



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
www.mgandc.com

STATE OF NEW MEXICO

EL CERRITO DITCH ASSOCIATION

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

Year Ended December 31, 2016

STATE OF NEW MEXICO

EL CERRITO DITCH ASSOCIATION

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

Year Ended December 31, 2016

**STATE OF NEW MEXICO
EL CERRITO DITCH ASSOCIATION**

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December 31, 2016**

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**STATE OF NEW MEXICO
EL CERRITO DITCH ASSOCIATION**

**Official Roster
at December 31, 2016**

| <u>Name</u> | | <u>Title</u> |
|----------------------------------|--|--------------|
| <u>Board of Directors</u> | | |
| John Andrew Aragon | | President |
| Linda Pohl | | Secretary |
| Heidi Lanstra | | Treasurer |
| <u>Staff</u> | | |
| Luis Aragon | | Mayordomo |



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

To: John Andrew Aragon, President
El Cerrito Ditch Association
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below for El Cerrito Ditch Association (Association) for the year ended **December 31, 2016** solely to assist the Association in demonstrating compliance with the provisions of Laws of 2012, Chapter 64, Section 15, Item 13, as set forth in the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. The Association was determined to be a Tier 3 entity under the Audit Act, Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by El Cerrito Ditch Association through the Office of the New Mexico State Auditor. El Cerrito Ditch Association's management is responsible for the organization's accounting records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the 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. Our procedures and results of procedures performed follow.

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 under "Tiered System Reporting Main Page."

We verified the Association's revenue calculation and tier determination. The Association's cash basis revenue was less than \$50,000 and met the other criteria for **Tier 3 determination**.

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.

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.
- 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. For Project 12-1403 STB, we examined 16 disbursements totaling \$10,406.77 for the year ended December 31, 2016.
- 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 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) 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

The project is complete and there is an unexpended balance of \$8,725.58 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 account was 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 one reimbursement request was properly supported and the Association incurred costs prior to the submission of requests for funding from the New Mexico Interstate Stream Commission. For Project 12-1403 STB, we examined one reimbursement request totaling \$10,406.77 for the year ended December 31, 2016.

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, illegal acts, noncompliance or any internal control deficiencies.

* * * * *

We were not engaged to, and did not conduct an audit of financial statements or any part thereof, the objective of which would be the expression of an opinion on the financial statements or a part thereof, including the accompanying Projects Schedules – Summary and Detail, Exhibits A and B. Accordingly, we do not express such an opinion. 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 El Cerrito Ditch Association, 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 those specified parties.

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

Macias, Gutierrez & Co., CPAs, P. C.
Espanola, New Mexico
January 3, 2017

STATE OF NEW MEXICO
 EL CERRITO DITCH ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 Project Schedule - Summary
 For the Year Ended December 31, 2016

Exhibit A

| <u>Capital Outlay Project No.</u> | <u>Pay Requests</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> |
|---------------------------------------|-------------------------|---------------------------|---|---------------------------------------|------------------------------|---|----------------------------|
| 12-1403 STB | 1 | <u>\$ 33,000.00</u> | \$ 7,750.69 | \$ 7,750.69 | \$ 25,249.31 | Laws of 2012, Chapter 64, Section 15, Item 13- to plan, design and construct a water conveyance structure for el Cerrito ditch association in San Miguel county. | 6/30/2016 |
| | 2 | | 6,116.96 | 6,116.96 | 19,132.35 | | |
| | 3 | | <u>10,406.77</u> | <u>10,406.77</u> | <u>8,725.58</u> | | |
| | | | <u>\$ 24,274.42</u> | <u>\$ 24,274.42</u> | <u>\$ 8,725.58</u> | | |

