



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
ESPANOLA, NEW MEXICO  
[www.mgandc.com](http://www.mgandc.com)

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## **STATE OF NEW MEXICO**

# **LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures

Year Ended June 30, 2010

**STATE OF NEW MEXICO**

**LA MERCED DEL PUEBLO DE CHILILI  
(CHILILI LAND GRANT)**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures**

**Year Ended June 30, 2010**

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**STATE OF NEW MEXICO  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

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June 30, 2010**

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STATE OF NEW MEXICO  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)

Official Roster  
at June 30, 2010

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<u>Name</u>	<u>Title</u>
<b><u>Board of Directors</u></b>	
Juan Sanchez	President
Gilbert Ortiz	Secretary
Jose Alfredo Martinez	Treasurer
Alex Gutierrez	Member
Max Gutierrez	Member



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants  
Member AICPA, NMSCPA*

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

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To: Juan Sanchez, President  
La Merced del Pueblo de Chilili (Chilili Land Grant)  
and  
Honorable Hector H. Balderas  
New Mexico State Auditor

We have performed the procedures enumerated below for La Merced del Pueblo de Chilili (Chilili Land Grant) for the year ended June 30, 2010, solely to assist La Merced del Pueblo de Chilili in demonstrating compliance with the provisions of Laws of 2005, Chapter 347, and Laws of 2006, Chapter 111, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. La Merced del Pueblo de Chilili 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 La Merced del Pueblo de Chilili through the Office of the New Mexico State Auditor. La Merced del Pueblo de Chilili'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) Except as shown on Exhibit B and described below, 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 checks, as appropriate. For Project 05-L-G-0259, on Pay Request #1, the grantee failed to request reimbursement for gross receipts taxes paid of \$546.38 included in the second invoice. Also, for the same project, on Pay Request #2, the grantee expended \$27,170.00 but requested only \$18,100.00. The actual invoice totaled only \$18,061.88.
- b) Except as described above, 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 landscaping, the park playground equipment and the community center expansion based on expenditures to date.
- e) Except as shown on Exhibit B and described below, we verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with other supporting documentation. For Project 05-L-G-0259, the final status report, indicating the project was completed, was dated October 23, 2009 but the final check for \$13,585.00, issued on that project, was dated December 17, 2009. We could not verify status report agreement since we were not provided any status reports for Project 06-L-G-1460.

## **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**

There were two projects. The projects were not intended to be funded in advance but on a reimbursement basis.

## **3. Procedures**

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

### **Findings**

Both projects are complete and the unexpended balances reverted per statute and agreement with the grantor.

#### 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 projects were 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

Except as shown on Exhibit B and described below, we determined that reimbursement requests were properly supported by costs incurred by the recipient and that the costs were paid by the local public body prior to the request for reimbursement. For Project 05-L-G-0259, three checks were issued after the Certification/Request Date. One check was issued after the Certification/Request Date for Project 06-L-G-1460. See \* footnote on Exhibit B.

#### 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 (l) (3) (C) NMAC.

#### Findings

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or any internal control deficiencies. However, see the Schedule of Findings and Responses for noncompliance issues related to Grant Agreement Noncompliance, as described above, and Late 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, 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 La Merced del Pueblo de Chilili, the New Mexico State Auditor's Office and the DFA-LGD and is not intended to be and should not be used by anyone other than those specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Española, New Mexico  
June 27, 2011

STATE OF NEW MEXICO  
 LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)  
 Projects Schedule - Summary  
 For the Year Ended June 30, 2010

Exhibit A

<u>Grant No.</u>	<u>Pay Request</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received</u>	<u>Actual Amount Expended</u>	<u>Requested Remaining Balance</u>	<u>Actual Legislation</u>	<u>Effective Dates</u>
05-L-G-0259		\$ 60,000.00				Laws of 2005, Chapter 347 Section 16, Subsection 49	Through 6/30/2010
	1		\$ 41,823.81	\$ 42,370.19	\$ 18,176.19	To plan, design, construct and equip the park and playground and landscape the park and multipurpose building in Chilili in Bernalillo County	
	2		<u>18,100.00</u>	<u>27,170.00</u>	<u>76.19</u>		
			<u>\$ 59,923.81</u>	<u>\$ 69,540.19</u>	<u>\$ 76.19</u>		
06-L-G-1460		\$ 75,000.00				Laws of 2006, Chapter 111 Section 52, Subsection 54	Through 6/30/2010
	1		\$ 1,242.42	\$ 1,242.42	\$ 73,757.58	To plan, design, construct and equip, including expansion, the park and community center in Chilili in Bernalillo County	
	2		921.80	921.80	72,835.78		
	3		734.88	734.88	72,100.90		
	4		48,967.14	48,967.14	23,133.76		
	5		<u>8,541.00</u>	<u>8,541.00</u>	<u>14,592.76</u>		
			<u>\$ 60,407.24</u>	<u>\$ 60,407.24</u>	<u>\$ 14,592.76</u>		



STATE OF NEW MEXICO  
 LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)  
 Projects Schedule - Detail  
 For the Year Ended June 30, 2010

