFA Loan Nogal #2 WTB-	11/12/2010	36,950	32,334	0.10%	1,545	85	
	0/00/0000	0	0	0.00%	0	0	
	0/00/0000	0	0	0.00%	0	0	
	0/00/0000	0	0	0.00%	0	0	
INSTRUCTIONS - SCHEDULE OF BONDS & LONG TERM LOANS							
Column (A): Describe the Purpose of the DEBT along with its NAME AND TYPE.							
Column (B): Enter the Date of Issue.							
Column (C): Enter the Original Amount of the Issue.							
Column (D): Enter Unpaid Principal Balance for Fiscal Year.							
Column (F): Enter Principal Amount To Be Paid, during Fiscal Year.							
Column (G): Enter Interest Amount To Be Paid, during Fiscal Year.							

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 SCHEDULE OF FINDINGS AND RESPONSES
 SIX MONTHS ENDED JUNE 30, 2013

	<u>Type Of Finding*</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
IPA Recommendation Form Submitted Late	d.	N/A	2013-1
Follow-Up On Prior Year Findings:			
Proper Cutoff	c.	2012-1	N/A
Resolved			

***Legend for Findings:**

- a. Fraud
- b. Illegal Act(s)
- c. Internal Control Deficiencies
- d. Noncompliance

**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
SIX MONTHS ENDED JUNE 30, 2013**

2013-1 IPA Recommendation Form Submitted Late

Statement of Condition:

Per the New Mexico State Auditor's office, the IPA Recommendation Form for Audits, and the completed contract, were not submitted to the State Auditor's office until July 15, 2013.

Criteria:

In accordance with 2.2.2.8(G)(6)(c) NMAC, a fully completed and signed IPA Recommendation Form for Audits and the completed audit contract are due in the State Auditor's office by July 1, 2013.

Effect:

If the IPA Recommendation Form for Audits and the completed audit contract are not received by the State Auditor by the specified date, the statute requires that a finding must be included with the report.

Cause:

Upon completing the quarterly financial reports for the quarter ended June 30, 2013 for the NM DFA-Local Government Division, DFA recommended that the Association change their fiscal year ending date from December 31st to June 30th. At a board meeting held on July 10, 2013, the Association Board approved changing the fiscal year end, and making this change effective for the six month period ended June 30, 2013. This recommendation to change the fiscal year end, and the approval of the Board, were both after the July 1st due date, and therefore, the Association could not comply with the above statutory submittal date.

Recommendation:

The Association should comply with all NM state statutes and audit rules.

Management Response:

The Association will comply with the NM state statutes and audit rules for future audit periods.

**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
SIX MONTHS ENDED JUNE 30, 2013**

EXIT CONFERENCE

The report contents were discussed at an exit conference held in Nogal, NM on November 8, 2013 with the following in attendance:

Nogal Mutual Domestic Water Consumers Association

Mike Ross, Board Vice-President
Sue Ann Stearns, Board Treasurer

Accounting Firm

Ronnie L Hemphill, CPA