



**STATE OF NEW MEXICO**  
**Rio Costilla Ditch Association**

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

Year Ended December 31, 2015

**STATE OF NEW MEXICO  
Rio Costilla Ditch Association**

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December 31, 2015**

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STATE OF NEW MEXICO  
RIO COSTILLA DITCH ASSOCIATION

Official Roster  
at December 31, 2015

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<u>Name</u>	<u>Title</u>
<b><u>Board Members</u></b>	
Telesfor R. Gonzales Efren Medina Yolanda Silva Lewis Demecio Duran	Chairman Treasurer Secretary Member

**STATE OF NEW MEXICO  
 Rio Costilla Ditch Association  
 Projects Schedule - Summary  
 For the Year Ended December 31, 2015**

**Exhibit A**

NM Interstate Stream Commission Cost Share Agreement	Pay Request	Amount Grant/Loan Awarded	Amount of Grant Received	Amount of Loan Received	Actual Amount Expended	Requested Remaining Balance	Actual Legislation	Effective Dates
90/10 Acequia Agreement	1	\$ 166,138.76	\$ 72,175.65	-	\$ 72,175.65	\$ 93,963.11		Through
	2	-	76,991.40	16,613.88	93,565.51	\$ -	Laws of 2014 Ch. 63, p. 95, Lines 22-25, and p 96, Lines 1-11 for Acequia projects	6/30/2015

**STATE OF NEW MEXICO**

**Rio Costilla Ditch Association**

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

**Year Ended December 31, 2015**

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

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To: Telesfor Gonzales  
Rio Costilla Ditch Association  
Board of Directors  
and  
Timothy Keller  
New Mexico State Auditor

We have performed the procedures enumerated below for the Rio Costilla Ditch Association (Association) for the year ended December 31, 2015, solely to assist the Association in demonstrating compliance with the provisions of Laws of 2008, Chapter 83, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The Association was determined to be a Tier 3 entity under the Audit Act, Section 12-6-3 B (5) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the Office of the New Mexico State Auditor. The Association's management is responsible for the organization's accounting records. 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 follow.

1. Test of state funded capital outlay expenditure

- 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.

Precision Accounting, LLC determined that amounts disbursed agree to adequate supporting documentation. The disbursements were inspected to ensure that the amount, payee, date and description agree to purchase order, bank statements and/or vendor invoice as appropriate.

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

Precision Accounting, LLC selected all cash disbursements with regards to the Rio Costilla Ditch Association Pipeline Project. All disbursements were properly authorized and traced those disbursements to the general ledger and other supporting documentation and financial reports.

- 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).

Precision Accounting, LLC noted that the Association performed the bid process in accordance with the New Mexico Procurement Code and State Purchasing

Regulations, including documents such as: board approval, advertisements for bid proposals in local news, contracts, agreements and purchase orders/requests.

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

Precision Accounting, LLC has noted the physical existence of the capital asset based on observation.

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.

Precision Accounting, LLC has verified the status reports and can ensure that the status reports were submitted to the state agency per the terms of the agreement. In addition, the amounts of the status reports agree to the financial reports and other 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.

Precision Accounting, LLC has determined that the project was on a reimbursement basis.

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.

Precision Accounting, LLC noted that the project is complete and there is not an unexpended balance associated with the project.

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.

Precision Accounting, LLC has determined that the cash received for the award has been accounted for in a separate bank account as required by the capital outlay agreement.

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.

Precision Accounting, LLC has determined that reimbursement requests were properly supported by the costs incurred by the Association. Precision Accounting, LLC verified invoices, bank statements, contracts and agreements associated with the costs incurred.

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(1)(3)(C) NMAC.

Precision Accounting, LLC has noted that there is no indication of any fraud, illegal acts. Any noncompliance and/or any internal control deficiencies have been in the report as required by Section 12-6-6 NMSA 1978.

\* \* \* \*

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. 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 the Rio Costilla Ditch Association, the New Mexico State Auditor's Office and the Department of Finance and Administration, Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.

*Precision Accounting, LLC*

Precision Accounting, LLC  
Albuquerque, New Mexico  
January 23, 2016



**STATE OF NEW MEXICO**  
**Rio Costilla Ditch Association**  
**Schedule of Findings and Responses**  
**December 31, 2015**

<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
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**Current Year Findings:**

None

**Prior Year Findings:**

None

**\* Legend for Findings:**

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

**STATE OF NEW MEXICO  
Rio Costilla Ditch Association**

**Exit Conference  
Year Ended December 31, 2015**

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**EXIT CONFERENCE**

The report contents were discussed at an exit conference held on January 23, 2016 with the following in attendance:

Rio Costilla Ditch Association

Telesfor R. Gonzales, Chairman

Precision Accounting, LLC

Melissa R. Santistevan, CPA, CFE, CICA, CGMA  
Daniel Perea, Staff Accountant

Rio Costilla Ditch Association  
 Agreed Upon Procedures Tier 3  
 December 31, 2015

<u>Agency Number</u>	<u>Agency Name</u>	<u>Audit Fiscal Year</u>	<u>Agency Classification</u>	<u>Financial Statement Opinion</u>	<u>Opinion for Major Federal Programs</u>	<u>Finding Number</u>	<u>New or Repeat Finding</u>	<u>Year Finding Originated</u>	<u>Classification of Finding</u>	<u>Category of Finding</u>	<u>Finding Title / Summary (200 Characters or Less)</u>	<u>Report Link (OSA will input field)</u>
NONE												