Exhibit B

Grant No.	Pay Request	Certification/ Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended
05-L-G-0259			\$ 60,000.00						
	1	9/5/2008		\$ 41,823.81	10/31/2008	\$ 32,423.81	1314	11/6/2008	\$ 32,423.81 *
						9,946.38	1330	4/20/2009	9,946.38 *
						<u>42,370.19</u>			<u>42,370.19</u>
	2	10/22/2009		18,100.00	11/13/2009	18,061.88	1355	10/21/2009	13,585.00
							1365	12/17/2009	13,585.00 *
						<u>18,061.88</u>			<u>27,170.00</u>
				<u>59,923.81</u>		<u>60,432.07</u>			<u>69,540.19</u>
06-L-G-1460			\$ 75,000.00						
	1	4/1/2009		\$ 1,242.42	7/30/2009	\$ 1,242.42	1319	12/15/2008	\$ 200.00
							1327	3/25/2009	1,042.42
									<u>1,242.42</u>
	2	6/15/2009		921.80	7/30/2009	921.80	1334	5/20/2009	921.80
	3	6/15/2009		734.88	7/30/2009	734.88	1332	5/16/2009	734.88
	4	7/7/2009		48,967.14	8/4/2009	48,967.14	1344	8/16/2009	48,967.14 *
	5	10/22/2009		<u>8,541.00</u>	11/2/2009	<u>8,541.00</u>	1356	10/22/2009	<u>8,541.00</u>
				<u>\$ 60,407.24</u>		<u>\$ 60,407.24</u>			<u>\$ 60,407.24</u>

\* Amount expended after certification/request for reimbursement date

**STATE OF NEW MEXICO  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

**Schedule of Findings and Responses  
Year Ended June 30, 2010**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Grant Agreement Noncompliance	D	N/A	2010-1
Late Report	D	N/A	2010-2
<b>Follow-up on Prior Year Findings:</b>			
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  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

**Schedule of Findings and Responses  
Year Ended June 30, 2010**

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**2010-1**

**Grant Agreement Noncompliance**

**Criteria**

The grant agreements state that payments will be made to the grantee in accordance with the New Mexico Board of Finance Rule 2.61.6 NMAC, dated February 28, 2002 which requires a notarized certification that the expenditures are valid or actual receipts. The agreements further state that the grantee shall submit Biannual Reports, not later than May 31<sup>st</sup> and November 30<sup>th</sup> of each year and a Final Report within 30 days from completion of the project or within 30 days of the expiration date of the project.

**Condition**

For two different projects, we noted several instances where reimbursement was requested before actual payment was made. Notarized certifications that the expenditures were valid were submitted for all requests. For Project 05-L-G-0259, three of four total vendor invoices were paid after the certification/request for reimbursement date. For Project 06-L-G-1460, one of five total vendor invoices was paid after the certification/request for reimbursement date.

For Project 05-L-G-0259, the final status report, indicating the project was completed, was dated October 23, 2009 but the final vendor payment was dated December 17, 2009. Also, we could not verify biannual or final report agreement since we were not provided any reports for Project 06-L-G-1460.

**Cause**

It appears that the grantee submitted several requests for reimbursement based on invoiced amounts. The grantee did not prepare all required reports.

**Effect**

For both projects, the grantee did not comply with certain terms of the grant agreements.

**Recommendation**

We recommend that La Merced del Pueblo de Chilili (Chilili Land Grant) comply with all terms of the grant agreements for future projects.

**Entity Response**

“La Merced del Pueblo de Chilili will comply with all terms and conditions of the grant agreements for all future projects.”

**STATE OF NEW MEXICO  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

**Schedule of Findings and Responses  
Year Ended June 30, 2010**

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**2010-2**

**Late Report**

**Criteria**

Office of the State Auditor, Rule 2010, Section 2.2.2.16.H, requires that local public bodies with a June 30 fiscal year end must submit the agreed upon procedures report no later than December 1.

**Condition**

La Merced del Pueblo de Chilili (Chilili Land Grant) has a June 30 year end but the agreed upon procedures report for the year ended June 30, 2010 was submitted after December 1, 2010.

**Cause**

La Merced del Pueblo de Chilili (Chilili Land Grant) began the request for proposal process in January 2011. The agreed upon procedures contract was not approved through the State Auditor until April 21, 2011. Although the field work began in early June 2011, final requested information was not provided until late June 2011.

**Effect**

La Merced del Pueblo de Chilili (Chilili Land Grant) has not complied with Office of the State Auditor, Rule 2010, Section 2.2.2.16.H.

**Recommendation**

We recommend that La Merced del Pueblo de Chilili (Chilili Land Grant) submit all future agreed upon procedures reports by the required deadline.

**Entity Response**

“La Merced del Pueblo de Chilili will submit all future agreed upon procedures reports that are required by the deadlines.”

**STATE OF NEW MEXICO  
LA MERCED DEL PUEBLO DE CHILILI (CHILILI LAND GRANT)**

**Exit Conference  
Year Ended June 30, 2010**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on August 1, 2011 with the following in attendance:

La Merced del Pueblo de Chilili (Chilili Land Grant)

Juan Sanchez, Board President

Accounting Firm

James R. (Jim) Macias, CPA