



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESPANOLA, NEW MEXICO
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STATE OF NEW MEXICO

**PONDEROSA COMMUNITY DITCH
ASSOCIATION**

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

Year Ended September 30, 2015

STATE OF NEW MEXICO

PONDEROSA COMMUNITY DITCH ASSOCIATION

**Independent Accountants' Report on Applying
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**STATE OF NEW MEXICO
PONDEROSA COMMUNITY DITCH ASSOCIATION**

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September 30, 2015**

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**STATE OF NEW MEXICO
PONDEROSA COMMUNITY DITCH ASSOCIATION**

**Official Roster
at September 30, 2015**

<u>Name</u>	<u>Title</u>
<u>Board of Directors</u>	
Laura Perea	President
Pedro Trujillo, Jr.	Vice-President
Diana Clark	Secretary/Treasurer



Macias, Gutierrez
& Co., P.C.

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

To: Laura Perea, President
Ponderosa Community Ditch Association
and
Honorable Timothy M. Keller
New Mexico State Auditor

We have performed the procedures enumerated below for the Ponderosa Community Ditch Association (Association) for the year ended **September 30, 2015**, solely to assist the Association in demonstrating compliance with the provisions of Laws of 2013, Chapter 226, Section 29, Paragraph 23, 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 the Ponderosa Community Ditch Association through the Office of the New Mexico State Auditor. The Ponderosa Community Ditch Association 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 findings follow.

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. 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 13-1590-STB, we examined two disbursements totaling \$20,616.57.
- 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.

2. 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

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

3. 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 one project (13-1590-STB) is not complete and there an unexpended balance of \$9,383.43 is in agreement with the grantor.

4. 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.

5. 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 Association incurred costs prior to the submission of requests for funding from the New Mexico Interstate Stream Commission. For Project 13-1590-STB, we examined two reimbursement requests totaling \$20,616.57.

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, or any internal control deficiencies. However, see the Schedule of Findings and Responses for a noncompliance issue related to this Late Report submission (Finding 2015-001 on page 4).

* * * * *

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 Project 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 the Ponderosa Community 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
May 30, 2016

STATE OF NEW MEXICO
 PONDEROSA COMMUNITY DITCH ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended September 30, 2015

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>
13-1590-STB		<u>\$ 30,000.00</u>				Laws of 2013, Chapter 226, Section 29, Paragraph 23, to plan, design and construct improvements, including replacement of pipe, head gate, valves and related infrastructure, for the Ponderosa community ditch in Sandoval County.	Through 6/30/2017
	1-2		<u>\$ 20,616.57</u>	<u>\$ 20,616.57</u>	<u>\$ 9,383.43</u>		

STATE OF NEW MEXICO
 PONDEROSA COMMUNITY DITCH ASSOCIATION
 Agreed-Upon Procedures (Tier 3)
 For the Year Ended September 30, 2015

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
13-1590			<u>\$ 30,000.00</u>							
STB										
	1	2/20/2015		\$ 621.57	3/26/2015	\$ 621.57	1017	2/17/2015	\$ 621.57	Southwest Piping Supplies, Inc.
	2	3/18/2015		<u>19,995.00</u>	4/10/2015	<u>19,995.00</u>	1021	4/15/2015	<u>19,995.00</u>	P & M Construction
				<u>\$ 20,616.57</u>		<u>\$ 20,616.57</u>			<u>\$ 20,616.57</u>	

**STATE OF NEW MEXICO
PONDEROSA COMMUNITY DITCH ASSOCIATION**

**Schedule of Findings and Responses
Year Ended September 30, 2015**

	<u>Type of Finding *</u>	<u>Prior Year Finding Number</u>	<u>Current Year Finding Number</u>
Current Year Findings:			
Late Report	D	N/A	2015-001
Follow-up on Prior Year Findings:			
None	N/A	N/A	N/A

An agreed-upon procedures report was not required for the year ended September 30, 2014

*** Legend for Findings:**

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

**STATE OF NEW MEXICO
PONDEROSA COMMUNITY DITCH ASSOCIATION**

**Schedule of Findings and Responses
Year Ended September 30, 2015**

2015-001

Late Report

Criteria

Office of the State Auditor, Rule 2015, Section 2.2.2.16.H, requires that local public bodies with other than a June 30 fiscal year end must submit the agreed-upon procedures report no later than five months after the fiscal year end.

Condition

The Ponderosa Community Ditch Association agreed-upon procedures report for the year ended September 30, 2015 was submitted more than five months after the fiscal year end.

Cause

The Ponderosa Community Ditch Association did not submit a recommendation or contract for State Auditor approval until February 2016.

Effect

The Ponderosa Community Ditch Association has not complied with Office of the State Auditor, Rule 2015, Section 2.2.2.16.H.

Recommendation

We recommend that the Ponderosa Community Ditch Association submit all future agreed-upon procedures reports by the required deadline.

Entity Response and Corrective Action Plan

“The President and Office Manager will ensure that all future agreed-upon procedures reports are submitted by the required deadline.”

**STATE OF NEW MEXICO
PONDEROSA COMMUNITY DITCH ASSOCIATION**

**Exit Conference
Year Ended September 30, 2015**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on May 31, 2016 with the following:

Ponderosa Community Ditch Association

By telephone:

Lori Perea, President
Gloria Garcia, Office Manager

Accounting Firm

James R. (Jim) Macias, CPA