



Macias, Gutierrez
& Co., P.C.

*Certified Public Accountants
Member AICPA, NMSCPA*

1302 Calle De La Merced, Suite A
Española, New Mexico 87532
505.747.4415
Fax 505.747.4417

July 12, 2018

Lonnie Sanchez, Treasurer
Acequia De Santa Cruz
PO Box 1656
Santa Cruz, NM 87567

RE: Tier 3 Agreed-upon procedures for the Acequia de Santa Cruz for the years ended December 31, 2011, 2013 and 2014

Dear Mr. Sanchez,

We received your e-mailed request for a proposal to perform Tier 3 agreed-upon procedures (AUPs) for the Acequia de Santa Cruz. It was indicated that the Acequia de Santa Cruz falls under Tier 3 of the Audit Act. Based on our understanding of the agreed-upon procedures required for Tier 3 entities, the situation described in your e-mail and your willingness to either electronically submit or bring the records to our office in Espanola, we propose a fee of \$750.00 plus applicable gross receipts tax, currently 8.9375%, or \$67.03 for a total of \$817.03 **for each year** for a total of \$2,451.09. This fee includes a total of 15 hours, including time to perform the engagements, develop the draft reports, hold the required exit conferences, submit the reports to the State Auditor and finalize the reports upon acceptance. All the reports are considered late, so there will be at least one finding for a late report.

Our invoices for these fees will be rendered periodically as work progresses up to a total of 90% of the contract. Each invoice is payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, you will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and the State Auditor before continuing. Any amendment to the original contract requires State Auditor approval.

As you know, our firm is on the Office of the State Auditor's approved list. If you need any further information, please do not hesitate to contact us.

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

James R. (Jim) Macias, President