

**STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION**

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**

**For the Year Ended
December 31, 2017**



P.O. Box 67315
Albuquerque, NM 87193
JhartoCPA.com
505.280.9081

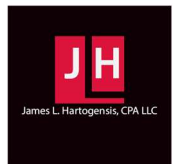
STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
DECEMBER 31, 2017
Table of Contents

	Page
Official Roster	1
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	2-6
Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis)	7
Year-End Financial Report Submitted to DFA	8
Schedule of Findings and Responses	9
Status of Prior Year Findings	10
Exit Conference.....	11

**STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
OFFICIAL ROSTER
DECEMBER 31, 2017**

Board of Commissioners

<u>Name</u>	<u>Title</u>
Thomas Griego	President
Daryl Woolems	Treasurer
Bill Gilson	Secretary
CC Culver	Mayordomo



P.O. Box 67315
Albuquerque, NM 87193
JhartoCPA.com
505.280.9081

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
La Cueva Ditch Association
and
Honorable Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below which were agreed to by State of New Mexico La Cueva Ditch Association (the "Association") and the New Mexico State Auditor (the specified parties), solely to assist users in evaluating the Association's financial reporting relating to its Cash, Capital Assets, Revenues, Expenditures, Journal Entries, and Budget information and its compliance with Section 12-6-3(B) NMSA 1978 and Section 2.2.2.16 NMAC, as of and for the year ended December 31, 2017. The Association is responsible for its financial reporting as described above. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I 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.

In accordance with Tier 4 of the Audit Act – Section 12-6-3 B (4) NMSA 1978 and Section 2.2.2.16 NMAC, my procedures and the results of those procedures are as follows:

1. REVENUE DETERMINATION

Procedures

Verify the local public body's revenue calculation and tier determination documented on the form provided at www.osanm.org under "Tier System Reporting Main Page".

Results of Procedures

The Association's revenue calculation and tier determination were verified as correct. Total revenue was \$146,306 which requires Tier 4 agreed-upon procedures.

2. CASH

Procedures

a) Determine whether bank reconciliations are being performed in a timely manner and whether all bank and investment statements for the fiscal year are complete and on-hand. For purposes of performing my procedures "timely" means completion of the bank reconciliations within one month after the last day of the reporting month and "complete" means that statements for bank and investment accounts are all accounted for by the Association.

b) Test at least 30% of the bank reconciliations for accuracy. Also, trace ending balances to the general ledger, supporting documentation and the financial reports submitted to Department of Finance & Administration - Local Government Division (DFA-LGD). For purposes of performing my procedures "accuracy" means that reconciling items agree to deposit slips and subsequent bank or investment statements, and the reconciliations are mathematically correct.

c) Determine whether the local public body's financial institutions have provided it with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, if applicable.

Results of Procedures

Bank accounts were complete and reconciled timely. 4 of 12 reconciliations were tested for accuracy and traced to the general ledger without exception. Financial reports were submitted to DFA without exception. Pledged collateral was not required.

3. CAPITAL ASSETS

Procedures

Verify that the local public body is performing a yearly inventory as required by Section 12-6-10 NMSA 1978.

Results of Procedures

The Association does not have capital assets as defined by Section 12-6-10 NMSA 1978, therefore this step is not applicable.

4. REVENUE

Procedures

Identify the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.

a) Perform an analytical review; test actual revenue compared to budgeted revenue for the year for each type of revenue.

Select a sample of revenues equal to at least 30% of the total dollar amount and test the following attributes:

b) Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.

c) Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. Perform this revenue work on the same accounting basis that the local public body keeps its accounting records on, cash basis, modified accrual basis, or accrual basis.

Results of Procedures

Revenue was analytically tested and met expectations without exception. 2 receipts, or 98% of total receipts, were tested and were determined to be properly recorded as to amount, classification and period.

5. EXPENDITURES

Procedures

Select a sample of cash disbursements equal to at least 30% of the total dollar amount and test the following attributes:

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 canceled 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 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures

2 disbursements, 99% of total disbursements, were tested. Disbursements tested were accurate as to amount, payee, date and description, were properly authorized, and were in compliance with the budget, and the NM procurement code. There were no disbursements that were subject to the Per Diem and Mileage Act.

6. JOURNAL ENTRIES

Procedures

Test all non-routine journal entries, adjustments, and reclassifications posted to the general ledger for the following attributes:

- a) Journal entries appear reasonable and have supporting documentation.
- b) The local public body has procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures

The Association did not have any non-routine journal entries during the year, therefore this step is not applicable.

7. BUDGET

Procedures

Obtain the original fiscal year budget and all budget amendments made throughout the fiscal year and perform the following:

- a) Verify, through a review of the minutes and correspondence, that the original budget and subsequent budget adjustments were approved by the local public body's governing body and DFA-LGD.
- b) Determine if the total actual expenditures exceeded the final budget at the legal level of budgetary control; if so, report a compliance finding.
- c) From the original and final approved budgets and general ledger, prepare a schedule of revenues and expenditures – budget and actual on the budgetary basis used by the local public body (cash, accrual or modified accrual basis) for each individual fund.

Results of Procedures

The budget was reviewed and determined to be properly authorized by the Board of Directors and DFA-LGD. Expenditures were less than budgeted amounts at the fund level, which is the legal level of budgetary control. There were no budget amendments during the year. The Schedule of Revenues and Expenditures - Budget and Actual (Cash Basis) is presented on page 7 of this report.

8. OTHER

Procedures

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(L) NMAC.

