

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ARCHIBEQUE DITCH ASSOCIATION

Report of Independent Accountant on the
Application of Agreed-Upon Procedures

December 31, 2019

ARCHIBEQUE DITCH ASSOCIATION

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ARCHIBEQUE DITCH ASSOCIATION

List of Principal Officials

December 31, 2019

Board of Directors

Melvin J. Aragon	President
Edward Aragon	Secretary
Kenneth Eichwald	Treasurer
Johnny Aragon	Mayardomo

**Report of Independent Accountant
on the Application of Agreed-Upon Procedures**

Mr. Brian S. Colón, Esq. New Mexico State Auditor, and
The Board of Directors
Archibeque Ditch Association
Cuba, New Mexico

We have performed the procedures enumerated below, which were agreed to by the Archibeque Ditch Association (Association) and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Association’s financial reporting relating to its capital outlay and its compliance with Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended December 31, 2019. The Association’s management is responsible for its accounting records, financial reporting, and compliance with the State Auditor rules as described above.

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 findings are as follows:

In accordance with Tier 3 of the Audit Act – Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC, the procedures and associated results and findings are as follows:

1. Verify the Local Public Body’s Revenue Calculation for Tiered System Reporting

Verify the local public body’s revenue calculation and tier determination documented on the form provided at www.osanm.org under “Tiered System Reporting Main Page”.

Results from Procedure 1

The Association had operating revenues of \$7,533 and state capital outlay expenditures of \$219,992, which requires Tier 3 agreed-upon procedures.

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Cuba, New Mexico

2. Test All State-Funded Capital Outlay Expenditures

- a) Determine that the amount recorded as disbursed agrees to adequate supporting documentation. Verify that amount, payee, date and description agree to the purchase order, contract, vendor's invoice and canceled check, as appropriate.
- b) Determine that the cash disbursements were properly authorized and approved in accordance 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 and State Purchasing Regulations (Section 13-1-28 through 13-1-199 NMSA 1978 and 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 from Procedures 2(a) – 2(e)

- a) We tested 100% of disbursements (six items) recorded for fiscal year 2019. Each amount recorded as disbursed agrees in amount, payee, date, and description to a vendor's invoice.
- b) The Association received invoices from vendors. The invoices were paid and then the support for payment was submitted to the New Mexico Department of Finance Administration for reimbursement. All reimbursements were within the scope of the project. All payments were agreed to adequate supporting documentation.
- c) There were no violations of the New Mexico Procurement Code.
- d) The first capital outlay award was for phase II pipe installation. The second capital outlay award was for phase III pipe installation. We reviewed the documentation provided by the engineer to ensure the services were provided.
- e) All status reports required were submitted to the Capital Project Monitoring System.

Mr. Brian S. Colón, Esq. New Mexico State Auditor, and
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3. Advanced Funding

If the project was funded in advance, determine if the award balance (and cash balance) appropriately reflects the percentage of completion based on the project schedule and expenditures to date.

Results from Procedure 3

Not applicable – the project was not funded in advance.

4. Fund Reversion

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

Results from Procedure 4

Not applicable – the project was not funded in advance. Therefore, there were no funds to revert. Per the schedule on page 5 there is a \$7 unexpended grant balance. That amount will be forfeited and the grant closed.

5. Separation of Funds

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 award agreement.

Results from Procedure 5

The capital award did not require a separate bank account. Therefore, this procedure is not applicable.

6. Reimbursement Requests

Determine whether reimbursement requests were properly supported by costs incurred by the recipient. Determine whether the costs were paid by the local public body prior to the request for reimbursement.

Results from Procedure 6

100% of the reimbursement requests (six items) were tested and were properly supported by costs incurred by the Association. All costs were incurred by the Association prior to the request for each reimbursement.

Mr. Brian S. Colón, Esq. New Mexico State Auditor, and
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7. Indications of Fraud

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 from Procedure 7

We noted no indications of fraud, illegal acts, noncompliance, or any internal control deficiencies.

8. Reporting

Prepare and submit to the Office of the State Auditor an agreed-upon procedure report that complies with AICPA AT-C Section 215. Additionally, the report shall include the following:

- a) Table of contents.
- b) Official roster.
- c) The capital outlay awarded, amount received, amount expended, the remaining balance, and the actual legislation and effective dates for each capital outlay appropriation for which there were expenditures during the fiscal year that meet the Tier 3 criteria.
- d) The procedures performed and the results of those procedures.
- e) Schedule of Findings and Responses.
- f) Exit conference information (Section 2.2.2.16(E)(3) NMAC).

Results from Procedure 8

The report has been completed in accordance with the requirements above. See the Schedule of Capital Outlay Awards to the Association on page 6.

* * * * *

Mr. Brian S. Colón, Esq. New Mexico State Auditor, and
The Board of Directors
Archibeque Ditch Association
Cuba, New Mexico

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion on the Association's financial reporting to the State Auditor as described above. 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 Association, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and is not intended to be, and should not be, used by anyone other than those specified parties.

Porch & Associates, LLC

Albuquerque, New Mexico
April 29, 2020

ARCHIBEQUE DITCH ASSOCIATION
SCHEDULE OF CAPITAL OUTLAY AWARDS
December 31, 2019

Project Number	Project Name	Amount Awarded	Amount Expended	Amount Received	Remaining Balance	Legislation/Effective Dates
C2390	Archibeque Ditch Water Line	100,000	100,000	100,000	-	Laws of 2018, Chapter 80, Section 25, Paragraph 19 October 11, 2018 - June 30, 2022
D2777	Archibeque Ditch Ph 3 Improv	120,000	119,993	119,993	7	Laws of 2019, Chapter 277, Section 33 Paragraph 45 July 18, 2019 - June 30, 2023

**ARCHIBEQUE DITCH ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2019**

Prior Year Findings

2018-001 Late Tier System Contract – Other Compliance Resolved

2018-002 Late Tiered Report – Other Compliance Resolved

Current Year Findings

None

**ARCHIBEQUE DITCH ASSOCIATION
EXIT CONFERENCE
Year Ended December 31, 2019**

An exit conference was held on July 29, 2020 and attended by the following:

Archibeque Ditch Association

Melvin J. Aragon, President

Porch & Associates LLC

Thad Porch, Managing Principal