

**ACEQUIA DE CECILIA**

**Independent Accountant's Report on  
Applying Agreed-Upon Procedures (TIER 3)**

**For the Fiscal Year Ended  
FEBRUARY 28, 2015**

**ACEQUIA DE CECILIA**

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**ACEQUIA DE CECILIA  
OFFICIAL ROSTER  
Fiscal Year Ending February 28, 2015**

**Board of Commissioners**

Dennis Suazo, Chairman

**Mayordomo**

Sammy Joe Cordova

**Administrative Staff**

Victoria Suazo-Chanza, Secretary/Treasurer

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

Dennis Suazo, Chairman  
Acequia de Cecilia  
and  
Honorable Tim Keller  
New Mexico State Auditor  
Santa Fe, New Mexico

We have performed the procedures enumerated below which were agreed to by Acequia de Cecilia (Acequia) and the New Mexico State Auditor (the specified parties), solely to assist users in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978 as of and for the year ended February 28, 2015. The Acequia's management is responsible for its accounting records and financial reporting. 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 are as follows:

1. Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tier System Reporting Main Page."

We verified the Acequia's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tier System Reporting Main Page" and it was determined that the Acequia falls under the Tier 3 procedures.

2. Test all state-funded capital outlay expenditures:
  - a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that the amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.

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 invoice, contracts and cancelled check copies, as appropriate. The Acequia does not use purchase order forms.

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

We looked at the Acequia request for reimbursement form and observed commissioner and treasurer approval of the disbursement, therefore we determined 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 1.4.1 NMAC).

We looked at the Request for Bids announcement and Project Information description as part of the Request for Bids and 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).

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

We determined the physical existence by observation on 5/29/2015 of the capital asset based on expenditures to date.

- e) Verify the 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.

See finding 2015-001 on page 8 of this report.

- 3. 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.

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The project was 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 payment from the OSE/ISC.

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

Acequia de Cecilia was awarded a \$30,400 state-funded Capital Appropriation, and for the audit period there was a capital outlay expenditure of \$20,000. The unexpended balance for the Capital Appropriation is \$10,400. The reversion Date is 06/30/2017. Based on the communication with the Acequia de Cecilia board they expect to spend the unexpended balance in the current year before the reversion Date of 06/30/2017 to replace and improve the diversion system using metal materials controlling the flow and debit of water to the Acequia reducing runoff and lost water that the diversion system cannot contain to the Acequia. The improvements to the conveyance and control system are listed in Article I A of the Project description of the Capital Appropriation Project Fund 13-158.

5. 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 check/wire received from the Office of State Engineer was deposited in the Acequia's checking account at Wells Fargo Bank. The capital award agreement did not require a separate fund or separate non-interest bearing bank account to deposit the amount received. On the same day that the funds were received from the OSE, the disbursement to the vendor was completed.

6. 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.

For the project, the Acequia filed Request for Reimbursement Form with the NM Interstate Stream Commission (NMISC). The request was supported by invoice submitted to the Acequia for work done on the ditch repair project. The cost was 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 expenditure after the payment was received from the Office of State Engineer (NMISC). A finding was not

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considered necessary since the Acequia complied with the NMISC's reimbursement procedures.

7. 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

See Finding 2015-002 on page 8 of 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 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 Office of the State Auditor, the New Mexico Office of the State Engineer, the New Mexico Department of Finance and Administration – Local Government Division, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.

*Assurance Tax Accounting P.C.*

Assurance Tax Accounting P.C.

Albuquerque, New Mexico

June 16, 2015

**ACEQUIA DE CECILIA**  
**Exhibit 1 – Schedule of Capital Outlay Awards to Acequia**  
**Fiscal Year Ending February 28, 2015**

**Note 1**

Amount Awarded for Project	\$30,400
Amount Received by Acequia	20,000
Amount Expended by Acequia	<u>20,000</u>
Remaining Balance	<u>\$10,400</u>

**Note 1:**       **Capital Appropriation Project Agreement between the New Mexico Office of the State Engineer (OSE), NM Interstate Stream Commission (NMISC), and Acequia de Cecilia.**

**Legislative Authority:** NM Laws of 2013, Chapter 226, Section 29, Paragraph 15

**Date of Agreement with NMISC:** April 1, 2014

**Project Description:** To construct improvements, including terracing, replacement of conveyance and control system, stabilization and riparian habitat restoration, to rehabilitate the Cecilia ditch in Gallina, Rio Arriba County.

**Estimated Project Cost:** \$30,400

**Agreement termination/Reversion date:** June 30, 2017



**ACEQUIA DE CECILIA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**YEAR ENDED FEBRUARY 28, 2015**

**1. Current Year Findings**

**Finding 2015-001.      Status Reports to the State Agency per terms of the agreement were not submitted.**

Condition:

The Paper Periodic Reports due monthly to the New Mexico Interstate Stream Commission (NMISC) as agreed to in the Capital Appropriation Agreement were not submitted by the Acequia.

Criteria:

According to the Capital Appropriation Agreement between the NM Interstate Stream Commission and Acequia de Cecilia dated April 1, 2014, in order that the NMISC may adequately monitor Project activity, the Acequia shall submit to the NMISC Paper Periodic Reports for the Project. The Paper Periodic Report shall be due monthly on the last day of each month, beginning with the first full month following execution of the Agreement with the NMISC and ending upon the submission of a Paper Final Report for the Project.

Cause:

The Acequia was not aware of the Paper Periodic Reports due dates as they understood the NMISC was submitting the information quarterly for the Acequia as long as there was no activity on the project.

Effect:

Because the Acequia has not been compliant with the terms of the Capital Appropriation Agreement, violation of the terms of the agreement could lead to early termination.

Recommendation:

The Acequia should submit the monthly Paper Periodic Reports as agreed to in the Capital Appropriation Agreement.

**ACEQUIA DE CECILIA**  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
YEAR ENDED FEBRUARY 28, 2015

**Finding 2015-001. Status Reports to the State Agency per terms of the agreement were not submitted (continued)**

Management's Response:

The Acequia will submit the monthly Paper Periodic Reports starting with the month of June 2015 and to continue until the completion of the project with the submission of the Paper Final Report. The Secretary/Treasurer will prepare and submit the reports to the NMISC.

**Finding 2015-002. Late Submission of IPA Recommendation Form and Agreed-Upon Procedures Contract to OSA**

Condition:

The IPA recommendation form and the agreed-upon procedures contract with a CPA firm for FY15 was not submitted to the NM Office of the State Auditor (OSA) by the due date of March 1, 2015. The required forms were not submitted to the OSA until May 5, 2015.

Criteria:

According to State Audit Rule, Section 2.2.2.16 D (6) NMAC, "Local Public bodies with a fiscal year end other than June 30 must use an IPA Recommendation Form and contract due date of one day after the end of the fiscal year."

Cause:

The Acequia was not aware of the due date of the IPA recommendation.

Effect:

If the contract recommendation form is late, the agreed-upon procedures report will probably be late. If the agreed-upon procedures report is late, users of the report are not receiving timely information about the results of the agreed-upon procedures.

**ACEQUIA DE CECILIA**  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
YEAR ENDED FEBRUARY 28, 2015

**Finding 2015-002. Late Submission of IPA Recommendation Form and Agreed-Upon Procedures Contract to OSA (continued)**

Recommendation:

The Acequia should become familiar with Section 2.2.2.16 NMAC of the State Audit Rule to understand the specific requirements and due dates for selecting and contracting with a CPA firm to perform the agreed-upon procedures. For future fiscal years, if the Acequia's annual revenue is less than \$50,000 and the Acequia expended at least 50% of, or the remainder of, a single capital outlay award, the Acequia shall procure services of an IPA for the performance of a Tier 3 Agreed Upon Procedures engagement (Section 2.2.2.16.B(3)). If agreed-upon procedures are required for future fiscal years, the Acequia should take the necessary steps to ensure that a CPA firm is selected and an IPA recommendation form and contract is submitted to the OSA by the first day after the end of the Acequia's fiscal year.

Management's Response:

The Acequia will engage a CPA firm and submit the IPA recommendation form and contract to the OSA by March 1 of the year when the remainder capital outlay is expended. The Secretary/Treasurer with approval of the board will submit the IPA recommendation form by the due date.

**2. Prior Year Findings**

None.

**ACEQUIA DE CECILIA**  
EXIT CONFERENCE  
YEAR ENDED FEBRUARY 28, 2015

The report contents were discussed at an exit conference held on June 16, 2015 with the following in attendance:

**Acequia de Cecilia**

Victoria Suazo-Chanza Secretary/Treasurer

**Assurance Tax Accounting PC**

Johnny Mangu, MBA, CPA, CGFM, CGMA Principal