



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TIERRA AMARILLA, NEW MEXICO

STATE OF NEW MEXICO

ACEQUIA DE LOS CHUPADEROS

Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 3)

Year Ended December 31, 2017

STATE OF NEW MEXICO

ACEQUIA DE LOS CHUPADEROS

**Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 3)**

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**STATE OF NEW MEXICO
ACEQUIA DE LOS CHUPERADOS**

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**STATE OF NEW MEXICO
ACEQUIA DE LOS CHUPADEROS**

**Official Roster
at December 31, 2017**

<u>Name</u>		<u>Title</u>
	<u>Commissioners</u>	
Jack Miller		President
Brinda Maira		Secretary
Scott Ishihara		Treasurer
	<u>Staff</u>	
Phillip Villareal		Mayordomo



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& Co., P.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 3)

To: Jack Miller, President
Acequia de los Chupaderos #13007
and
Brian S. Colón, Esq.
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Acequia de los Chupaderos (ADLC) and the Office of the State Auditor on the Tier Verification, the State-Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, 2017, included in the accompanying information provided to us by management of the Acequia de los Chupaderos. The Acequia de los Chupaderos is responsible for the Tier Verification, the State Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, 2017 included in the accompanying information provided to us by the management of the ADLC. 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. The procedures and associated findings (Results of Procedures Performed) are as follows:

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. Before beginning the procedures below, the IPA must verify the local public body's revenue calculation and tier determination using the form provided at www.osanm.org under "Tiered System Reporting Main Page."

We verified the Acequia de los Chupaderos's revenue calculation and tier determination. The Acequia de los Chupaderos's cash basis revenue was less than \$50,000 and expended at least 50% of, or the remainder of a capital outlay award which meets the criteria for **Tier 3 determination**. **The one project started in 2016 but at least 50% of the award was not spent as of December 31, 2016; therefore, an agreed-upon procedures engagement was not required.**

2. **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 the cash 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.

Results of Procedures Performed

- 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. There was one project that we performed procedures for the entire award. For Project 13-1593, we examined seven disbursements totaling \$40,746.57. The award was \$40,000 so the Acequia spent \$746.57 of local funds to complete the project.
- 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, 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).
- d) We determined the physical existence by photographs of the capital asset 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.

3. 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.

Results of Procedures Performed

The project was not intended to be funded in advance but on a reimbursement basis.

4. 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.

Results of Procedures Performed

Project 13-1593 is complete and there is no unexpended balance in agreement with the grantor.

5. 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.

Results of Procedures Performed

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

6. 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.

Results of Procedures Performed

We determined that reimbursement requests were properly supported and the Acequia incurred costs prior to the submission of requests for funding from the New Mexico Interstate Stream Commission. For Project 13-1593, we examined three reimbursement requests totaling \$40,000.00.

7. 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.

Results of Procedures Performed

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 a noncompliance issue related to Late Report (See Finding 2017-001, p. 4).

* * * * *

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, State-Funded Capital Outlay Expenditures and Reimbursements or Other for the Acequia de los Chupaderos for the year ended December 31, 2017, included in the accompanying information provided to us by management of the Acequia de los Chupaderos. 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 the Acequia de los Chupaderos, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than the specified parties.

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

Macias, Gutierrez & Co., CPAs, P. C.
Tierra Amarilla, New Mexico 87575
April 8, 2019

STATE OF NEW MEXICO
 ACEQUIA DE LOS CHUPADEROS
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2017

Exhibit A

Capital Outlay Project No.	Pay Request	Amount Awarded	Amount Requested/ Received	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
13-1593 STB		<u>\$ 40,000.00</u>					
	1		<u>\$ 9,683.50</u>	<u>\$ 9,683.50</u>	<u>\$ 30,316.50</u>	Laws of 2013, Chapter 226, Section 29, Paragraph 26, for improvements, including restoration of the pond and acequia and the installation of head gates, for the acequia de los Chupaderos in Santa Fe county.	Through 6/30/2017
		Total 2016	<u>9,683.50</u>	<u>9,683.50</u>	<u>30,316.50</u>		
	2		<u>17,451.07</u>	<u>17,451.07</u>	<u>12,865.43</u>		
	3		<u>12,865.43</u>	<u>12,865.43</u>	<u>-</u>	Rauthorized Project Laws of 2017, Chapter 133, Section 100, the time of expenditures for the above project is extended through fiscal year 2019.	Through 6/30/2019
		Total 2017	<u>30,316.50</u>	<u>30,316.50</u>	<u>-</u>		
			<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ -</u>		

