

STATE OF NEW MEXICO
LA ACEQUIA DE LOS LOBATOS
Tier 3 Agreed Upon Procedures Report
December 31, 2010

LA ACEQUIA DE LOS LOBATOS
Tier 3 Agreed Upon Procedures Report

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LA ACEQUIA DE LOS LOBATOS
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Official Roster

As of December 31, 2010

Commission Chair – Mario Suazo

Treasurer – Joseph McCutchen

Secretary – Celestina Quintana

Mayordomo – Paul Jaramillo



Independent Accountant's Report on Applying Agreed-Upon Procedures

Mr. Brian S. Colón
New Mexico State Auditor
and
Mario Suazo, Commission Chair
La Acequia de Los Lobatos
Taos, NM 87571

We have performed the procedures enumerated below, which were agreed to by the New Mexico Office of the State Auditor and La Acequia de Los Lobatos (Acequia) on the accompanying Statement of Capital Outlay Awards for the year ended December 31, 2010. The Acequia's management is responsible for the Statement of Capital Outlay Awards for the year ended December 31, 2010. 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 enumerated below either for the purpose for which this report has been requested or for any other purpose. The 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."

The Acequia correctly calculated its revenues and determined as a Tier 3 agreed-upon procedures engagement.

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 amount disbursed agreed with the contract agreement. The amount, payee, date, and description of the project agreed with the vendor's invoice and the canceled check.

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

The disbursement was properly authorized and approved and 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 amount of the capital outlay awarded does not require the Acequia to obtain formal bids or request for proposal; however, the Acequia did obtain three informal bids and awarded the middle bid contractor for the project.

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

The completed projects were observed on December 3, 2019.

- e. Verify that status reports were submitted to the state agency per terms of the agreement and amounts in the status report agree with the general ledger and other supporting documentation.

The Acequia submitted to the New Mexico Interstate Stream Commission (NMISC) the first and final request for reimbursement along with the project completion photos on April 15, 2010.

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 reimbursement forms to the NMISC upon completion of work on the project. The Acequia paid for its project expenditures after the Acequia received the check from the NMISC.

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 Acequia expended the total appropriation. There was no reversion amount.

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 capital project agreement did not require the funds to be held in a separate bank account.

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

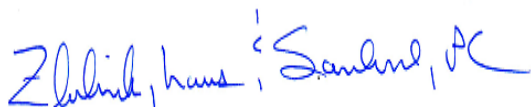
The Acequia filed a Request for Reimbursement Form with the NMISC based on an unpaid invoice submitted to the Acequia by a vendor who had performed work on the Acequia project. The costs were not paid by the Acequia before the request for reimbursement because the Acequia did not have the necessary funds. The Acequia paid for its project expenditures soon after the check was received from the NMISC. A finding is not considered necessary since the Acequia complied with the NMISC's reimbursement procedures requirements.

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.

See the Schedule of Findings and Responses listed in the table of contents. The Acequia did not complete and submit this 2010 AUP report by the required deadline. See finding 2010-001.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 Statement of Capital Outlay Awards. 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 the management of La Acequia de Los Lobatos, the New Mexico State Auditor, the Department of Finance and Administration Local Government Divisions, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.



Zlotnick, Laws & Sandoval, PC
November 20, 2019

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Statement of Capital Outlay Awards

Project: Grant to construct water control structures and the associated appurtenances in the acequia.

Amount Awarded for Project (Note 1)	\$ 9,345.00
Amount Received/Requested	9,343.75
Amount Expended as of 12/31/10	<u>9,343.75</u>
Unexpended budget	<u>\$ 1.25</u>

Note 1) The capital project funds were appropriated as follows:

\$9,345 pursuant to New Mexico Laws of 2009, House Bill 17, (1st Special Session). The amended agreement with the New Mexico Interstate Stream Commission was dated December 21, 2009. The agreement terminates on June 30, 2010, or sooner if the project is completed prior to that time.

The project was completed on April 15, 2010.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

Schedule of Findings and Responses

2010-001 LATE REPORT - Noncompliance

Condition:

The 2010 Tier 3 Agreed Upon Procedures Report was submitted after the due date.

Criteria:

NMAC 2.2.2.16 G (1): Local public bodies with a fiscal year-end other than June 30 shall submit the agreed-upon procedures report or certification no later than five months after the fiscal year-end.

Effect:

The report is not made available to the public in a timely manner, and the usefulness of the Report is thereby impaired.

Cause:

The Acequia is made up of volunteer board members, and they were not aware of the requirements under the State Audit Rule.

Recommendation:

We recommend that management set and follow deadlines for the contracting with an IPA and the completion and submission of the report that ensure timely reporting and compliance with NMAC 2.2.2.

Management Response:

We now recognize the New Mexico state reporting requirements for capital outlays and indeed the need for annual tier determination and annual certification reporting. Much of this would have remained unknown to us were it not for the free workshops, sponsored by the New Mexico Acequia Association (NMAA), where they have shared their knowledge in this regard with acequia commissioners. For their very survival volunteer organizations such as the acequia associations are necessarily focused on parciante engagement as this is the foundation of this ancient community-based entity. We consider this community effort to be unique (within the United States) and important to local human sustainability and resilience. However, we also of course recognize the need to provide continuous maintenance on the ditches and gates that allow us to control the flow of surface water throughout our fields. Additionally, many (perhaps most) of our parciantes are low income. Therefore, we appreciate the state monetary support to augment our efforts to maintain the acequia. As stated above we will do our best in the future to comply with the rules of the state reporting and train those who eventually will replace us in these leadership positions regarding the processes of required state reporting.

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Exit Conference

On December 4, 2019 an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and the contents of this report in a closed meeting:

La Acequia de Los Lobatos

Mario Suazo, Chairman
David Muñoz, Treasurer

Zlotnick, Laws & Sandoval, PC

Richard Sandoval, CPA
Ban Trinh, CPA