

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

North-Side Acequia Madre de Villanueva

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended December 31, 2015

**North-Side Acequia Madre de Villanueva
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Fiscal Year Ending December 31, 2015**

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**North-Side Acequia Madre de Villanueva
Official Roster
Fiscal Year Ending December 31, 2015**

Board of Commissioners

Manuel Villanueva, Chairman

Amanda Hargis, Secretary

Eileen Mulvihill, Treasurer

Mayordomos

Julie Barela, Mayordomo

Administrative Staff

None

Independent Accountant's Report on Applying Agreed-Upon Procedures

Manuel Villanueva, Chairman
North-side Acequia Madre de Villanueva
and
Timothy Keller, New Mexico State Auditor

I have performed the procedures enumerated below for the North-side Acequia Madre de Villanueva (Acequia) for the year ended December 31, 2015, 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. 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.

All of the cash disbursements for the capital award project were tested. The amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check. The Acequia does not use purchase order forms.

- 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 the Acequia'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).

For the work done on the project (Installation of Large Diameter Irrigation Pipeline and Structures for Water Control), the Acequia advertised, obtained bids and entered into a contract dated March 23, 2015 with Jim Sena Construction Co., Inc. for \$189,839.51 in accordance with its procurement policies and applicable state laws and regulations.

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

The project work was physically observed at the Acequia on February 25, 2016.

- 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 submitted the required budget form and request for reimbursement forms to the OSE/ISC.

2. 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 projects were not funded in advance. The Acequia was required to submit reimbursement forms to the OSE/ISC upon completion of work on the project. See the results of procedure #5.

3. 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 \$20,000 appropriation has not been fully expended by the Acequia and there were no requests for reimbursement or project expenditures in 2015. The appropriation has an unexpended balance of \$1,221.70 as of December 31, 2015. According to the agreement with the NMISC, any remaining unexpended balance will revert to the State of New Mexico on June 30, 2016. See Agreement #1 on p. 5.

For agreement #2 and #3 on p. 5, the project was completed and there are no unexpended balances as of December 31, 2015.

4. 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.

For agreement #2 and #3, the checks received from the OSE/ISC were deposited in the Acequia's checking account at Wells Fargo Bank. The capital outlay award agreement did not mandate a separate fund or separate non-interest bearing bank account to deposit the amounts received.

5. 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.

For the cost of the project (Agreement #1 and #2 on p. 5), the Acequia filed one Request for Reimbursement Form for \$173,183.99 with the NMISC. The request was supported by the contractor's invoice for work done on the project. The costs were not paid by the Acequia prior to the request for reimbursement because the Acequia did not have the necessary funds. The Acequia paid for the cost of the project after the grant and loan checks were received from the OSE/ISC.

6. 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 findings were noted during the agreed-upon procedures.

7. The 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 that meets the Tier 3 criteria.

See Exhibit 1 – Schedule of Capital Outlay Awards on p. 5 of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the 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, the New Mexico State Auditor, the NM Office of the State Engineer, the NM Department of Finance and Administration – Local Government Division, and the NM 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

February 25, 2016

Exhibit 1 - Schedule of Capital Outlay Awards to Acequia

	1	2	3
Amount Awarded for Project	\$ 20,000.00	\$ 148,183.99	\$ 25,000.00
Amount Received and Expended by Acequia	(18,778.30)	(148,183.99)	(25,000.00)
Remaining Balance	\$ 1,221.70	\$ -	\$ -

Agreement Provisions

1 - Fund 12-1404 Acequia Capital Appropriation Project Agreement between the NM Interstate Stream Commission (NMISC) and the Northside Acequia Madre de Villanueva

Legislative Authority: NM Laws of 2012, Chapter 64, Section 15, Paragraph 16

Date of Agreement with NMISC: December 17, 2012

Project Description: To plan, design and construct improvements and to pay off an existing interstate stream commission loan to the Northside Acequia Madre de Villanueva.

Estimated Project Cost: \$20,000

Agreement termination/reversion date: June 30, 2016

2 - 90/10 Acequia Rehabilitation Cost Share Project Agreement between the NM Interstate Stream Commission (NMISC) and the Northside Acequia Madre de Villanueva

Legislative Authority: NM Laws of 2014, Chapter 63, p. 95, lines 22-25 and p. 96, lines 1-11 (Irrigation Works Construction Fund) appropriated \$1.9 million for acequia projects, including the NMISC's 90/10 program.

Date of Agreement with NMISC: March 6, 2015

Project Description: Construction of an irrigation pipeline and appurtenant structures.

Estimated Project Cost: \$189,648.87

State Grant Amount (90% of Estimated Project Cost): \$148,183.99

Acequia's Cost Share (10% of Estimated Project Cost): \$41,464.89 including \$16,464.89 the NMISC loaned to the Acequia and a \$25,000 grant from the NMISC (CIP 13-1585).

Agreement termination/reversion date: June 30, 2015

3 - Grant Agreement Between the New Mexico Interstate Stream Commission and the Northside Acequia Madre de Villanueva in San Miguel County (Fund 13-1585 Capital Appropriation Project)

Legislative Authority: New Mexico Laws of 2013, Chapter 226, Section 29, Paragraph 18

Date of Agreement: March 4, 2015

Project Description: To construct infrastructure improvements, including piping and concrete structures to the Northside Acequia Madre de Villanueva in San Miguel County.

Estimated Project Cost: \$189,648.87

State Grant Amount: \$25,000

Agreement termination/reversion date: June 30, 2017

**North-Side Acequia Madre de Villanueva
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2015**

Status of Prior Year Findings

Finding 2012-3. Late Agreed-Upon Procedures Report – **Resolved.**

Finding 2013-1. Late Submission of IPA Recommendation Form and
Agreed-Upon Procedures Contract to OSA – **Resolved.**

Current Year Findings

None.

**North-Side Acequia Madre de Villanueva
Exit Conference
Fiscal Year Ended December 31, 2015**

On February 25, 2016, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report:

North-Side Acequia Madre de Villanueva

Eileen Mulvihill, Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Engagement Manager