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Acequia de La Isla

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended December 31, 2015

**Acequia de La Isla
Table of Contents
Fiscal Year Ended December 31, 2015**

	<u>Page</u>
Table of Contents	i
Official Roster	ii
Independent Accountant's Report	1
Schedule of Findings and Responses	5
Schedule of Capital Outlay Awards	6
Exit Conference	8

**Acequia de La Isla
Official Roster
Fiscal Year Ending December 31, 2015**

Board of Directors

Harold Trujillo, President

Jerry Quintana, Secretary

Steve Diamond, Treasurer

Board of Directors – Acequia de La San Jose

Joe Pacheco, President

Jacquee Gillespie, Treasurer

Dietmar Schumacher, Secretary

Administrative Staff

None

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Harold Trujillo, President, Acequia de La Isla
and
Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the Acequia de La Isla (Acequia) for the year ended December 31, 2015, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (4) 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. 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 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.

- 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 and awarded the engineering services contract to URS Corporation 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.

As of December 31, 2015, no capital assets were built; therefore, there was nothing to observe. The payments made to the contractor, URS Corporation, were for engineering services only. The engineering plans completed by the contractor were observed on January 13, 2016. The work done by the contractor as of December 31, 2015 agreed with the project description and contract.

- 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 New Mexico Office of the State Engineer (NMOSE). The amounts requested in the payment forms and status reports agreed with the Acequia's general ledger and supporting documentation.

- f. 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.

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

The entire project has not been completed. Only professional engineering services for the period ending September 26, 2014 have been billed and paid for by the Acequia. As of December 31, 2015, the unexpended balances of the project appropriations were \$8,626.68, \$82,600 and \$35,000. See the Schedule of Capital Outlay Awards on p. 7 of this report.

- h. 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.

- i. 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 2015, the Acequia submitted five Request for Payment forms totaling \$302,652.96 to the NMOSE. The requests for payment were supported by invoices from the contractor for engineering services rendered during the fiscal year and costs incurred by the Acequia. The amounts requested in the request for payment forms agreed with the contractor's invoices and supporting documentation. 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 checks were received from NMOSE.

2. 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 that meets the Tier 3 criteria.

See the Schedule of Capital Outlay Awards on p. 6-7 of this report.

3. Other

- a. 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.

No findings were noted during the agreed-upon procedures.

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 and others with the Acequia, the New Mexico State Auditor, Department of Finance and Administration –

Local Government Division, Office of the State Engineer and the 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

February 11, 2016

**Acequia de La Isla
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2015**

Status of Prior Year Findings

Finding 2014-1. Late Submission of Firm Recommendation Form and Agreed-Upon Procedures Contract – **Resolved.**

Current Year Findings

None.

**La Acequia de La Isla
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2015**

	1	2	3	4	5
Amount Awarded	\$ 100,000.00	\$ 30,000.00	\$ 250,000.00	\$ 82,600.00	\$ 35,000.00
Received and Expended	(100,000.00)	(21,373.32)	(250,000.00)	-	-
Remaining Balance	<u>\$ -</u>	<u>\$ 8,626.68</u>	<u>\$ -</u>	<u>\$ 82,600.00</u>	<u>\$ 35,000.00</u>

Agreement Provisions

1 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and San Jose Ditch Association (Fund A13-1423 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2013, Chapter 226, Section 21, Paragraph 4

Date of Agreement: August 27, 2013

Project Description: To plan and design, including completion of required studies and environmental impact statements, the Morphy Lake Dam Rehabilitation Project in Mora County.

Estimated Project Cost: \$396,191.44 (for engineering services - planning and design)

State Grant Amount: \$100,000

Agreement termination/reversion date: June 30, 2017

2 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and San Jose Ditch Association (Fund A14-1585 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2014, Chapter 66, Section 15, Paragraph 1

Date of Agreement: July 21, 2014

Project Description: To acquire easements, plan, design and construct the Rehabilitation of Morphy Lake Dam in Mora County.

Estimated Project Cost: \$396,191.44 (for engineering services - planning and design)

State Grant Amount: \$30,000

Agreement termination/reversion date: June 30, 2018

3 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and San Jose Ditch Association (Fund Z40557 Capital Appropriation Project)

Legislative Authority: General Appropriations Act of 2014, Sec. 5, Special Appropriations, Para. 57

Date of Agreement: July 21, 2014

Project Description: For planning, design and flood hazard studies to renovate Morphy Lake Dam in Mora County.

Estimated Project Cost: \$396,191.44 (for engineering services - planning and design)

State Grant Amount: \$250,000

Agreement termination/reversion date: June 30, 2015

**La Acequia de La Isla
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2015**

4 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and San Jose Ditch Association (Fund A09-3790 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2013, Chapter 202, Section 48, Paragraph 1

Date of Agreement: July 11, 2015

Project Description: To acquire easements, plan, design and construct the Rehabilitation of Morphy Lake Dam in Mora County.

Estimated Project Cost: \$396,191.44 (for engineering services - planning and design)

State Grant Amount: \$82,600

Agreement termination/reversion date: June 30, 2017

5 - Grant Agreement Between the New Mexico Office of the State Engineer and the Acequia de La Isla and San Jose Ditch Association (Fund A15-0485 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2014, Chapter 66, Section 15, Paragraph 1

Date of Agreement: October 26, 2015

Project Description: To acquire easements and land and to plan, design and construct the Rehabilitation of Morphy Lake Dam in Mora County.

Estimated Project Cost: \$396,191.44 (for engineering services - planning and design)

State Grant Amount: \$35,000

Agreement termination/reversion date: June 30, 2019

**Acequia de La Isla
Exit Conference
Fiscal Year Ended December 31, 2015**

On February 11, 2016, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

Acequia de La Isla

Harold Trujillo, President
Steve Diamond, Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Engagement Manager