

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

Acequia de La Isla

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2019

**Acequia de La Isla
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Fiscal Year Ending December 31, 2019**

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**Acequia de La Isla
Official Roster
Fiscal Year Ending December 31, 2019**

Board of Commissioners

Harold Trujillo, President

Jerry Quintana, Secretary

Steve Diamond, Treasurer

Board of Commissioners – Acequia de La San Jose

Joe Pacheco, President

Darrell Herrera, Secretary

Jacquee Gillespie, Treasurer

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners

Acequia de La Isla and Acequia de La San Jose
and

Brian S. Colón, Esq., New Mexico State Auditor

I have performed the procedures enumerated below for the Acequia de La Isla (Acequia) for the year ending 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, 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. 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."

Based on a review of the Acequia's general ledger, total revenues for the fiscal year ending December 31, 2019 were \$8,000 (excluding capital outlay grants). Based on this information, the Acequia was properly determined to be a Tier 3 entity for 2019 since their total revenues were less than \$50,000 and they expended at least 50% of a \$2,000,000 capital outlay appropriation from the New Mexico State Legislature through the New Mexico Office of the State Engineer (NMOSE) during 2019.

2. Perform the following tests on 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 project 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. The Acequia does not use purchase order forms.

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- 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 the project 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).

The Acequia advertised, obtained bids or quotes and awarded the contracts in accordance with its procurement policies and the State Procurement Code.

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

The project work completed to date was observed at Morphy Lake in Mora County on March 5, 2020. The work completed was consistent with the invoices submitted by two contractors for the construction work and the construction management services.

- 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 Acequia submitted the required Request for Payment forms and Project Status Reports to the NMOSE. The amounts requested in the payment forms and status reports agreed with the Acequia's general ledger and supporting documentation.

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.

The project was not funded in advance. The Acequia was required to submit request for payment forms to the NMOSE along with the contractor's invoices and other supporting documentation.

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.

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The Morphy Lake modification project was completed on July 9, 2019. As of December 31, 2019, the unexpended balance of the capital outlay appropriation was \$450,250.84. However, as of March 10, 2020, the Acequia is currently processing a significant change order and invoice from the engineering contractor. Any remaining unexpended balance of the appropriation shall be reverted to the State of New Mexico on June 30, 2022. See the Schedule of Capital Outlay Awards on p. 6 of this report.

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 Acequia de La Isla and the Acequia de La San Jose opened a non-interest bearing joint checking account at the State Employees Credit Union in Santa Fe, NM to account for the cash receipts and disbursements for this project.

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.

In 2019, the Acequia submitted five Request for Payment forms to the NMOSE. Under the terms of the grant agreement, the NMOSE paid a total amount of \$1,549,749.16 to the Acequia in 2019. The amounts requested in the Request for Payment forms agreed with the contractors' invoices and supporting documentation. The requests for payment were supported by costs incurred by the Acequia. See the Schedule of Capital Outlay Awards on p. 6 of this report.

The invoices were not paid by the Acequia prior to the request for payment forms because the Acequia did not have the necessary funds. The Acequia paid for the invoices after the grant checks were received from the NMOSE.

7. The agreed-upon procedures 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 for which there were expenditures during the fiscal year.

See the Schedule of Capital Outlay Awards on p. 6 of this report.

8. 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.

No findings were noted during the agreed-upon procedures.

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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, respectively, on the subject matter. 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 and others with the Acequia, the New Mexico State Auditor, the New Mexico Office of the State Engineer, the New Mexico Department of Finance & 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 these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

March 10, 2020

**Acequia de La Isla
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2019**

Status of Prior Year Findings

No prior year findings.

Current Year Findings

None.

**Acequia de La Isla
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2019**

	1
Amount Awarded	\$ 2,000,000.00
Received and Expended in 2019	<u>(1,549,749.16)</u>
Remaining Balance	<u>\$ 450,250.84</u>

Agreement Provisions

1 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and the Acequia de la San Jose (Fund A18C2721 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2018, Chapter 80, Section 43, Paragraph 1

Date of Agreement: July 30, 2018

Project Description: To plan, design, construct, rehabilitate and make Phase 2 improvements at Morphy Lake Dam in Mora County.

Estimated Project Cost: \$353,963 (Engineering Services); \$2,444,395 + change orders (Construction)

State Grant Amount: \$2,000,000

Agreement termination/reversion date: June 30, 2022

Note: For this grant agreement, the Acequia de La Isla acted as the fiscal agent for both Acequias.

**Acequia de La Isla
Exit Conference
Fiscal Year Ending December 31, 2019**

On March 10, 2020, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Acequia de La Isla

Harold Trujillo, President

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager