



MACIAS, GUTIERREZ & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
TIERRA AMARILLA, NEW MEXICO

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# **STATE OF NEW MEXICO**

## **ACEQUIA DEL ANCON DE SARACINO**

Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 3)

Year Ended December 31, 2011

**STATE OF NEW MEXICO**

**ACEQUIA DEL ANCON DE SARACINO**

**Independent Accountants' Report on Applying  
Agreed-Upon Procedures (Tier 3)**

**Year Ended December 31, 2011**

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**STATE OF NEW MEXICO  
ACEQUIA DEL ANCON DE SARACINO**

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December 31, 2011**

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**STATE OF NEW MEXICO  
ACEQUIA DEL ANCON DE SARACINO**

**Official Roster  
at December 31, 2011**

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<u>Name</u>	<u>Title</u>
<b><u>Board of Directors</u></b>	
Michael A. Kauffman	Chairman
Armand Saiia	Secretary
Albert T. Padilla	Treasurer
<b><u>Staff</u></b>	
Harry Anderson	Mayordomo



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants*  
*Member AICPA, NMSCPA*

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## **INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 3)**

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To: Michael A. Kauffman, Chairman  
Acequia del Ancon de Saracino #13225  
and  
Brian S. Colón, Esq.  
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Acequia del Ancon de Saracino (ADADS) and the Office of the State Auditor on the Tier Verification, the State-Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, **2011**, included in the accompanying information provided to us by management of the Acequia del Ancon de Saracino. The Acequia del Ancon de Saracino is responsible for the Tier Verification, the State Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, **2011** included in the accompanying information provided to us by the management of the ADADS. 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. The procedures and associated findings (Results of Procedures Performed) are as follows:

The Contractor shall request and review all state-funded capital outlay awards, joint powers agreements, correspondence and other relevant documentation for the capital outlay award funds expended by the recipient that meet Tier 3 criteria.

1. Before beginning the procedures below, the IPA must verify the local public body's revenue calculation and tier determination using the form provided at [www.osanm.org](http://www.osanm.org) under "Tiered System Reporting Main Page."

We verified the Acequia del Ancon de Saracino's revenue calculation and tier determination. The Acequia del Ancon de Saracino's cash basis revenue was less than \$50,000 and expended at least 50% of, or the remainder of a capital outlay award which meets the criteria for **Tier 3 determination**.

### **2. The Contractor shall test all state-funded capital outlay expenditures to:**

#### **Procedures**

- a) Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and cancelled check, as appropriate.

- b) Determine that disbursements were properly authorized and approved in compliance 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 (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 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.

#### **Results of Procedures Performed**

- a) For the year ended December 31, 2011, we determined that amounts recorded as disbursed agreed to adequate supporting documentation and we verified that amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts and cancelled check copies, as appropriate. There were three active projects. For Project 07-4822, we examined one disbursement for \$19,515.99. For Project 10-1129, we examined one disbursement for \$27,000.00. For Project 10-1132, we examined one disbursement for \$23,698.81.
- b) We determined that the disbursement was properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) We determined that the bid process or request for proposal process, purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-99 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC).
- d) We determined the physical existence by photographs of the capital asset based on expenditures to date.
- e) We verified that status reports were submitted to the state agency per terms of agreement and amounts in the status report agree with accounting records and other supporting documentation.

### **3. Procedures**

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

#### **Results of Procedures Performed**

There were three active projects. The projects were not intended to be funded in advance but on a reimbursement basis.

### **4. Procedures**

If the project is complete, the Contactor shall determine if there is unexpended balance and whether it was reverted per statute and agreement with the grantor.

#### **Results of Procedures Performed**

Project 07-4822 is complete and there is no unexpended balance but Projects 10-1129 and 10-1132 are not complete and there are unexpended balances of \$11,000.00 and \$6,301.19, respectively, in agreement with the grantor.

**5. Procedures**

The Contractor shall 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 agreement.

**Results of Procedures Performed**

Since the projects were approved on a reimbursement basis, no separate fund or bank accounts were required.

**6. Procedures**

The Contractor shall determine whether reimbursement requests were properly supported by costs incurred by the recipient. The Contractor shall determine whether the costs were paid by the local public body prior to the request for reimbursement.

**Results of Procedures Performed**

We determined that reimbursement requests were properly supported and the ADADN incurred costs prior to the submission of requests for funding from the New Mexico Interstate Stream Commission Acequia Program. There were three projects. For Project 07-4822, we examined one reimbursement request for \$19,515.99. For Project 10-1129, we examined one reimbursement request for \$38,000.00. For Project 10-1132, we examined one reimbursement request for \$23,698.81.

**7. Other Procedures**

If information comes to the Contractor's attention (regardless of materiality) indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies, disclose 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) (3) (C) NMAC.

**Results of Procedures Performed**

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, or internal control deficiencies. However, see a noncompliance finding for Late Report submission as Finding 10-001 on page 4. This is a repeat finding from the prior-year AUP and no action could be taken since the AUPs for the years ended December 31, 2010 and 2011 were performed at the same time. The Office of the State Auditor requires that repeat findings retain the same finding number until resolved.

\* \* \* \* \*

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 a review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Tier Verification, State-Funded Capital Outlay Expenditures and Reimbursements or Other for the Acequia del Ancon de Saracino for the year ended December 31, **2011**, included in the accompanying information provided to us by management of the Acequia del Ancon de Saracino. 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 Acequia del Ancon de Saracino, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division and the New Mexico Legislature and is not intended to be and should not be used by anyone other than the specified parties.

*Macias, Gutierrez & Co., CPAs, P. C.*

Macias, Gutierrez & Co., CPAs, P. C.  
Espanola, New Mexico 87532  
June 25, 2019

STATE OF NEW MEXICO  
 ACEQUIA DEL ANCON DE SARACINO  
 Agreed-Upon Procedures (Tier 3)  
 For the Year Ended December 31, 2011

Exhibit A

Capital Outlay Project No.	Pay Request	Amount Awarded	Amount Requested/ Received	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
07-4822 GF		<u>\$ 40,000.00</u>					
	1		\$ 5,892.82	\$ 5,892.82	\$ 34,107.18	Laws of 2007, Chapter 42, Section 67, Paragraph 44, to plan, design and construct improvements to the acequia del Ancon de Saracino, including the diversion dam, in San Miguel County.	Through 6/30/2011
	2		14,591.19	14,591.19	19,515.99		
	3		19,515.99	19,515.99	-		
			<u>\$ 40,000.00</u>	<u>\$ 40,000.00</u>	<u>\$ -</u>		
10-1129 STB		<u>\$ 38,000.00</u>				Laws of 2010, Chapter 105, Section 18A, Paragraph 10M, to plan, design and construct improvements to El Ancon acequia in San Miguel County.	Through 6/30/2014
	1		<u>\$ 38,000.00</u>	<u>\$ 27,000.00</u>	<u>\$ 11,000.00</u>		
10-1132 STB		<u>\$ 35,000.00</u>				Laws of 2010, Chapter 105, Section 18A, Paragraph 10P, to plan, design and construct improvements to El Ancon acequia in San Miguel County.	Through 6/30/2014
	1		<u>\$ 28,698.81</u>	<u>\$ 28,698.81</u>	<u>\$ 6,301.19</u>		



STATE OF NEW MEXICO  
 ACEQUIA DEL ANCON DE SARACINO  
 Agreed-Upon Procedures (Tier 3)  
 For the Year Ended December 31, 2011

Exhibit B

Grant No.	Pay Request	Invoice/ Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
07-4822 GF			<u>\$ 40,000.00</u>							
	1	4/22/2010		\$ 5,892.82	4/29/2010	\$ 261.51	1031	4/19/2010	\$ 261.51	Monte Vista Feed
						5,061.31	1033	4/29/2010	5,061.31	J. K. Trucking & Construction
						570.00	1035	5/1/2010	570.00	Cleofes Baca
				<u>5,892.82</u>		<u>5,892.82</u>			<u>5,892.82</u>	
	2	4/27/2010		14,591.19	5/27/2010	13,316.19	1036	5/27/2010	13,316.19	New Image Construction
						1,275.00	1037	5/27/2010	1,275.00	Cleofes Baca
				<u>14,591.19</u>		<u>14,591.19</u>			<u>14,591.19</u>	
			Total 2010	<u>20,484.01</u>		<u>20,484.01</u>			<u>20,484.01</u>	
	3	5/24/2011	Total 2011	<u>19,515.99</u>	6/9/2011	<u>19,515.99</u>	1001	6/9/2011	<u>19,515.99</u>	TFC Construction
				<u>\$ 40,000.00</u>		<u>\$ 40,000.00</u>			<u>\$ 40,000.00</u>	
10-1129 STB			<u>\$ 38,000.00</u>							
	1	5/24/2011		<u>\$ 38,000.00</u>	6/9/2011	<u>\$ 38,000.00</u>	1001	6/9/2011	<u>\$ 27,000.00</u>	TFC Construction
10-1132 STB			<u>\$ 35,000.00</u>							
	1	5/24/2011		<u>\$ 23,698.81</u>	6/9/2011	<u>\$ 23,698.31</u>	1001	6/9/2011	<u>\$ 23,698.81</u>	TFC Construction

**STATE OF NEW MEXICO  
ACEQUIA DEL ANCON DE SARACINO**

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
Late Report	D	2010-001	2010-001
<b>Follow-up on Prior Year Findings:</b>			
Late Report	D	2010-001	2010-001 Repeated

**\* Legend for Findings:**

- A. Fraud
- B. Illegal Act(s)
- C. Internal Control Deficiency(ies)
- D. Noncompliance

**STATE OF NEW MEXICO  
ACEQUIA DEL ANCON DE SARACINO**

**Schedule of Findings and Responses  
Year Ended December 31, 2011**

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**2010-001**

**Late Report (Noncompliance)**

**Criteria**

Office of the State Auditor, Rule 2011, Section 2.2.2.16.H, requires that local public bodies with other than a June 30 fiscal year end must submit the agreed-upon procedures (AUP) report no later than five months after the fiscal year end.

**Condition**

The Acequia del Ancon de Saracino agreed-upon procedures report for the year ended December 31, 2011 was submitted more than five months after the fiscal year end. This is a repeat finding from the prior-year AUP and no action could be taken since the AUPs for the years ended December 31, 2010 and 2011 were performed at the same time.

**Cause**

The Acequia del Ancon de Saracino was not aware of the AUP requirements and also did not have adequate funds to pay for an AUP for the year ended December 31, 2011. Therefore, they did not submit the recommendation or contract form to the State Auditor until after they were awarded funding through the Office of the State Auditor.

**Effect**

The Acequia del Ancon de Saracino has not complied with Office of the State Auditor, Rule 2011, Section 2.2.2.16.H.

**Recommendation**

We recommend that the Acequia del Ancon de Saracino submit all future agreed-upon procedures recommendation and contract forms and the AUP reports by the required deadlines.

**Entity Response**

“For future agreed-upon procedures engagements, the Chairman and Treasurer of the Acequia del Ancon de Saracino will immediately develop procedures to complete the recommendation and contract forms and submit agreed-upon procedures reports by the required deadlines.”

**STATE OF NEW MEXICO  
ACEQUIA DEL ANCON DE SARACINO**

**Exit Conference  
Year Ended December 31, 2011**

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**EXIT CONFERENCE**

The report contents were discussed at a telephonic exit conference held on June 27, 2019 with the following:

Acequia del Ancon de Saracino

Michael A. Kauffman, Chairman

Accounting Firm

James R. (Jim) Macias, CPA