



OFFICE OF THE STATE AUDITOR
Hector H. Balderas

East Sandoval Acequia

Independent Accountant's Report on Applying Agreed-Upon Procedures

Fiscal Year Ended December 31, 2013

East Sandoval Acequia

Table of Contents

Fiscal Year Ended December 31, 2013

	<u>Page</u>
Table of Contents	1
Official Roster	2
Independent Accountant's Report	3
Schedule of Capital Outlay Awards to Acequia	6
Schedule of Findings and Responses	7
Exit Conference	8

East Sandoval Acequia

Official Roster

Fiscal Year Ending December 31, 2013

Board of Commissioners

Gilbert Sandoval, Chairman

Christopher Tolleson, Secretary

Michael Revak, Treasurer

Mayordomos

Juanita Revak

Administrative Staff

None



State of New Mexico
OFFICE OF THE STATE AUDITOR

Hector H. Balderas
State Auditor

Carla C. Martinez
Deputy State Auditor

Independent Accountant's Report on Applying Agreed-Upon Procedures

Gilbert Sandoval, Chairman
and Members of the Board of Commissioners
East Sandoval Acequia
P.O. Box 61
Jemez Springs, New Mexico 87025

We have performed the procedures enumerated below for the East Sandoval Acequia (Acequia) for the year ended December 31, 2013, 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 and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Acequia through the New Mexico Office of the State Auditor. The Acequia's 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. Test all state-funded capital outlay expenditures.
 - 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.

All of the cash disbursements for the capital award projects were tested. The amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check.

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

The cash disbursements tested were properly authorized and approved in accordance with budget, legal requirements and the Acequia's procurement 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199

NMSA 1978 and 1.4.1 NMAC).

For the work done on the ditch repair projects, the Acequia advertised, obtained bids and quotes where necessary, and entered into contracts and purchase agreements in accordance with its procurement policies and applicable state laws and regulations.

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

The repair work was physically observed during a tour of the diversion dam, headgates and the river banks on the Jemez River and East Sandoval Acequia on May 29, 2014.

- 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.

The amounts on the reimbursement forms agree with the general ledger and other supporting documentation. Status reports were not required by the terms of the agreements with the Office of the State Engineer/Interstate Stream Commission (OSE/ISC). The Acequia submitted the project budgets and reimbursement forms for the projects to the OSE/ISC.

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.

The projects were not funded in advance. The Acequia was required to submit reimbursement forms to the OSE/ISC upon completion of work on the project. The Acequia paid for its project expenditures after the Acequia received checks from the OSE/ISC.

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.

As shown in Exhibit 1 on page 6, the Acequia received a total of \$118,152 and expended a total of \$118,152.. For each appropriation, the cash amounts received equaled the amount of expenditures.

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.

The checks received from the OSE/ISC were deposited in the Acequia's checking account at Jemez Valley Credit Union. The capital outlay award agreement did not require a separate fund or separate non-interest bearing bank account to deposit the amounts received.

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.

The Acequia filed Request for Reimbursement Forms with the OSE/ISC based on unpaid invoices submitted to the Acequia by vendors who had performed work on Acequia projects. The costs were not paid by the Acequia prior to the request for reimbursement because the Acequia did not have the necessary funds. The Acequia paid for its project expenditures after the Acequia received the OSE/ISC checks.

6. 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 (I)(3)(C) NMAC.

There were no such instances identified.

7. 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.

See Exhibit 1 — Schedule of Capital Outlay Awards to Acequia on p. 6 of this report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Tier 3 agreed upon procedures. 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 management of the Acequia, the New Mexico State Auditor, the NM Office of the State Engineer, the 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

May 29, 2014

East Sandoval Acequia
Exhibit 1 – Schedule of Capital Outlay Awards to Acequia

	Note 1	Note 2	Total
Amount Awarded for Project	\$100,000	\$116,000	\$216,000
Amount Received by Acequia	2,152	116,000	118,152
Amount Expended by Acequia	<u>(2,152)</u>	<u>(116,000)</u>	<u>(118,152)</u>
Remaining Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Agreement Provisions

Note 1: Capital Appropriation Project Agreement between the NM Office of the State Engineer (OSE), Interstate Stream Commission (ISC), and East Sandoval Acequia

Legislative Authority: 2007 NM Laws, Chapter 42, Section 67, Item 60 (GF) and 2010 NM Laws, Chapter 105, Section 18A, Subsection 10, Item j.

Date of Agreement with NM OSE/ISC: December 11, 2008

Project Description: To plan, design, and construct a diversion dam on the Jemez River for acequias in Jemez Springs in Sandoval County.

Estimated Project Cost: \$100,000

Agreement termination/reversion date: July 1, 2011
 Extended termination/reversion Date: June 30, 2014

Note 2: Capital Appropriation Project Agreement between the NM Office of the State Engineer (OSE), Interstate Stream Commission (ISC), and East Sandoval Acequia

Legislative Authority: 2007 NM Laws, Chapter 42, Section 67, Item 62 (GF) and 2010 NM Laws, Chapter 105, Section 18A, Subsection 10, Item k.

Date of Agreement with NM OSE/ISC: December 11, 2008

Project Description: To plan, design, and construct a diversion dam on the Jemez River for acequias in Jemez Springs in Sandoval County.

Estimated Project Cost: \$116,000

Agreement termination/reversion date: July 1, 2011
 Extended termination/reversion Date: June 30, 2014

East Sandoval Acequia
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2013

Status of Prior Year Findings

Not Applicable

Current Year Findings

None

East Sandoval Acequia
Exit Conference
Fiscal Year Ending December 31, 2013

On May 29, 2014, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

East Sandoval Acequia

Gilbert Sandoval, Chairman

Office of the State Auditor

U. Chan Kim, CPA, Audit Manager