

**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC
WATER CONSUMERS ASSOCIATION
Independent Accountants' Report On
Applying Agreed-Upon Procedures
Year Ended December 31, 2011**

STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
DECEMBER 31, 2011

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**STATE OF NEW MEXICO
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2011**

BOARD OF DIRECTORS

Richard Rotert	President
Jim Crouse	Vice-President
Sue Ann Stearns	Secretary/Treasurer
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 enumerated below for the Nogal Mutual Domestic Water Consumers Association (NMDWCA) for the year ended December 31, 2011, solely to assist the NMDWCA 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 NMDWCA 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 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 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 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

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

Reimbursement requests were properly supported by actual costs incurred by the recipient. The costs were incurred but not paid prior to the request for reimbursement.

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

The Association was not in compliance with 2.2.2.9(A) of the NMAC Audit Rule in that the due date of the audit report was "5 months after the fiscal year-end". The report was not submitted by the due date as stipulated above, however, the report was submitted by the modified due date of December 1, 2012.

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 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
September 18, 2012

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Projects Schedule - Summary
 For the Year Ended December 31, 2011

Exhibit A

Grant Number	Pay Request	Amount Awarded	Amount Requested/Received	Actual Amount Expended	Requested Remaining Balance	Actual Legislation	Effective Dates
NMFA 126-WTB		\$ 25,000.00				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.	Oct. 31, 2008 thru Oct. 5, 2011
	1		\$ 4,000.00	\$ 4,000.00	\$ 21,000.00		
	2		8,912.28	8,912.28	12,087.72		
	3		8,214.76	8,214.76	3,872.96		
	4		3,872.96	3,872.96	-		
SAP 08-3878-GF		\$ 100,000.00				NM Environment Department, Construction Programs Bureau, Laws of 2008, Chapter 92, Section 48, Sub Section 64 (Chapter 92), to plan, design and construct water system improvements.	July 28, 2008 thru June 30, 2012
	1		\$ 812.35	\$ 812.35	\$ 99,187.65		
	2		3,979.60	3,979.60	95,208.05		
	3		8,856.29	8,856.29	86,351.76		
	4		4,870.23	4,870.23	81,481.53		
	5		12,551.50	12,551.50	68,930.03		
	6		1,399.59	1,399.59	67,530.44		
	7		19,610.17	19,610.17	47,920.27		
	8		7,612.98	7,612.98	40,307.29		
	9		8,557.70	8,557.70	31,749.59		
NMFA 09-3118(6)		\$ 296,000.00				NMFA LGD Colonias Project	April 6, 2010 thru June 30, 2012
	None to date						
NMFA 160-WTB		\$ 369,500.00				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.	Sept 10, 2010 thru Nov. 2013
	None to date						

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 Projects Schedule - Detail
 For the Year Ended December 31, 2011

Exhibit B

Grant Number	Pay Request	Certification Request Date	Amount Awarded	Amount Requested/ Received	Date Paid Received	Invoice Amount	Check Number*	Warrant/ Check Date	Actual Amount Expended
NMFA 126-WTB			\$ 25,000.00						
	1	11/23/10		\$ 4,000.00	11/23/10	\$ 4,000.00	*	11/23/10	\$ 4,000.00
	2	6/16/11		8,912.28	6/24/11	8,912.28	*	7/26/11	8,912.28
	3	10/5/11		8,214.76	10/5/11	8,214.76	*	10/20/11	8,214.76
	4	10/5/11		3,872.96	10/5/11	3,872.96	*	10/20/11	3,872.96
				<u>\$ 25,000.00</u>		<u>\$ 25,000.00</u>			<u>\$ 25,000.00</u>
SAP 08-3878-GF			\$ 100,000.00						
	1	5/21/2010		\$ 812.35	1/14/10	\$ 255.62	1	1/14/10	\$ 255.62
					1/21/10	556.73	2	1/21/10	556.73
	2	6/24/2010		3,979.60	1/29/10	3,979.60	125542	8/10/10	3,979.60
	3	8/27/2010		8,856.29	8/27/10	8,856.29	101	9/30/10	8,856.29
	4	11/3/2010		4,870.23	10/25/10	4,870.23	102	11/22/10	4,870.23
	5	7/5/2011		12,551.50	6/2/11	11,500.00	106	9/12/11	11,233.00
					4/20/11	350.00	105	8/1/11	350.00
					5/19/11	434.50	104	8/1/11	434.50
					6/13/11	267.00	103	8/1/11	267.00
	6	8/23/2011		1,399.59	8/9/11	1,399.59	1001	10/12/11	1,399.59
	7	10/5/2011		19,610.17	9/26/11	19,610.17	1002	11/9/11	19,610.17
	8	11/9/2011		7,612.98	10/31/11	7,612.98	1003	12/5/11	7,612.98
	9	12/14/2011		8,557.70	11/30/11	8,557.70	1004	1/11/12	8,557.70
				<u>\$ 68,250.41</u>		<u>\$ 68,250.41</u>			<u>\$ 67,983.41</u>
NMFA 09-3118(6)			\$ 296,000.00						
	None to date			-		-			-
NMFA 160-WTB			\$ 369,500.00						
	None to date			-		-			-

*Payment made directly to contractor.

STATE OF NEW MEXICO
 NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
 SCHEDULE OF FINDINGS AND RESPONSES
 YEAR ENDED DECEMBER 31, 2011

	<u>Type Of Finding*</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
None	d.	N/A	2012-1
Follow-Up On Prior Year Findings:			
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
NOGAL MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION
EXIT CONFERENCE
YEAR ENDED DECEMBER 31, 2011**

EXIT CONFERENCE

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

Nogal Mutual Domestic Water Consumers Association

Richard Rotert, Board President
Sue Ann Stearns, Board Secretary/Treasurer

Accounting Firm

Ronnie L Hemphill, CPA