

STATE OF NEW MEXICO

ACEQUIA DEL POTRERO

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

**For the Year Ended
November 30, 2014**

James L. Hartogenesis, CPA LLC

Certified Public Accountants

**STATE OF NEW MEXICO
ACEQUIA DEL POTRERO**

NOVEMBER 30, 2014
Table of Contents

	Page
Official Roster	1
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	2-4
Schedule of Capital Projects	5
Schedule of Findings and Responses	6
Exit Conference.....	7

STATE OF NEW MEXICO
ACEQUIA DEL POTRERO
OFFICIAL ROSTER
NOVEMBER 30, 2014

Board of Commissioners

<u>Name</u>	<u>Title</u>
David McCormick	President/Chair
Cornelio Trujillo	Treasurer
Sarah De La Rosa	Secretary

Administration

Michael Lamb	Mayordomo
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**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Acequia Del Potrero
and
Honorable Timothy M. Keller
New Mexico State Auditor
Santa Fe, New Mexico

We have performed the procedures enumerated below which were agreed to by Acequia Del Potrero (the "Acequia") and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Corporation's financial reporting relating to its capital outlay award and its compliance with Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended November 30, 2014. The Acequia is responsible for its financial reporting as described above. 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.

In accordance with Tier 3 of the Audit Act – Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC, our procedures and associated 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.
 - b) Determine that the cash disbursements were properly authorized and approved in accordance 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).
 - d) Determine the physical existence (by observation) of the capital asset based on expenditures to date.

- 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.

Findings:

100% of capital outlay disbursements were tested. For all disbursements that were tested, the amount recorded as disbursed agreed to adequate supporting documentation, and the amount, payee, date and description agreed to the purchase order, contract, vendor's invoice and canceled check, where applicable. The amounts expended did not meet the criteria to be subject to the NM Procurement Code. The capital outlay award was not for infrastructure or equipment that could be observed, therefore the procedure for testing for physical existence of the asset is not an applicable procedure. All status reports required were submitted and properly supported.

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.

Findings:

The project was not funded in advance, therefore this procedure is not applicable.

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.

Findings:

The project was not funded in advance, therefore this procedure is not applicable.

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.

Findings:

The capital outlay award did not require a separate bank account, therefore this procedure is not applicable.

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.

Findings:

100% of the reimbursement requests were tested and were properly supported by costs incurred by the Acequia, and all costs were incurred by the Acequia prior to the request for each reimbursement. Vendors were paid by the Acequia within 15 days of receipt of funds.

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.

Findings:

This agreed-upon procedures report was due to the Office of the State Auditor on April 30, 2015, therefore it is late. See Finding 2014-001. No instances of fraud, illegal acts, other noncompliance or internal control deficiencies were noted.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the Acequia's financial reporting to the State Auditor as described above. 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 Acequia Del Potrero, New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
February 16, 2016

**SCHEDULE OF
CAPITAL PROJECTS**

STATE OF NEW MEXICO
ACEQUIA DEL POTRERO
SCHEDULE OF CAPITAL PROJECTS
YEAR ENDED NOVEMBER 30, 2014

<u>Project Number</u>	<u>Project Name</u>	<u>Amount Awarded</u>	<u>Amount Received</u>	<u>Amount Expended</u>	<u>Remaining Balance</u>	<u>Legislation/ Effective Dates</u>
13-1597	Acequia Del Potrero Acequia Improvements	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	Laws of 2013, Ch. 226/Sec. 29/Para. 30 7/1/2013 - 6/30/2017

STATE OF NEW MEXICO
ACEQUIA DEL POTRERO
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED NOVEMBER 30, 2014

1. Current Year Finding

2014-001 Late Agreed-Upon Procedures Report/Auditor Recommendation

Condition: The Acequia did not submit their 2014 agreed-upon procedures report to the Office of the State Auditor by April 30, 2015, the due date of the report. In addition, the IPA recommendation for 2014 was not submitted to the State Auditor until December 2015.

Criteria: 2.2.2 NMAC (State Audit Rule) requires submission of the IPA recommendations at least 30 days prior to year-end, or by November 1, 2014. 2.2.2 NMAC also requires submission of audit reports within five months after year-end, or April 30, 2015.

Cause: The Acequia did not have the resources to comply with the State Audit Rule requirements in a timely manner.

Effect: The Acequia was not in compliance with the State Audit Rule, which could impact their ability to receive grants from federal and state sources.

Recommendation: The Acequia should prepare the annual auditor recommendation by November 1 of each year and submit it to the Office of the State Auditor. The Acequia should also institute policies and procedures that will enable it to complete their annual agreed-upon procedures and/or reporting requirements within five months after year-end.

Management Response: The Acequia will contract for the annual audit in sufficient time to allow for completion by the due date.

2. Prior Year Findings

None.

STATE OF NEW MEXICO
ACEQUIA DEL POTRERO
EXIT CONFERENCE
YEAR ENDED NOVEMBER 30, 2014

The report contents were discussed at an exit conference held on February 16, 2016 with the following in attendance:

Acequia Del Potrero

David McCormick	President/Chair
Michael Lamb	Mayordomo

James L. Hartogenesis, CPA LLC

James Hartogenesis, CPA, CGFM	Principal
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