STATE OF NEW MEXICO
 ACEQUIA DE LOS CHUPADEROS
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended December 31, 2017

Exhibit B

Grant No.	Pay Request	Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
13-1593			<u>\$ 40,000.00</u>							
	STB									
	1	5/17/2016		<u>\$ 9,683.50</u>	6/9/2016	<u>\$ 9,683.50</u>	1104	3/17/2016	<u>\$ 9,683.50</u>	Canon's Backhoe and Dumptruck Serv.
		Total 2016		<u>9,683.50</u>		<u>9,683.50</u>			<u>9,683.50</u>	
	2	5/19/2017		17,451.07	6/2/2017	16,585.00	1121	4/6/2017	7,000.00	Canon's Backhoe and Dumptruck Serv.
						1,070.00	1122	5/3/2017	9,585.00	Canon's Backhoe and Dumptruck Serv.
						866.07	CC	4/19/2017	866.07	Country Farm Supply
							1125	5/18/2017	1,070.00	Canon's Backhoe and Dumptruck Serv.
	3	6/21/2017		12,865.43	7/12/2017	10,188.00	1126	6/2/2017	10,188.00	Canon's Backhoe and Dumptruck Serv.
						2,354.00	1127	6/2/2017	2,354.00	Canon's Backhoe and Dumptruck Serv.
		Total 2017		<u>30,316.50</u>		<u>31,063.07</u>			<u>31,063.07</u>	
				<u>\$ 40,000.00</u>		<u>\$ 40,746.57</u>			<u>\$ 40,746.57</u>	

**STATE OF NEW MEXICO
ACEQUIA DE LOS CHUPADEROS**

**Schedule of Findings and Responses
Year Ended December 31, 2017**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Late Report	D	N/A	2017-001
Follow-up on Prior Year Findings:			
None	N/A	N/A	N/A

An agreed-upon procedures engagement was not required for the year ended December 31, 2016

*** Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO
ACEQUIA DE LOS CHUPADEROS**

**Schedule of Findings and Responses
Year Ended December 31, 2017**

2017-001

Late Report (Noncompliance)

Criteria

Office of the State Auditor, Rule 2017, Section 2.2.2.16.G, states that local public bodies with other than a June 30 fiscal year-end must submit the agreed-upon procedures (AUP) report no later than five months after fiscal-year end.

Condition

The Acequia de los Chupaderos (ADLC) has a December 31 year end but the agreed-upon procedures report for the year ended December 31, 2017 was submitted more than five months after fiscal-year end.

Cause

The ADLC was not aware that an agreed-upon procedures engagement was necessary for the year ended December 31, 2017 and also did not have funds to pay for the cost of an agreed-upon procedures engagement. However, in 2019, the ADLC applied for State Auditor funding for the two years ending December 31, 2016 and 2017. Upon receipt of State Auditor funding in 2019, the ADLCH immediately submitted the IPA recommendation and contract form for the year ended December 31, 2017.

Effect

The Acequia de los Chupaderos has not complied with Office of the State Auditor, Rule 2017, Section 2.2.2.16.G.

Recommendation

We recommend that, in the future, the Acequia de los Chupaderos complete the recommendation and contract forms and submit all agreed-upon procedures reports by the required deadlines.

Entity Response

"The President, Mayordomo and Bookkeeper of the Acequia De Los Chupaderos will immediately take appropriate measures to ensure that all future agreed-upon procedures reports will be submitted by the required deadlines."

**STATE OF NEW MEXICO
ACEQUIA DE LOS CHUPADEROS**

**Exit Conference
Year Ended December 31, 2017**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on April 24, 2019 with the following:

Acequia de los Chupaderos

By telephone:

Jack Miller, President
Sylvia Villareal, Non-commission Bookkeeper

Accounting Firm

James R. (Jim) Macias, CPA