

Acequia del Monte del Rio Chiquito

**Report of Independent Accountant's
on the Application of Agreed-Upon Procedures (TIER 3)**

December 31, 2019



**Office of the State Auditor
Brian S. Colón. Esq.**

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**State of New Mexico
Acequia del Monte del Rio Chiquito**

December 31, 2019

Official Roster

<u>Name</u>	<u>Title</u>
John MacArthur	Commission Chair
Arthur Coca	Treasurer
Carlos D. Arguello	Secretary
Victor Romo	Mayordomo



State of New Mexico
Office of the State Auditor

**REPORT OF INDEPENDENT ACCOUNTANT'S ON THE APPLICATION OF
AGREED UPON PROCEDURES**

John MacArthur, Commission Chair
Arthur Coca, Treasurer
Carlos D. Arguello, Secretary
Acequia del Monte del Rio Chiquito
362 Espinoza Road
Ranchos de Taos, NM 87557

We have performed the procedures enumerated below for the Acequia del Monte del Rio Chiquito (Acequia) for the year ended December 31, 2019, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Acequia through the New Mexico Office of the State Auditor (OSA). The Acequia management is responsible for its accounting records and the subject matter. 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 the parties specified in this 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 are as follows:

1. **Procedure** - Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tiered System Reporting Main Page."

Results of Procedure 1

We reviewed and verified the Acequia's revenue calculation and tier determination. The Acequia's cash basis revenue was less than \$50,000 which meets the criteria for a Tier 3 determination.

2. **Capital Outlay and Procurement**

Test all state-funded capital outlay expenditures.

- a. **Procedure** - 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.

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Results of Procedure 2a

We determined that the amount recorded as disbursed agreed to adequate supporting documentation and verified that amounts, payees, dates and descriptions agreed to the purchase orders, contracts, vendor's invoices and canceled check, as appropriate.

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

Results of Procedure 2b

We determined that disbursements were properly authorized and approved in compliance with the budget, legal requirements and establishes policies and procedures.

- c. **Procedure** - 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).

Results of Procedure 2c

We determined that the bid process, or request for proposal process, purchase orders, contracts and agreements were process in accordance with the New Mexico Procurement Code (Sections 12-1-28 through 12-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).

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

Results of Procedure 2d

We determined the physical existence by an engineering certification and photographs of the capital asset based on expenditures to date. The Acequia submitted before and after pictures matching the description of the repairs and improvements on the vendor's invoice

- e. **Procedure** - 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.

Results of Procedure 2e

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.

3. **Procedure** - 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.

Results of Procedure 3

The project was not funded in advance but on a reimbursement basis

4. **Procedure** - If the project is complete, determine if there is an unexpended balance and whether it was reverted per statute and agreement with the grantor.

Results of Procedure 4

The project is complete and there is no unexpended balance

5. **Procedure** - 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.

Results of Procedure 5

Since the project was approved on a reimbursement basis, no separate fund or bank account was required.

6. **Procedure** - 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.

Results of Procedure 6

We determined that the requests for payments were properly supported by costs incurred by the Acequia. See the Schedule of Capital Outlay Awards on Page 5 of this report.

We determined that the costs were not paid by the Acequia prior to the request for reimbursement.

7. **Procedure** - If information comes to the IPA'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 2.2.2.10 (L) NMAC.

Results of Procedure 7

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or any internal control deficiencies.

8. **Procedure** - The report shall include the capital outlay amount awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation that meets the Tier 3 criteria.

Results of Procedure 8

See Exhibit 1 -Schedule of Capital Outlay Awards to the Acequia on page 5 of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on the Tier 3 agreed upon procedures. Accordingly, we do not express such an opinion or conclusion. 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 management of the Acequia, the OSA, NM Department of Finance and Administration -Local Government Division, and the NM State Legislature) and is not intended to be and should not be used by anyone other than these specified parties.

Office of the State Auditor

Office of the State Auditor
Santa Fe, New Mexico
Date: April 23, 2020

**State of New Mexico
Acequia del Monte del Rio Chiquito
December 31, 2019**

Exhibit 1 - SCHEDULE OF CAPITAL OUTLAY AWARDS TO ACEQUIA

	Note 1	Note 2	Note 3	Total
Amount awarded to Acequia	\$10,000	\$37,000	\$38,096	\$85,096
Amount received by Acequia	10,000	37,000	38,096	85,096
Amount expended by Acequia in prior years	532	0	0	532
Amount expended by Acequia	9,468	37,000	38,096	84,564
Remaining Balance	\$0	\$0	\$0	\$0

Agreement Provisions

Note 1: Plan, design and construct the Rio Chiquito diversion overflow and control system

Legislative Authority: Law of (2018), Chapter (80), Section (25), Paragraph (33)

Legislative and Effective Dates: 10/30/2018

Agreement Termination / Reversion Date: 06/30/2022

Note 2: Plan, design and construct the Rio Chiquito diversion overflow and control system

Legislative Authority - Laws of 2019, Chapter 277, Section 33, Paragraph 65

Legislative and Effective Dates - 7/15/2019

Agreement Termination / Reversion Dates - 06/30/2023

Note 3: Improvements to the Acequia

Legislative Authority - Laws of 2019, Ch. 271, p. 74, Lines 10-24 (Irrigation Works Construction Fund)

Legislative and Effective Dates - 08/16/2019

Agreement Termination / Reversion Dates - 06/30/2020

State of New Mexico
Acequia del Monte del Rio Chiquito
Schedule of Findings and Responses
December 31, 2019

	<u>Status</u>	<u>Finding Number</u>
Current Year Findings: None Reported		
Prior Year Findings: None Reported		

State of New Mexico
Acequia del Monte del Rio Chiquito
Exit Conference
December 31, 2019

On April 23, 2020 an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Attendees

<u>Name</u>	<u>Title</u>
Natalie Cordova, CPA Liza Kerr, CPA Joe Cruz	Deputy state Auditor- OSA Audit Manager- OSA Audit Supervisor- OSA
John MacArthur	Commission Chair