



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

---

**STATE OF NEW MEXICO**

**DES MONTES DITCH ASSOCIATION**

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

Year Ended December 31, 2019

**STATE OF NEW MEXICO**

**DES MONTES DITCH ASSOCIATION**

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

**Year Ended December 31, 2019**

---

**STATE OF NEW MEXICO  
DES MONTES DITCH ASSOCIATION**

**Table of Contents  
December 31, 2019**

---

		<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
Exit Conference		4

**STATE OF NEW MEXICO  
DES MONTES DITCH ASSOCIATION**

**Official Roster  
at December 31, 2019**

---

<u>Name</u>	<u>Title</u>
<b><u>Ditch Commissioners</u></b>	
Dennis Johnson	Chairman
Carlos Miera	Secretary
Subra Duncan	Treasurer
Pearl Yeager	Assistant Treasurer



Macias, Gutierrez  
& Co., P.C.

*Certified Public Accountants*  
*Member AICPA, NMSCPA*

P. O. Box 712  
Tierra Amarilla, New Mexico 87575  
Phone/Fax 575.588.0607

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

---

To: Dennis Johnson, Chairman  
Des Montes Ditch Association #13024  
And  
Brian S. Colón, Esq.  
New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Des Montes Ditch Association and the Office of the State Auditor on the Tier Verification, the State-Funded Capital Outlay and/or the New Mexico Office of the State Engineer, Interstate Stream Commission (NMOSE/ISC) 90/10 Program Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, **2019**, included in the accompanying information provided to us by management of the Des Montes Ditch Association. The Des Montes Ditch Association is responsible for the Tier Verification, the State Funded Capital Outlay and/or the NMOSE/ISC 90/10 Program Expenditures and Reimbursements and Other (Items 1-7) for the year ended December 31, **2019** included in the accompanying information provided to us by the management of the Des Montes Ditch Association. 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 IPA shall request and review all state-funded capital outlay awards and/or the NMOSE/ISC 90/10 Program, joint powers agreements, correspondence and other relevant documentation for the capital outlay award funds and/or the NMOSE/ISC 90/10 Program 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 Des Montes Ditch Association's revenue calculation and tier determination. The Des Montes Ditch Association'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 IPA 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.

- 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).
- 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. We examined two disbursements totaling \$34,022.08, which included \$3,402.21 of local funds.
- 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. The Des Montes Ditch Association submitted before and after pictures matching the description of the repairs/improvements on the vendor's invoice.
- 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 IPA 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 IPA shall determine if there is unexpended balance and whether it was reverted per statute and agreement with the grantor.

**Results of Procedures Performed**

The project is complete and there is no unexpended balance.

**5. Procedures**

The IPA 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 IPA shall determine whether reimbursement requests were properly supported by costs incurred by the recipient. The IPA 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 Des Montes Ditch Association incurred costs prior to the submission of requests for funding from the New Mexico Interstate Stream Commission. We examined one reimbursement request totaling \$30,619.87.

**7. Other Procedures**

If information comes to the IPA'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, illegal acts, noncompliance or any internal control deficiencies.

\* \* \* \* \*

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 and/or the NMOSE/ISC 90/10 Program Expenditures and Reimbursements or Other for the Des Montes Ditch Association for the year ended December 31, **2019**, included in the accompanying information provided to us by management of the Des Montes Ditch Association. 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 Des Montes Ditch Association, the New Mexico State Auditor's Office, the Department of Finance and Administration, Local Government Division and the New Mexico State 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  
March 4, 2020

STATE OF NEW MEXICO  
 DES MONTES DITCH ASSOCIATION  
 Agreed-Upon Procedures (Tier 3)  
 For the Year Ended December 31, 2019

Exhibit A

<u>Capital Outlay Project No.</u>	<u>Pay Request</u>	<u>Amount Awarded</u>	<u>Amount Requested/ Received</u>	<u>Actual Amount Expended</u>	<u>Remaining Balance</u>	<u>Actual Legislation</u>	<u>Effective Dates</u>
90/10 Acequia Rehabilitation Cost Share Grant Agreement		<u>\$ 30,619.87</u>				Laws of 2019, Chapter 271, page 74, lines 10-24, Irrigation Works Construction Fund for acequia projects including NMISC's 90/10 Program.	Through 6/30/2020
			<u>\$ 30,619.87</u>	<u>\$ 34,022.08</u>	<u>\$ (3,402.21)</u> 10% Cost Share		



STATE OF NEW MEXICO  
 DES MONTES DITCH ASSOCIATION  
 Agreed-Upon Procedures (Tier 3)  
 For the Year Ended December 31, 2019

Exhibit B

Grant No.	Pay Request	Invoice/ Request Date	Amount Awarded	Amount Requested/ Received	Date Received	Invoice Amount	Check Number	Check Date	Actual Amount Expended	Vendor Paid
90/10			<u>\$ 30,619.87</u>							
ISC	1	10/16/2019		\$30,619.87	10/18/2019	\$34,022.08	1785	10/17/2019	\$30,619.87	Andamo Sanchez Excavation & Trucking, Inc.
							1787	10/22/2019	3,402.21	Andamo Sanchez Excavation & Trucking, Inc.
				<u>\$30,619.87</u>		<u>\$34,022.08</u>			<u>\$34,022.08</u>	

**STATE OF NEW MEXICO  
DES MONTES DITCH ASSOCIATION**

**Schedule of Findings and Responses  
Year Ended December 31, 2019**

---

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
<b>Current Year Findings:</b>			
None Reported	N/A	N/A	N/A
<b>Follow-up on Prior Year Findings:</b>			
None Reported	N/A	N/A	N/A

An agreed-upon procedures report was not required for the year ended December 31, 2018

**\* Legend for Findings:**

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

**STATE OF NEW MEXICO  
DES MONTES DITCH ASSOCIATION**

**Exit Conference  
Year Ended December 31, 2019**

---

**EXIT CONFERENCE**

The report contents were discussed in a telephonic exit conference held on March 9, 2020 with the following:

Des Montes Ditch Association

Subra Duncan, Board Treasurer

Accounting Firm

James R. (Jim) Macias, CPA