STATE OF NEW MEXICO
 EL CERRITO DITCH ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 Project Schedule - Detail
 For the Year Ended December 31, 2016

| Grant No. | Pay Requests | Invoice/ Request Date | Amount Awarded | Amount Requested/ Received | Date Received | Invoice Amount | Check Number | Check Date | Actual Amount Expended | Vendor Paid |
|-------------|--------------|-----------------------|---------------------|----------------------------|---------------|---------------------|--------------|------------|------------------------|---------------------|
| 12-1403 STB | | | <u>\$ 33,000.00</u> | | | | | | | |
| | 1 | 1/29/2014 | | \$ 7,750.69 | 2/14/2014 | \$ 3,069.84 | 2014 | 2/18/2014 | \$ 3,069.84 | John A. Aragon |
| | | | | | | 926.10 | | 2/18/2014 | 926.10 | Richard Quintana |
| | | | | | | 3,265.38 | 2016 | 2/18/2014 | 3,265.38 | Jose Luis Aragon |
| | | | | | | 320.05 | 2013 | 2/18/2014 | 320.05 | Jerry Aragon |
| | | | | | | 109.30 | 2011 | 2/18/2014 | 109.30 | Jack Lanstra |
| | | | | | | <u>60.02</u> | 2012 | 2/18/2014 | <u>60.02</u> | Diego Encinias |
| | | | | | | <u>7,750.69</u> | | | <u>7,750.69</u> | |
| | 2 | 1/29/2014 | | 6,116.96 | 3/6/2014 | 2,698.71 | NO # | 5/2/2013 | 2,698.71 | Midwest Fabrication |
| | | | | | | <u>3,418.25</u> | 1125 | 4/30/2013 | <u>3,418.25</u> | John A. Aragon |
| | | | | | | <u>6,116.96</u> | | | <u>6,116.96</u> | |
| | 3 | 7/19/2016 | | 10,406.77 | 7/25/2016 | 1,810.21 | 1015 | 3/21/2016 | 1,810.21 | BTU Cement |
| | | | | | | 70.20 | 1016 | 4/2/2016 | 70.20 | Luis Aragon |
| | | | | | | 190.00 | 1017 | 8/3/2016 | 190.00 | Steve Taylor |
| | | | | | | 1,044.20 | 1018 | 8/3/2016 | 1,044.20 | John A. Aragon |
| | | | | | | 192.00 | 1019 | 8/3/2016 | 192.00 | Leo Castillo |
| | | | | | | 765.00 | 1020 | 8/3/2016 | 765.00 | Jeremy Ness |
| | | | | | | 192.00 | 1021 | 8/3/2016 | 192.00 | Art Castillo |
| | | | | | | 567.00 | 1022 | 8/3/2016 | 567.00 | Herman Marquez |
| | | | | | | 429.00 | 1023 | 8/3/2016 | 429.00 | Joe Quintana |
| | | | | | | 307.36 | 1024 | 8/3/2016 | 307.36 | John Lanstra |
| | | | | | | 266.36 | 1025 | 8/3/2016 | 266.36 | Luis Aragon |
| | | | | | | 600.00 | 1026 | 8/3/2016 | 600.00 | Richard Middleton |
| | | | | | | 192.00 | 1027 | 8/3/2016 | 192.00 | Victor Ortiz |
| | | | | | | 340.00 | 1028 | 8/3/2016 | 340.00 | John Encinias |
| | | | | | | 1,141.44 | 1029 | 8/3/2016 | 1,141.44 | John A. Aragon |
| | | | | | | <u>2,300.00</u> | 1030 | 8/3/2016 | <u>2,300.00</u> | Ulibarri Excavating |
| | | | | | | <u>10,406.77</u> | | | <u>10,406.77</u> | |
| | | | | | | <u>\$ 24,274.42</u> | | | <u>\$ 24,274.42</u> | |

**STATE OF NEW MEXICO
EL CERRITO DITCH ASSOCIATION**

**Schedule of Findings and Responses
Year Ended December 31, 2016**

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

An agreed-upon procedures report was not required for December 31, 2015.

*** Legend for Findings:**

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

**STATE OF NEW MEXICO
EL CERRITO DITCH ASSOCIATION**

**Exit Conference
Year Ended December 31, 2016**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on January 3, 2017 with the following:

El Cerrito Ditch Association

By telephone:

Heidi Lanstra, Treasurer

Accounting Firm

James R. (Jim) Macias, CPA