Results of Procedures

The Association submitted their IPA recommendation in April 2018, which was approximately 4 months after the required date of 12/1/2017. See finding 2017-001 in the accompanying schedule of findings and responses.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Association's financial reporting and compliance as described above. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of State of New Mexico La Cueva Ditch Association, the New Mexico Office of the State Auditor, the New Mexico Legislature, and the New Mexico Department of Finance and Administration and is not intended to be and should not be used by anyone other than those specified parties.

James L. Hartogensis, CPA LLC

Albuquerque, New Mexico
May 15, 2018

**SCHEDULE OF REVENUES &
EXPENDITURES - BUDGET AND
ACTUAL (CASH BASIS)**

STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)
YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES:				
Fees	\$ 2,870	\$ 2,870	\$ 2,763	\$ (107)
Grants	143,243	143,243	143,243	-
Sales - other	-	-	300	300
Total revenues	\$ 146,113	\$ 146,113	\$ 146,306	\$ 193
EXPENDITURES:				
Office supplies	\$ 75	\$ 75	\$ -	\$ 75
Postage	25	25	-	25
Dues and subscriptions	40	40	50	(10)
Contract labor	450	450	400	50
Infrastructure	159,159	159,159	159,159	-
Legal and professional fees	1,500	1,500	-	1,500
Miscellaneous expenses	200	200	65	135
Debt service - principal	1,421	1,421	1,421	-
Debt service - interest	398	398	398	-
Total expenditures	\$ 163,268	\$ 163,268	\$ 161,493	\$ 1,775
Cash available to balance budget	\$ 23,658	\$ 23,658		

**YEAR-END FINANCIAL REPORT
SUBMITTED TO DFA-LGD**

STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
 YEAR-END FINANCIAL REPORT SUBMITTED TO DFA-LGD
 YEAR ENDED DECEMBER 31, 2017

La Cueva Ditch Assn 2017 budget 4th qtr report


Page 1 of 1

Acequia Name: La Cueva Ditch Association
Mailing Address: HCR 77, Box 5, La Madera, NM 87539
Email Address: darylwoolems@gmail.com
Phone number: (505) 583-2449

Calendar Year
 2017

	APPROVED BUDGET	1st QR: Jan - Mar	2nd QR: Apr - Jun	3rd QR: Jul - Sept	4th QR: Oct -Dec	Year to Date(YTD) Totals	YTD (over/under BUDGET	% of Budget
Beginning balances:								
Cash	23,658							
Savings	5							
CDs								
Investments								
Beginning Balance TOTAL	\$ 23,663							
REVENUES								
Fees	2,870	2,032	731			2,763	108	96%
Fines and Penalties						0	0	-
Interest Income						0	0	-
Contributions						0	0	-
Sales-Other		300				300	(300)	-
Federal Grant						0	0	-
State Grants-Capital Outlay	143,243	143,243				143,243	0	100%
Miscellaneous						0	0	-
TOTAL	\$ 146,113	145,575	731	-	-	146,306	(193)	100%
EXPENDITURES								
Equipment						0	0	-
Maintenance						0	0	-
Office Supplies	75					0	75	0%
Insurance						0	0	-
Postage	25					0	25	0%
Supplies-Field						0	0	-
Subscription/Dues	40					50	(10)	125%
Labor	450			400		400	50	89%
Equipment Rental						0	0	-
Contract Labor	159,159	159,159				159,159	0	100%
Transportation						0	0	-
Debt Service-Principal	1,421				1,421	1,421	0	100%
Debt Service-Interest	398				398	398	0	100%
Training						0	0	-
Equipment/Machinery						0	0	-
AUP or Audit	1,500					0	1,500	0%
PS-Attorney						0	0	-
PS-Design						0	0	-
Commission						0	0	-
Miscellaneous	200	65				65	135	33%
TOTAL	\$ 163,268	159,224	-	400	1,869	161,493	1,775	99%
Ending Balance	6,508							
Less Reserves						8,476		
Ending Available Cash Balance	\$ 6,508					\$ 8,476		

I HEREBY CERTIFY THE CONTENTS IN THIS REPORT ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND THAT THIS REPORT DEPICTS ALL FUNDS.


 President/Chairperson THOMAS GARCIA

20 JAN 2018
 Date

STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

Current Year Findings

2017-001 – Late Audit Recommendation (noncompliance)

Condition: The Association did not submit their 2017 independent public accountant (IPA) recommendation to the State Auditor until April 2018.

Criteria: 2.2.2 NMAC (2017 State Audit Rule) requires submission of auditor recommendations for local public bodies with a year-end other than June 30 at least 30 days prior to year-end, or by December 1, 2017.

Cause: The Association was not aware of the audit rule requirement.

Effect: A late recommendation could put the Association at risk of losing future federal, state or private funds.

Recommendation: The Association should implement policies and procedures to review and comply with the audit rule. I recommend that the Association annually review the audit rule to determine what the current requirements are for recommending an IPA.

Agency Response: We were, as you state, unaware of the December 1, 2017 deadline for submitting the recommendation. Given our knowledge of that requirement now, our practice going forward will be to review, annually, the State Audit Rule to determine whether LCDA will be required to have an agreed-upon procedures or audit conducted. Also, given the time required to conduct the solicitation for an IPA and to meet the deadline for submission of their name to the State Auditor, we have agreed that the review of the Audit Rule and determination of our reporting requirement will be completed annually by the beginning of our 4th quarter, or October 1st of each year. The primary responsibility for initiating the review will belong to the Treasurer of LCDA, with results of the review being reported to all Commissioners by that date of October 1st, and subsequent reporting to the full membership at the annual meeting.

**STATE OF NEW MEXICO
LA CUEVA DITCH ASSOCIATION
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2017**

Prior Year Findings

None.

