



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

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**STATE OF NEW MEXICO**

**TOWN OF TOME LAND GRANT**

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

Year Ended June 30, 2018

**STATE OF NEW MEXICO**

**TOWN OF TOME LAND GRANT**

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

**Year Ended June 30, 2018**

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**STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT**

**Table of Contents  
June 30, 2018**

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		<b><u>Page</u></b>
Title Page		i
Table of Contents		ii
Official Roster		iii
Independent Accountants' Report on Applying Agreed-Upon Procedures (Tier 3)		iv-vi
	<b><u>Exhibit</u></b>	
Project Schedule - Summary	A	1
Project Schedule - Detail	B	2
Schedule of Findings and Responses		3-5
Exit Conference		6

STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT

Official Roster  
at June 30, 2018

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<u>Name</u>	<u>Title</u>
<b><u>Commissioners</u></b>	
Andrea Padilla	President
Jose Ramon	Vice-President
Rosemarie Romero	Treasurer
Steven Baca	Secretary
Tony Moya	Member



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants*  
*Member AICPA, NMSCPA*

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Phone/Fax 575.588.0607

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

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To: Andrea Padilla, President  
Town of Tome Land Grant #12027  
and  
Brian S. Colón, Esq.  
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Tome Land Grant 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 **June 30, 2018**, included in the accompanying information provided to us by management of the Town of Tome Land Grant. The Town of Tome Land Grant is responsible for the Tier Verification, the State Funded Capital Outlay Expenditures and Reimbursements and Other (Items 1-7) for the year June 30, 2018 included in the accompanying information provided to us by the management of the Town of Tome Land Grant. 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 Town of Tome Land Grant's revenue calculation and tier determination. The Town of Tome Land Grant'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.

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• e-mail: [jimmymac20@juno.com](mailto:jimmymac20@juno.com)

- 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) 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. For Project 15-0892, we examined twenty disbursements totaling \$10,088.01. The Town of Tome Land Grant utilized \$50.70 of their own funds to complete the project.
- b) We determined that disbursements were 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**

The project was not intended to be funded in advance but on a reimbursement basis.

**4. Procedures**

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

**Results of Procedures Performed**

Project 15-0892 is complete and there is no unexpended balance 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 project was 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 Town of Tome Land Grant incurred costs prior to the submission of requests for funding from the Department of Finance and Administration. For Project 15-0892, we examined three reimbursement requests totaling \$10,035.31.

**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 (I) (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 or illegal acts. However, see two noncompliance findings for Late Report submission and Form 1099-MISC not issued for payments of at least \$600 made to individuals for services rendered as Findings 17-001 on page 4 and 17-002 on page 5, respectively.

\* \* \* \* \*

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 Town of Tome Land Grant for the year ended June 30, 2018, included in the accompanying information provided to us by management of the Town of Tome Land Grant. 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 Town of Tome Land Grant, 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.  
Tierra Amarilla, New Mexico 87575  
May 7, 2019

STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT  
Agreed-Upon Procedures (Tier 3)  
For the Year Ended June 30, 2018

Exhibit A

Capital Outlay Project No.	Pay Request	Amount Awarded	Amount Requested/ Received	Actual Amount Expended	Remaining Balance	Actual Legislation	Effective Dates
15-0892 STB		<u>\$ 35,000.00</u>					
	1		\$ 7,000.00	\$ 7,000.00	\$ 28,000.00		
	2		2,000.00	2,000.00	26,000.00		
	3		5,000.00	5,000.00	21,000.00		
	4		7,000.00	7,000.00	14,000.00		
	5		3,964.69	3,964.69	10,035.31		
	6		5,858.31	5,858.31	4,177.00	Laws of 2015, Chapter 3, Section 28, Paragraph 247, to plan, design, construct, improve and expand fields, facilities, utilities and walls for the Town of Tome land grant in Valencia county.	
	7		2,762.80	2,762.80	1,414.20		
	8F		1,414.20	1,414.20	-		Through 6/30/2019
			<u>\$ 35,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ -</u>		



STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT  
Agreed-Upon Procedures (Tier 3)  
For the Year Ended June 30, 2018

