

**Stonegate Communities Tax Increment  
Development District  
Independent Accountant's Report  
on Applying Agreed-Upon  
Procedures (Tier 4)**

**For the Year Ended June 30, 2019**



**STATE OF NEW MEXICO  
STONEGATE COMMUNITIES TAX INCREMENT DEVELOPMENT DISTRICT**

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**STATE OF NEW MEXICO  
STONEGATE COMMUNITIES TAX INCREMENT DEVELOPMENT DISTRICT**

**Official Roster  
As of June 30, 2019**

<b>Name</b>	<b>Title</b>
John Craig	Chairman
Bryson Frazier	Treasurer
Adam Thornton	Member
Donnie Quintana	Member
Anthony Caravella	Member

**REPORT OF INDEPENDENT ACCOUNTANTS ON THE  
APPLICATION OF AGREED-UPON PROCEDURES**

To the Board of Directors  
Stonegate Communities Tax Increment Development District  
and  
Mr. Brian S. Colón, Esq.  
New Mexico State Auditor  
Santa Fe, New Mexico

We have performed the procedures enumerated below, which were agreed to by Stonegate Communities Tax Increment Development District (the "District") and New Mexico State Auditor (the specified parties), solely to assist the users in evaluating the District's financial reporting to the State Auditor relating to its Cash, Capital Assets, Revenue, Expenditures, Journal Entries, and Budget and its compliance with Section 12-6-3B (4) NMSA 1978 and Section 2.2.2.16 NMAC as of and for the year ended June 30, 2019. The District's management is responsible for its financial reporting to the State Auditor as described above. The sufficiency of these procedures is solely the responsibility of those specified parties. 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3B(4) NMSA 1978 and Section 2.2.2.16 NMAC, we performed the following procedures:

- 1. Verify the local public body's revenue calculation and tier determination documented on the form provided at [www.osanm.org](http://www.osanm.org) under "Tiered System Reporting Main Page."**

**Results of Procedure 1**

We verified the District's revenue calculation for 2019 and resulting tier 4 determination documented on the form provided at [www.osanm.org](http://www.osanm.org). Tier 4 represents revenue of \$50,000 or more but less than \$250,000. The District's revenues for the year ended June 30, 2019 amounted to \$132,222.

**2. Cash**

- a.) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. For purposes of performing our procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the District.
- b.) Test at least 30% of the bank reconciliations for accuracy. Also trace ending balances to the general ledger, supporting documentation, and the financial reports submitted to DFA-Local Government Division. For purposes of performing our procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank statements.
- c.) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

### **Results of Procedures 2(a) – 2(c)**

All bank statements and reconciliations were provided by the District. It was noted that all reconciliations were completed in a timely manner. The bank reconciliations for June 30, 2019 were compared to supporting documentations such as bank statements and general ledger, noting no reconciling items. We were able to re-perform the reconciliations without exception.

Inquiries of management were made and supporting documentation was reviewed to determine whether the District's financial institution provided it with 50% of pledged collateral on uninsured deposit balances. The District bank deposits of \$181,848 are fully covered by FDIC insurance limit of \$250,000.

### **3. Capital Assets**

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

#### **Results of Procedure 3**

We verified that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978. No instances of noncompliance were noted as a result of performing procedure 3.

### **4. Revenues**

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

- a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue. For purposes of performing our analytical procedures, we inquired of District management for explanations of all variances of budget to actual of more than 10% for each revenue type.

Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

- b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
- c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

#### **Results of Procedures 4(a) – 4(c)**

As a result of performing the analytical review procedures in 5(a), we noted variances between budget and actual of more than 10%. We obtained explanations for the variances and the explanations appeared reasonable.

The procedures 4(b) – 4(c) were performed revenue transactions in order to gain coverage of at least 30% of revenue. Our sample consisted of 12 transactions with a total amount of \$132,027, resulting in 100% coverage. No instances of noncompliance were noted as a result of performing the procedures described in 4(b) – 4(c).

### **5. Expenditures**

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

- 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. Disbursements will be considered authorized and approved in compliance with the budget, legal requirements and established policies and procedures if there is evidence of review such as sign off on invoices or approval through correspondence.
- 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

**Results of Procedures 5(a) – 5(c)**

The District did not have any expenditures during the fiscal year. As such, procedures above are not applicable.

