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| <h1>OK To Print<br/>Communication</h1>  |               | <b>Date:</b> 01/22/2019   |
|   |               | Number of pages including cover sheet: 2  |
| <b>Subject:</b> Acequia de Santa Cruz   |               | <b>From:</b> Office of the State Auditor<br>2540 Camino Edward Ortiz,<br>Ste #A<br>Santa Fe, NM 87507 |
| <b>Agency #:</b> 13006  |               |   |
| <b>Fiscal Year:</b> June 30, 2016   |               | <b>Attention:</b> Lisa Jennings   |
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In accordance with the Audit Act, Section 12-6-1 et seq., NMSA 1978, and the 2018 Audit Rule, NMAC 2.2.2.1 et seq., the Office of the State Auditor ("OSA") reviewed this financial and compliance audit report or agreed-upon procedures report ("Report"). In accordance with Audit Act, the OSA has determined that the Report has been made in accordance with the provisions of the contract and applicable rules promulgated by the OSA. **Therefore this Report is "OK to Print"**. 1 SEARCHABLE electronic copy labeled "Final" per 2.2.2.9(B)(3) NMAC) should be submitted to the OSA **within five business days** of receipt of this communication. You do not need to submit a hard-copy final Report to the OSA.

The following items, prepared using the most current templates posted on the OSA website in accordance with the instructions provided, must be submitted with the Final Report for financial and compliance audit Reports **(these items are not required for agreed-upon procedures Reports)**:

- The electronic Excel version of the Findings Summary form,
- The electronic Excel version of the Vendor Schedule form,
- The electronic Excel version of the Fund Balance Schedule form,
- The electronic Excel version of the GASBS 77 Disclosure template, if applicable, and
- The electronic Excel version of the Indigent Care Cost and Funding Report and Calculations of Cost of Providing Indigent Care Worksheet, if applicable (Hospitals only)
- The electronic Excel version of the schedules of asset management costs, if applicable (STO, PERA, ERB and SIC).

Except for any comments contained in this OK to Print communication, all of which should be addressed before resubmission, the Report should not be changed from what was previously submitted. Please provide **written notification** to the OSA of all changes made and relevant page numbers, including those changes made in response to OSA comments, with the requisite final copies of the Report submitted to the OSA. The written notification must be signed by the audit manager and attached as a PDF file to the email submission of the Final PDF Report. Written notifications submitted in the body of emails will not be considered received. **Please note that any changes that do not result from OSA comments may require an additional review of the report and could potentially jeopardize the report's current "OK to Print" status.**

This message is intended only for the use of the individual or entity to which it is addressed, and may contain information that is privileged, confidential, and exempt for disclosure. If the reader of this message is not the intended recipient, or the employee or agent of the recipient, you are hereby notified that any dissemination, distribution, or copying of this document is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the address noted above. Thank you.

This communication does **not** authorize the IPA or the agency to release the Report to the public. Per Section 12-6-5, NMSA 1978, the Report and the information contained in it cannot be released to the public until five calendar days **after** the OSA has officially released the Report. The OSA will send the release letter to the agency after the OSA approves the final copies and the Report will be made public after the required five-day wait period has passed or is waived.

The audited agency can waive the five-day waiting period required by Section 12-6-5, NMSA 1978. To do so, the agency's governing authority or the governing authority's designee must provide written notification to the OSA of the waiver in the form of a letter. The letter must be signed by the agency's governing authority or the governing authority's designee and be sent via letter, email or fax to the attention of State Auditor Brian S. Colón, Esq. The OSA strongly prefers to receive the written notification **prior** to the submission of the final Report to the OSA.

Please call us if you have any questions. Thank you for your prompt attention regarding this matter.

Comments That Must Be Corrected or Addressed:

1. The Acequia is not in compliance for Fiscal Years 2013, 2014, 2015, 2017, & 2018. The required tier certifications or agreed upon procedures reports for 2013, 2014, and 2015 must be received and approved before the FY2016 report can be released.
2. Based on Exhibit B page 2, it is not clear whether the entity expended 50% of the capital outlay award during fiscal year 2014 or not.
3. The IPA should consider whether a finding for the apparent lack of records or internal controls over the capital outlay appropriations expenditures and drawdowns is necessary, as it appears in both the FY2011 and FY2016 reports that the Acequia was drawing down more than was expended based on Exhibit B.
4. The non-reversion finding should include the amount from the 2011 report if this amount is not reverted as of the date of the 2016 report, and this fact should have been known as both reports are dated 12/5/2018.

*Reminder: Please submit all electronic documents, such as the vendor schedule, audit report, etc. with the final Report.*