Exhibit B

Grant No.	Pay Request	Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
15-0892			<u>\$ 35,000.00</u>							
	STB									
	1	10/14/2016		\$ 7,000.00	11/25/2016	\$ 7,000.00	1135	9/21/2016	\$ 7,000.00	Felipe Otero
	2	10/25/2016		2,000.00	11/25/2016	2,000.00	1137	10/18/2016	2,000.00	Felipe Otero
	3	11/5/2016		5,000.00	12/2/2016	5,000.00	1138	11/4/2016	5,000.00	Felipe Otero
	4	11/28/2016		7,000.00	12/15/2016	7,000.00	1140	11/25/2016	7,000.00	Felipe Otero
	5	7/11/2017		<u>3,964.69</u>	8/29/2017	<u>3,964.69</u>	1204	6/27/2017	<u>3,964.69</u>	Moya Drilling
			Total 2017	<u>24,964.69</u>		<u>24,964.69</u>			<u>24,964.69</u>	
	6	8/29/2017		5,858.31	9/25/2017	1,966.91	1208	7/10/2017	1,966.91	Sierra Irrigation
						45.84	Cash	7/11/2017	45.84	Sierra Irrigation
						1,100.00	1209	7/12/2017	500.00	Merejildo Gonzales
						52.80	1210	7/17/2017	52.80	Sierra Irrigation
						73.98	1211	7/20/2017	73.98	The Home Depot
						500.00	1212	7/20/2017	1,100.00	Merejildo Gonzales
						850.00	1213	7/25/2017	1,250.00	Castillo Sand & Gravel
						1,250.00	1215	7/24/2017	850.00	Merejildo Gonzales
						18.78	1216	8/2/2017	18.78	Sierra Irrigation
	7	10/14/2017		2,762.80	11/30/2017	171.89	1218	8/31/2017	171.89	Walmart
						190.46	1220	9/1/2017	190.46	The Home Depot
						300.00	1221	9/5/2017	300.00	Roberto Gabaldon
						300.00	1222	9/7/2017	300.00	Roberto Gabaldon
						300.00	1223	9/8/2017	300.00	Roberto Gabaldon
						400.00	1224	9/20/2007	400.00	Roberto Gabaldon
						1,100.45	1225	9/20/2017	1,100.45	Castillo Sand & Gravel
	8F	4/11/2018		1,414.20	5/2/2018	524.11	1226	10/13/2017	524.11	The Home Depot
						184.13	1230	12/1/2017	184.13	Castillo Sand & Gravel
						288.11	1235	2/14/2018	288.11	Castillo Sand & Gravel
						468.55	1237	2/14/2018	468.55	Andrea Padilla/Anthem Sports
			Total 2018	<u>10,035.31</u>		<u>10,086.01</u>			<u>10,086.01</u>	
			Total	<u>\$ 35,000.00</u>		<u>\$ 35,050.70</u>			<u>\$ 35,050.70</u>	

**STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT**

**Schedule of Findings and Responses  
Year Ended June 30, 2018**

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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	2017-001	2017-001
Form 1099-MISC not issued for payments of at least \$600 made to individuals for services rendered	D	2017-002	2017-002
<b>Follow-up on Prior Year Findings:</b>			
Late Report	D	2017-001	Repeated
Form 1099-MISC not issued for payments of at least \$600 made to individuals for services rendered	D	2017-002	Repeated

**\* Legend for Findings:**

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

**STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT**

**Schedule of Findings and Responses  
Year Ended June 30, 2018**

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**2017-001**

**Late Report (Noncompliance)**

**Criteria**

Office of the State Auditor, Rule 2018, Section 2.2.2.16.G, states that local public bodies with June 30 fiscal year-end, the agreed-upon procedures report due date is December 15.

**Condition**

The Town of Tome Land Grant has a June 30 fiscal year-end but the agreed-upon procedures report for the year ended June 30, 2018 was submitted after December 15, 2018. This is a repeat finding from the prior-year AUP and no action could be taken since the AUPs for the years ended June 30, 2017 and 2018 were performed at the same time.

**Cause**

The Town of Tome Land Grant did not submit the IPA recommendation or AUP contract to the State Auditor by the deadline and was unable to provide the IPA appropriate requested documents to support the state funded capital outlay expenditures in a timely manner.

**Effect**

The Town of Tome Land Grant has not complied with Office of the State Auditor, Rule 2018, Section 2.2.2.16.G.

**Recommendation**

For all future agreed-upon procedures engagements, we recommend that the Town of Tome Land Grant complete the recommendation and contract forms and submit the agreed-upon procedures reports by the required deadlines.

**Entity Response**

“For future agreed-upon procedures engagements, the Treasurer of the Town of Tome Land Grant 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  
TOWN OF TOME LAND GRANT**

**Schedule of Findings and Responses  
Year Ended June 30, 2018**

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**2017-002**

**Form 1099-MISC not issued for payments of at least \$600 made to individuals for services rendered (Noncompliance)**

**Criteria**

Department of the Treasury, Internal Revenue Service (IRS) requires Form 1099-MISC to be issued to individuals, who are not employees, that have been paid at least \$600 during the calendar year for services performed.

**Condition**

During the performance of the agreed-upon procedures, we noted that the Town of Tome Land Grant paid at least \$600 to two individuals but did not issue Form 1099-MISC for calendar year 2018. For 2018, one individual was paid \$2,450 and another was paid \$1,300 but were not issued a Form 1099-MISC form. This is a repeat finding from the prior-year AUP and no action could be taken since the AUPS for the years ended June 30, 2017 and 2018 were performed at the same time.

**Cause**

The Town of Tome Land Grant was not aware of the IRS regulation regarding 1099-MISC.

**Effect**

The Town of Tome Land Grant has not complied with Department of the Treasury, Internal Revenue Service regulations and could be subject to substantial fines for noncompliance. Such payments to an individual are taxable income and may not have been reported on his federal and state income tax returns.

**Recommendation**

We recommend that the Town of Tome Land Grant issue Form 1099-MISC to individuals who are not employees that have been paid at least \$600 during the calendar year for which services are performed.

**Entity Response**

“The Treasurer of the Town of Tome Land Grant will immediately develop procedures to issue Form 1099-MISC to individuals, who are not employees, that have been paid at least \$600 during a calendar year for which services are performed.”

**STATE OF NEW MEXICO  
TOWN OF TOME LAND GRANT**

**Exit Conference  
Year Ended June 30, 2018**

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**EXIT CONFERENCE**

The report contents were discussed at a telephonic exit conference held on May 8, 2019 with the following:

Town of Tome Land Grant

By telephone:

Rosemarie Romero, Treasurer

Accounting Firm

James R. (Jim) Macias, CPA