

LOWER RIO GRANDE MUTUAL  
DOMESTIC WATER ASSOCIATION  
AGREED-UPON PROCEDURES  
JUNE 30, 2012

**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION  
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JUNE 30, 2012**

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**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION  
OFFICIAL ROSTER  
JUNE 30, 2012**

ROBERT M. NIETO, PRESIDENT

JOHN HOLGUIN, VICE PRESIDENT

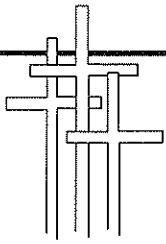
MIKE GUILLEN, SECRETARY/TREASURER

GABRIEL GUTIERREZ, DIRECTOR

ISMAEL BORUNDA, DIRECTOR

SANTOS RUIZ, DIRECTOR AT LARGE

MARTIN LOPEZ, REGISTERED AGENT



# Clifford, Ross & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors and State Auditor  
Lower Rio Grande Mutual Domestic Water Association  
215 Bryant  
Mesquite, NM 88048

We have performed the procedures shown in Exhibit A, attached to this report, which were agreed to by Lower Rio Grande Mutual Domestic Water Association, solely to assist you with respect to the compliance of the Tier 3 of the Audit Act – Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC of Lower Rio Grande Mutual Domestic Water Association as of June 30, 2012. Lower Rio Grande Mutual Domestic Water Association's management is responsible for the company'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 A, attached to this report

We were 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, 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 Lower Rio Grande Mutual Domestic Water Association and New Mexico Office of the State Auditor and is not intended to be and should not be used by anyone other than those specified parties.

Clifford, Ross & Cooper, LLC

Las Cruces, New Mexico

November 30, 2012

**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION  
EXHIBIT A- SCOPE OF WORK**

**AGREED UPON PROCEDURES**

**Tier 3 of the Audit Act - Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC**

1)	<b>TEST ALL STATE-FUNDED CAPITAL OUTLAY EXPENDITURES:</b>	
	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>Procedure:</b>	Reviewed 100% of all disbursements ( 19 checks) for all grants from July 1, 2011 to June 30, 2012. Verified amount, payee, date and descriptions and agreed to the contract and/or vendor's invoice and traced to bank statements showing they cleared.
	<b>Finding:</b>	No discrepancies noted.
	b) Determine that the cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.	
	<b>Procedure:</b>	Reviewed 100% of all disbursements (19 checks) for proper authorization and approval in accordance with the budget, legal requirements and established policies and procedures. Traced to board approval.
	<b>Finding:</b>	No discrepancies noted.
	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 12-1-199 NMSA 1978 and 1.4.1 NMAC).	
	<b>Procedure:</b>	No new bids, finishing up construction. Only new construction was for the new La Mesa Administration building
	<b>Finding:</b>	No discrepancies noted.
	d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.	
	<b>Procedure:</b>	Observed physical existence of pipeline going into the ground and coming out at substation
	<b>Finding:</b>	No discrepancies noted.
	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.	
	<b>Procedure:</b>	Reviewed all quarterly reports submitted to the State Finance Department, agreed amounts to the general ledger and financial statements
	<b>Finding:</b>	No discrepancies noted.
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.	
	<b>Procedure:</b>	Reviewed general ledger for any projects that had funding awarded in advance
	<b>Finding:</b>	All projects are reimbursement projects.
3)	If the project was funded in advance, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor	
	<b>Finding:</b>	All projects are reimbursements projects.

LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION										
EXHIBIT A- SCOPE OF WORK										
AGREED UPON PROCEDURES										
Tier 3 of the Audit Act - Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC										
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.									
	<b>Finding:</b>									
	Lower Rio Grande Mutual Domestic Water Association has a separate bank account used only for construction projects and each project is accounted for separately by the outside accountant.									
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.									
	<b>Procedure:</b>									
	100% of all reimbursement requests (10) for the period were reviewed for proper support, and reviewed to determine that the costs were paid prior to the request for reimbursement by the entity.									
	<b>Finding:</b>									
	No discrepancies were noted.									
6)	If information comes to the IPA's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal 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 20(1)(3)© NMAC..									
	<b>Finding:</b>									
	No discrepancies were noted.									

**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION**  
**EXHIBIT B - SCHEDULE OF CAPITAL OUTLAY PROJECTS**  
**JUNE 30, 2012**

	Award Amount	Prior Years Expenditures	Current Year Expenditures	Total Received	Remaining Balance
Special Appropriation Project-New Mexico Environment Department LRGMDWA Water System Plan Laws of 2007, Chapter 42, Section 59, Subsection 37 Contract dated 8/3/07 Project expiration date 6/30/2011 SAP 07-4445-GF	\$ 660,000.00	\$ 635,742.97	\$ 24,257.03	\$ 660,000.00	\$ -
Special Appropriations Projects-New Mexico Environment Department La Mesa Administration Building Laws of 2009, Chapter 125, Section 22, Item 4 Contract dated 6/2/2010 Project expiration date 4/30/2012 SAP-09-3118-(12)-STB	\$ 400,000.00	\$ -	\$ 400,000.00	\$ 400,000.00	\$ -

**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION  
SCHEDULE OF CURRENT AND PRIOR YEAR FINDINGS AND RESPONSES  
JUNE 30, 2012**

**Current year findings:**    None

**Prior year finding:**

**2011-1 Lack of Approved Agreed Upon Procedure Contract**

Not repeated in current year



**LOWER RIO GRANDE MUTUAL DOMESTIC WATER ASSOCIATION  
EXIT CONFERENCE  
JUNE 30, 2012**

**Exit Conference:**

The exit conference was held on December 1, 2012 with the following persons:

Martin Lopez, Registered Agent for the entity  
Robert M. Nieto, President

Denise S. Cooper, Partner, Clifford Ross & Cooper, LLC

These agreed-upon procedures were prepared by Clifford, Ross & Cooper, LLC from the books and records of Lower Rio Grande Mutual Domestic Water Association with the assistance