

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

La Acequia del Llano

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ending December 31, 2019

**La Acequia del Llano
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Fiscal Year Ending December 31, 2019**

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**La Acequia del Llano
Official Roster
Fiscal Year Ending December 31, 2019**

Board of Commissioners

Matt Romero, President

Cedar Koons, Treasurer

Lorenz Osen, Secretary

Mayordomo

Gunnar Kubiak

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners

La Acequia de Llano

Dixon, New Mexico

and

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

Santa Fe, New Mexico

I have performed the procedures enumerated below for the La Acequia de Llano (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."

According to the Acequia's general ledger, total revenues for the fiscal year ending December 31, 2019 were \$17,582 (excluding capital outlay appropriation revenues of \$40,000 from the New Mexico Interstate Stream Commission). 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 the remaining balance of a state capital outlay appropriation 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.

The capital outlay expenditures for the project work were tested. The amount recorded as disbursed (payee, date and description of purchase) agreed with the invoices, canceled checks and supporting documentation.

- 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 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).

The project work did not require an invitation for bids. The Acequia selected the lowest quotes for the project work in accordance with the State Procurement Code.

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

The completed project work was physically observed on January 23, 2020. The work completed agreed with the invoices and supporting documentation.

- 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 provided evidence showing that the required status reports were submitted into the database maintained by the New Mexico Department of Finance and Administration.

- 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 New Mexico Interstate Stream Commission (NMISC) along with 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.

The project work was completed and the capital outlay appropriation was fully expended as of December 31, 2019. See the Schedule of Capital Outlay Awards on p. 5.

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 used its checking account at the Centinel Bank of Taos to account for the cash receipts and disbursements for the capital appropriation 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 three Request for Payment forms to the NMISC totaling \$40,000. The NMISC approved the requests and paid a total amount of \$40,000 to the Acequia in 2019. The amounts requested in the Request for Payment forms agreed with the invoices and were supported by costs incurred by the Acequia.

The invoices were not paid by the Acequia prior to the requests for payment because the Acequia did not have the necessary funds. The Acequia paid the invoices after the checks were received from the NMISC.

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. 5.

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 other findings were noted during the agreed-upon procedures.

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 Interstate Stream Commission, 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

January 23, 2020

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

	<u>1</u>
Amount Awarded for Project	\$ 40,000.00
Amount Received and Expended in 2019	<u>(40,000.00)</u>
Remaining Balance	<u>\$ -</u>

Agreement Provisions

**1 - Grant Agreement Between the NM Interstate Stream Commission and the Acequia del Llano
(Fund C2384 Capital Appropriation Project)**

Legislative Authority: NM Laws of 2018, Chapter 80, Section 25, Paragraph 13

Date of Agreement: October 30, 2018

Project Description: For site preparation and to design, construct and install piping
for the Acequia del Llano in Dixon in Rio Arriba County.

Estimated Project Cost: \$40,000

State Grant Amount: \$40,000

Agreement termination/reversion date: June 30, 2022

**La Acequia del Llano
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2019**

Status of Prior Year Findings

Finding 2017-001. Late Contract and Agreed-Upon Procedures for FY16 – Resolved.

Finding 2017-002. Non-Submission of Monthly Project Status Reports – Resolved.

Current Year Findings

None.

**La Acequia del Llano
Exit Conference
Fiscal Year Ending December 31, 2019**

On January 23, 2020, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

La Acequia del Llano

Matt Romero, President

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager