

# PORCH & ASSOCIATES LLC

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ARCHIBEQUE DITCH ASSOCIATION

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

December 31, 2018

ARCHIBEQUE DITCH ASSOCIATION

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ARCHIBEQUE DITCH ASSOCIATION

List of Principal Officials

December 31, 2018

**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, 2018. 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**

We used the tiered system reporting worksheet provided by the New Mexico State Auditor’s Office to recalculate the tiered system reporting calculation prepared by the Association.

**Results from Procedure 1**

The Association had operating revenues of \$9,935 and state capital outlay expenditures of \$5,892, which requires Tier 3 agreed-upon procedures.

Mr. Brian S. Colón, Esq. New Mexico State Auditor, and  
The Board of Directors  
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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)**

1. We tested 100% of disbursements recorded for fiscal year 2018. Each amount recorded as disbursed agrees in amount, payee, date, and description to a vendor's invoice.
2. The Association received invoices from vendors. The invoices were paid and then the support for payment was submitted to the New Mexico Interstate Stream Commission for reimbursement. All reimbursements were within the scope of the project. All payments were agreed to adequate supporting documentation.
3. There were no violations of the New Mexico Procurement Code.
4. The first capital outlay award was for engineering services. We reviewed the documentation provided by the engineer to ensure the services were provided.
5. All status reports required were submitted to the Capital Project Monitoring System.

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

### **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 fund to revert.

### **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 Procedures 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 Procedures 6**

100% of the reimbursement requests 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  
The Board of Directors  
Archibeque Ditch Association  
Cuba, New Mexico

## **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 Procedures 7**

We noted no indications of fraud.

\* \* \* \* \*

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  
July 9, 2019

**ARCHIBEQUE DITCH ASSOCIATION  
SCHEDULE OF CAPITAL PROJECTS  
December 31, 2018**

Project Number	Project Name	Amount Awarded	Amount Expended	Amount Received	Remaining Balance	Legislation/Effective Dates
13-1588	Irrigation pipeline engineering and design	40,000	39,989	39,989	11	Laws of 2013, Chapter 226, Section 29, Paragraph 21 05/10/2015 - 06/30/2019



**ARCHIBEQUE DITCH ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2018**

**Prior Year Findings**

None

**ARCHIBEQUE DITCH ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2018**

**2018-001 Late Tier System Contract – Other Compliance**

*Condition:* The Association did not complete and deliver a tier system contract to the New Mexico State Auditor's Office by the July 1 deadline.

*Criteria:* The New Mexico Office of the State Auditor Audit Rule section 2.2.2.8(F)(8)(f) requires Local Public Bodies that qualify for the tiered system pursuant to Subsections A and B of Section 2.2.2.16 NMAC should follow the procedures at Subsection D of Section 2.2.2.16 NMAC, and submit the required Recommendation Form for Tiered System Local Public Bodies and the completed signed agreed upon procedures contract to the State Auditor by 30 days after the end of the fiscal year, January 30.

*Effect:* The Association is not in compliance with the State Auditor's Audit Rule.

*Cause:* The Association did not know they were required to procure services.

*Auditor's Recommendations:* The Association should develop a system to ensure that the tiered system contract is submitted by the required date.

*Management's Response:*

*Corrective Action(s):* We now understand the contacting requirements. We will review the need for the agreed-upon procedures in March and April of each year, and contract as necessary.

*Responsible person(s):* Board President.

*Timeline of corrective action:* March and April of next year.

**ARCHIBEQUE DITCH ASSOCIATION  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended December 31, 2018**

**2018-002 Late Tiered Report – Other Compliance**

*Condition:* The Association did not submit its tiered system report by May 31, 2019 deadline required by the New Mexico State Auditor’s Audit Rule.

*Criteria:* State Auditor Audit Rule section 2.2.2.9(A)(1)(j) Agencies with a fiscal year-end other than June 30, agreed-upon procedure reports must be submitted to the New Mexico State Auditor no later than 5 months after the fiscal year-end.

*Effect:* The Association may not be eligible for future grants or capital outlay money.

*Cause:* The Association did not know they were required to procure services.

*Auditor’s Recommendations:* The Authority should consider hiring an outside consultant to help with compliance.

*Management’s Response:*

*Corrective Action(s):* We now understand the due date requirements. We will review the need for the agreed-upon procedures in March and April of each year, and submit the agreed-upon procedure reports on time in the future.

*Responsible person(s):* Board President.

*Timeline of corrective action:* March and April of next year.

**ARCHIBEQUE DITCH ASSOCIATION  
EXIT CONFERENCE  
Year Ended December 31, 2018**

An exit conference was held on July 10, 2019 and attended by the following:

Archibeque Ditch Association

Melvin J. Aragon, President

Porch & Associates LLC

Thad Porch, Managing Principal