

# **Accounting & Auditing Services, LLC**

**Financial Audits + Agreed Upon Procedures + Tax + Consulting**

**Abeyta-Trujillo Acequia Association**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

**For the Fiscal Year Ending December 31, 2018**

**Abeyta-Trujillo Acequia Association  
Table of Contents  
Fiscal Year Ended December 31, 2018**

	<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	7
Exit Conference	8

**Abeyta-Trujillo Acequia Association  
Official Roster  
Fiscal Year Ending December 31, 2018**

**Board of Commissioners**

Daniel Manzanares, Chair

Timothy J. Seaman, Treasurer

Cheryl Muceus, Secretary

**Administrative Staff**

None.

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners  
Abeyta-Trujillo Acequia Association  
and  
Brian S. Colon, Esq., New Mexico State Auditor

I have performed the procedures enumerated below for the Abeyta-Trujillo Acequia Association (Association) for the year ending December 31, 2018, 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 Association through the New Mexico Office of the State Auditor. The Association'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](http://www.osanm.org) under "Tiered System Reporting Main Page."

Based on a review of the Association's general ledger, total revenues for the year ending December 31, 2018 were \$4,669 (excluding a capital outlay appropriation from the New Mexico Interstate Stream Commission). Based on this information, the Association was properly determined to be a Tier 3 entity for 2018 since their total revenues were less than \$50,000 and they expended at least 50% of a capital outlay appropriation in 2018.

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 cash disbursement for the capital appropriation project was tested. The amount disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the invoice and canceled check.

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

The cash disbursement was properly authorized and approved in accordance with the project budget, legal requirements and the Association'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 Rio Chama Acequia Association entered into an agreement dated June 19, 2018 with the Middle Rio Grande Conservancy District (MRGCD) for the storage of up to 1,000 acre-feet of water in the El Vado Reservoir for a period not to exceed 25 years. According to the Treasurer of the Association, the storage space for the water was only available in the El Vado Reservoir which is operated by the Bureau of Reclamation for the MRGCD. Therefore, the Association was not required to obtain bids for the purchase of the water storage space, and the contract (El Vado Storage Agreement) with the MRGCD was processed in accordance with the New Mexico Procurement Code.

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

No capital assets were purchased or constructed; therefore, there was nothing to observe.

- 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 Association submitted a final project status report to the NMISC. The information in the final status report agreed with the Association's general ledger and supporting documentation. However, the Association did not submit the required monthly paper and paperless status reports to the NMISC and the New Mexico Department of Finance and Administration. See Finding 2018-001 on p. 5.

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 Association was required to submit request for payment forms to the 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. In accordance with the capital appropriation agreement, the unexpended balance of \$1,200 reverted to the State of New Mexico on June 30, 2018.

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 Association used its checking account at Del Norte Credit Union in Los Alamos, NM to account for the cash receipts and disbursements for this 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 2018, the Association submitted one Request for Payment form to the NMISC. Under the terms of the capital appropriation agreement, the NMISC paid \$98,800 to the Association on July 2, 2018. The amount requested in the Request for Payment form agreed with the invoice dated June 26, 2018 and the supporting documentation (El Vado Storage Agreement). The request for payment was supported by costs incurred by the Association.

The invoice for \$98,800 from the Middle Rio Grande Conservancy District was not paid by the Association prior to the request for payment because the Association did not have the necessary funds. After the check was received from the NMISC, the Association paid the invoice with a check dated July 6, 2018.

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. 6 of this report.

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 Association, the New Mexico State Auditor, New Mexico Interstate Stream Commission 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

April 1, 2019

**Abeyta-Trujillo Acequia Association  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2018**

**Status of Prior Year Findings**

No prior year findings.

**Current Year Findings**

**Finding 2018-001. Non-Submission of Monthly Project Status Reports**

**Condition**

The Association did not submit monthly project status reports to the New Mexico Interstate Stream Commission (NMISC) and the New Mexico Department of Finance and Administration (DFA). The Association only submitted a final paper report to the NMISC on March 6, 2019 which was seven months after the due date.

**Criteria**

Article VIII.A (Paper Periodic Reports) of the capital outlay agreement between the Association and NMISC states: "The Acequia shall submit to the NMISC Paper Periodic Reports for the Project. The Paper Periodic Report shall be due monthly on the last day of each month, beginning with the first full month following execution of this Agreement by the NMISC and ending upon the submission of a Paper Final Report for the Project."

Article VIII.B (Paper Final Report) states: "The Paper Final Report must be submitted within twenty days after the Project's Reversion Date" of June 30, 2018.

Article VIII.C (Paperless Reports) states: "The Acequia shall report periodic and final Project activity by entering such Project information as the NMISC and DFA may require directly into a database maintained by NMISC and DFA. The Paperless Report shall be due monthly on the last day of each month, beginning with the first full month following execution of this Agreement by the NMISC and ending upon the submission of a Final Report for the Project."

**Effect**

The NMISC and DFA did not receive the monthly status reports to monitor the project activity and accurately report the status of the capital outlay appropriation.

**Cause**

The Treasurer of the Association stated that he unintentionally overlooked the reporting requirements since there was only one disbursement request and expenditure transaction for this project.



**Abeyta-Trujillo Acequia Association  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2018**

Recommendation

For future capital outlay appropriations from the State of New Mexico, the Association's Board of Commissioners should thoroughly read the capital outlay agreement to understand all of the reporting requirements. The Board of Commissioners should then implement a procedure to ensure the monthly and final status reports (paper and paperless) are submitted to NMISC and DFA by the due dates required by the terms of the capital outlay agreement.

Management's Response

The Acequia management is well aware of the monthly reporting requirements now and will fully comply with this, and all future capital outlay appropriations. As new Capital Outlay Agreements are executed, the Abeyta-Trujillo Acequia Treasurer will immediately set up an annual reporting schedule using the Google Calendar application. As reports are prepared and submitted, a separate paper file will be maintained for monthly reports until the award is fully expended and the final reports submitted. Online reporting for DFA will be documented with printouts from captured screens showing the date of completion.

**Abeyta-Trujillo Acequia Association  
Schedule of Capital Outlay Awards  
For the Fiscal Year Ending December 31, 2018**

	1
Amount Awarded	\$ 100,000.00
Received and Expended in 2018	(98,800.00)
Remaining Balance (Reverted)	\$ 1,200.00

**Agreement Provisions**

**1 - Capital Outlay Agreement Between the New Mexico Interstate Stream Commission and the Abeyta-Trujillo Acequia Association, fiscal agent for the Rio de Chama Acequias Association in Rio Arriba County (Fund 16-A4063 Capital Appropriation Project - Reauthorization of 12-1400).**

Original Legislative Authority: New Mexico Laws of 2016, Chapter 83, Section 73

Interstate Stream Commission Project: New Mexico Laws of 2012, Chapter 64, Section 15, Subsection 10

Date of Agreement: June 19, 2018

Project Description: To purchase water rights and water storage rights at Abiquiu dam for Rio Chama Acequias Association in the Mendanales area in Rio Arriba County which may include the purchase of water rights and water storage rights at El Vado dam.

Estimated Project Cost: \$100,000

Agreement termination/reversion date: June 30, 2018

**Abeyta-Trujillo Acequia Association  
Exit Conference  
Fiscal Year Ending December 31, 2018**

On April 1, 2019, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

Abeyta-Trujillo Acequia Association

Timothy J. Seaman, Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager