

State of New Mexico

**Rodarte Mutual Domestic Water
Users Association**

Agreed Upon Procedures Report

June 30, 2012

State of New Mexico
Rodarte Mutual Domestic Water Users Association
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June 30, 2012

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**State of New Mexico
Rodarte Mutual Domestic Water Users Association
Official Roster
June 30, 2012**

Association Board Members

Dorothy Gonzales	Chairwoman
Bill Duran	Vice-Chairman
George Maestas	Secretary/Treasurer
Christobal Duran	Member
Bobby Romero	Member



Independent Accountant's Report

On Applying Agreed-Upon Procedures

To the Board of Directors and Management of
Rodarte Mutual Domestic Water Users Association

We have performed the procedures enumerated below, which were agreed to by the management of the Rodarte Mutual Domestic Water Users Association (RMDWUA) and the New Mexico State Auditor's Office, solely to assist in evaluating the requirements of the state-funded capital outlay award for the fiscal year ended June 30, 2012. RMDWUA management is responsible for the state-funded capital outlay award. The 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 this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the supplemental attachment either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated results are included in the accompanying supplemental attachment.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Statement of State-Funded Capital Outlay Award of RMDWUA. 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 management of RMDWUA, the New Mexico State Auditor, the Department of Finance and Administration and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Zlotnick, Laws & Sandoval, PC

Zlotnick, Laws & Sandoval, PC

October 29, 2012

State of New Mexico
Rodarte Mutual Domestic Water Users Association
Statement of State-funded Capital Outlay Award
Grant Number 09-3665-GF NM Environment Department
For the Period Ended June 30, 2012

	Grant Award	June 30, 2010			June 30, 2011		June 30, 2012		
		Amount Received	Amount Expended	Remaining Balance	Amount Received	Amount Expended	Amount Available	Amount Expended	Remaining Balance
Engineer Fees	\$ 2,421.99	\$ 2,421.99	\$ 2,421.99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ 17,578.01	\$ -	\$ -	\$ 17,578.01	\$ 17,578.01	\$ -	\$ 17,578.01	\$ 17,578.01	\$ -
Total	<u>\$ 20,000.00</u>	<u>\$ 2,421.99</u>	<u>\$ 2,421.99</u>	<u>\$ 17,578.01</u>	<u>\$ 17,578.01</u>	<u>\$ -</u>	<u>\$ 17,578.01</u>	<u>\$ 17,578.01</u>	<u>\$ -</u>

Term of Agreement - April 8, 2009 to June 30, 2011

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The following procedures were performed in accordance with the requirements of Tier 3 of the Audit Act-Section 12-6-3 B(3) NMSA 1978 and Section 2.2.2.16 NMAC.

1) Test all state-funded capital outlay expenditures for the following:

Procedure:

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

Result:

Amount disbursed agrees to supporting documentation.

Procedure:

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

Result:

Disbursements were properly authorized and approved.

Procedure:

- 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).

Result:

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

Procedure:

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

Result:

Physical existence of the capital asset was observed.

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Procedure:

- 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.

Result:

There were no status report requirements.

Procedure:

- 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.

Result:

Payment on award was received prior to the Association making payment to the vendor for the equipment purchased. The cost of the equipment was greater than the resources normally available to the Association, therefore requiring an advance payment.

Procedure:

- 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.

Result:

There was no unexpended balance on the capital outlay award.

Procedure:

- 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 award agreement.

Result:

There was no requirement in the capital award agreement to maintain cash received in a separate non-interest bearing account.

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Procedure:

- 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.

Result:

Reimbursement requests were properly supported by costs incurred by the Association. However, the Association did not have sufficient funds to pay for the equipment prior to the request for reimbursement. See also the result to procedure 2) above.

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Schedule of Findings & Responses
June 30, 2012

2012-1

Condition:

The Association did not make payment to the vendor within 15 calendar days from the date of cashing or depositing of the state warrant. The state warrant was deposited on June 29, 2011. The Association made payment to the vendor on August 18, 2011, 50 days after the deposit of the state warrant. There was only one payment involved with this grant.

Criteria:

Item 4 of the Grant Amendment No 1, "Special Terms and Conditions", requires that "for payments 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."

Cause:

Not known.

Effect:

The Association could be prohibited from receiving advance payments in the future.

Recommendation:

We recommend the Association be aware of the special conditions of any future grant awards to ensure compliance with its requirements.

Management Response:

The Board will monitor and comply with agreement terms and conditions for any future capital outlay grants.

State of New Mexico
Rodarte Mutual Domestic Water Users Association
Exit Conference
June 30, 2012

The contents of this report were discussed at an exit conference held November 19, 2012.

The following were in attendance:

RODARTE MUTUAL DOMESTIC WATER USERS ASSOCIATION

Bill Duran Vice Chair

George Maestas Secretary/Treasurer

ZLOTNICK, LAWS & SANDOVAL, PC

Richard D. Sandoval, CPA Partner