



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

ACEQUIA DE LOS PINOS

**Independent Accountant's Report
On Applying Agreed-Upon Procedures
(Tier 3)
For The Year Ended June 30, 2016**

**STATE OF NEW MEXICO
ACEQUIA DE LOS PINOS
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES (TIER 3)**

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**STATE OF NEW MEXICO
ACEQUIA DE LOS PINOS
INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES (TIER 3)**

**OFFICIAL ROSTER
As of June 30, 2016**

Commissioners

Leonard Casaus
Bruce Washburne
Eduardo Aragon
Frank Ramirez

Chief Commissioner
Secretary
Treasurer
Mayordomo

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES (TIER 3)

Commissioners of
Acequia de Los Pinos
Cuba, New Mexico
and

Mr. Tim Keller, New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by Acequia de Los Pinos (Acequia) and the New Mexico State Auditor (the specified parties), solely to assist you in determining compliance with 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 June 30, 2016. 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 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 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 "Tier System Reporting Main Page."**

The Acequia's revenue calculation and tier determination were documented on the form provided at www.osanm.org under the "Tier System Reporting Main Page" and it was determined that the Acequia is under the Tier 3 reporting procedures.

- 2. 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.

The payment from the State of New Mexico, Department of Finance and Administration was reviewed and agreed with the request for reimbursement form, the vendor's invoice, contract, and canceled check. The Acequia does not use purchase orders.

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

Approved Capital Outlay Appropriation Project Acequia Request for reimbursements form was reviewed with proper authorization by the New Mexico Interstate Stream Commission. The approved budget was also reviewed.

c) Determine 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).

Acequia representatives contacted seven contractors and provided reasonable explanations for its selection of the contractor to do the work. Contracts and agreements were also reviewed with nothing unusual noted in the contracting process.

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

The existence of the contractor's work was verified after the work was completed for the expenditures approved by the New Mexico Interstate Stream Commission.

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 status report was verified and reviewed. The report was submitted with the one request for payment.

3. If the project was funded in advance, determine if the award balance and cash balance appropriately reflects the percentage of completion based on project schedule and expenditures to date.

The project was not funded in advance. Payments are made after the work is completed.

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

The project is ongoing with the reversion of any unused funds from the second award of \$50,000 required by June 30, 2018. The funds from the first award of \$25,000 that were required to be reverted June 30, 2017 were fully expended

5. Determine whether cash received from the fund was accounted for in a separate fund or bank account that is non-interest bearing if so required by the capital outlay agreement.

The Acequia maintains a separate bank account for its capital project funds per agreement with the New Mexico Interstate Stream Commission.

6. Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether costs were paid by the local public body prior to the request for reimbursement.

Reimbursement requests were supported by vendor invoices and the vendor was not paid until the funds were received by the recipient.

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

No indications of any fraud, illegal acts, noncompliance, or any internal control deficiencies came to the IPA's attention during performance of the Agreed Upon Procedures.

We were not engaged and did not conduct an audit, the objective of which would be an 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 de Los Pinos, 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 these specified parties.

Hinkle & Landers, P.C.

Hinkle + Landers, P.C.
Albuquerque, NM
August 2, 2016

Acequia de Los Pinos
Schedule of Capital Outlay Awards and Expenditures
June 30, 2016

Amounts awarded for projects		
Fund (13-1589) Capital Appropriation Project	\$	25,000
Fund (14-1808) Capital Appropriation Project		50,000
Amount received by Acequia		45,916
Amount expended by Acequia		<u>(45,916)</u>
Remaining balance	\$	<u><u>29,084</u></u>

Note 1: Capital Appropriation Project Agreements 13-1589 and 14-1808 between the New Mexico Office of State Engineer (OSE), New Mexico Interstate Stream Commission (NMISC) and Acequia de Los Pinos

Legislative Authority: NM Laws of 2013, Chapter 226, Section 29, Paragraph 22 and NM Laws 2014, Chapter 66, Section 21, Paragraph 17

Dates of Agreements: April 1, 2014 and December 9, 2014

Project Description: To plan, design and construct improvements to Los Pinos ditch in Sandoval County

Estimated Project Cost: \$75,000

Agreement Termination/Reversion Dates: June 30, 2017 and June 30, 2018.

**STATE OF NEW MEXICO
ACEQUIA DE LOS PINOS
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2016**

Current Year Findings

2016-001. Status Reports to the New Mexico Interstate Stream Commission per terms of the agreement were not submitted.

Statement of 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 Agreements between the NM Interstate Stream Commission and the Acequia dated April 1, 2014 and December 9, 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 Reports 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 submission of a Paper Final Report for the Project.

Cause

The Acequia was not filing the Periodic Paper Reports as required by the agreement.

Effect:

Failure to be in compliance with the terms of the agreement could lead to early termination.

Recommendation:

The Acequia should submit the monthly Paper Periodic Reports as required by the Capital Appropriation Agreement.

Management's Response:

We will submit monthly status reports as required. The Treasurer and/or Secretary will implement this reporting beginning August 2016.

**STATE OF NEW MEXICO
ACEQUIA DE LOS PINOS
EXIT CONFERENCE
For the Year Ended June 30, 2016**

An exit conference was held in a closed session on August 2, 2016, in Albuquerque, NM. In attendance were the following:

Representing the Acequia:

Bruce Washburne
Eduardo Aragon

Secretary
Treasurer

Representing Hinkle + Landers, PC:

Farley Vener, CPA, CGMA, CFE

President