**6. Journal Entries**

Test all non-routine journal entries, adjustments, and reclassifications, are posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation. A journal entry is considered reasonable if: Explanation is consistent with the nature of the adjustment, and the general ledger accounts affected, ii. Supporting documentation (invoices, contracts, correspondences, calculations, etc.) agrees with the journal entry details.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

**Results of Procedures 6(a) – 6(b)**

The District did not post any manual journal entries during the fiscal year. As such, procedures over adjusting journal entries are not applicable.

**7. Budget**

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and approved budgets and general ledger, prepare a Budget to Actual Schedule (cash basis) used by the local public body (cash, accrual, or modified accrual basis) for each individual fund.

**Results of Procedures 7(a) – 7(c)**

We reviewed budget and noted that it was approved by the Board and by DFA-LGP. We compared budget to actual expenditures and did not note any instances of noncompliance.

## 8. Other

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.

### Results of Procedures - Other

We did not identify any findings in this area.

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 audit or review, the objective of which would be the expression of an opinion or conclusion on the District's financial report as submitted to the State Auditor. 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 District, Office of the State Auditor and New Mexico Legislature and the Department of Finance and Administration Local Government Division and is not intended to be and should not be used by anyone other than those specified parties.



Albuquerque, New Mexico  
December 15, 2019

**STATE OF NEW MEXICO**  
**STONEGATE COMMUNITIES TIDD**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Cash Basis) - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Tax Distributions	\$ 91,377	91,377	132,027	40,650
Interest Revenue	-	-	195	195
<b>Total Revenues</b>	<u>91,377</u>	<u>91,377</u>	<u>132,222</u>	<u>40,845</u>
<b>Expenditures</b>				
General government	34,000	34,000	-	34,000
Public works	-	-	-	-
<b>Total Expenditures</b>	<u>34,000</u>	<u>34,000</u>	<u>-</u>	<u>34,000</u>
<b>Other financing sources (uses)</b>				
Transfer in	-	-	-	-
Transfer (out)	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	57,377	57,377	132,222	74,845
Fund balances, beginning of year	<u>49,626</u>	<u>49,626</u>	<u>49,626</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 107,003</u>	<u>107,003</u>	<u>181,848</u>	<u>74,845</u>



**STATE OF NEW MEXICO**  
**STONEGATE COMMUNITIES TAX INCREMENT DEVELOPMENT DISTRICT**  
**Year-end DFA Financial Report**  
**June 30, 2019**

**STONEGATE TAX INCREMENT DEVELOPMENT DISTRICT**  
**SUMMARY OF FUND ACTIVITIES**

STONEGATE COMMUNITIES TIDD FUND	REPORTING PERIOD: FY 2018-2019			
	FOURTH QUARTER	FISCAL YEAR TO-DATE	BUDGET	% OF BUDGET FY TO-DATE
<b>REVENUES:</b>				
Attributable to FY 2018-2019				
Gross Receipt Tax Increment	\$47,495.12	\$132,027.09	\$91,377.08	144.49%
Interest Earnings	\$77.41	\$195.06		
Miscellaneous	\$0.00	\$0.00		
<b>TOTAL REVENUES</b>	<b>\$47,572.53</b>	<b>\$132,222.15</b>		
<b>TRANSFERS: IN/(OUT)</b>				
Not Applicable	N/A	N/A		
<b>TOTAL TRANSFERS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>N/A</b>	<b>N/A</b>
<b>EXPENDITURES</b>				
Attributable to FY 2018-2019				
Administrative Expense	\$0.00	\$0.00	\$34,000.00	0.00%
Miscellaneous	\$0.00	\$0.00		
Attributable to Prior FYs <sup>1</sup>				
Administrative Expense	\$0.00	\$0.00	N/A	N/A
<b>TOTAL EXPENDITURES</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>N/A</b>	<b>N/A</b>

<sup>1</sup> Prior FY administrative expense transfers and payments are not disaggregated by prior fiscal year.

**STATE OF NEW MEXICO  
STONEGATE COMMUNITIES TAX INCREMENT DEVELOPMENT DISTRICT  
Schedule of Findings and Responses  
June 30, 2019**

**Current Year Findings:**

No matters were reported

**STATE OF NEW MEXICO  
STONEGATE COMMUNITIES TAX INCREMENT DEVELOPMENT DISTRICT  
Exit Conference  
June 30, 2019**

**Exit Conference**

An exit conference was held on December 3, 2019. Attending were the following:

**In attendance for the District:**

Carole Jaramillo, Treasurer  
Anthony Caravella, Board Member  
Joseph Miano, Special District Administrator

**In attendance for Axiom:**

Jaime Rumbaoa, CPA, Partner