



Nacimiento Community Ditch Association

**Independent Accountant's Report
on Applying Agreed Upon Procedures (TIER 3)**

For the Year Ended December 31, 2014



**Office of the State Auditor
Brian S. Colón, Esq.**

This Page Intentionally Left Blank

**State of New Mexico
Nacimiento Community Ditch Association
Table of Contents
For Year Ended December 31, 2014**

Official Roster	ii
Independent Accountant’s Report on Applying Agreed Upon Procedures	1
Schedule of Capital Outlay Awards	5
Schedule of Findings and Responses	6
Exit Conference	8

**State of New Mexico
Nacimiento Community Ditch Association
Official Roster
December 31, 2014**

Board of Commissioners

<u>Name</u>	<u>Title</u>
Mark Martinez	Chairman
Thomas Hamm	Treasurer
Isabel A Jaquez	Secretary
Noah Trujillo	Mayordomo



State of New Mexico Office of the State Auditor

CONSTITUENT SERVICES
(505) 476-3821

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

Members of the Board of Commissioners
Nacimiento Community Ditch Association

We have performed the procedures enumerated below for the Nacimiento Community Ditch Association (Association) for the year ended December 31, 2014, solely to assist in determining compliance with the provisions of the Audit Act for a Tier 3 entity per Section 12-6-3 B (3) NMSA 1978 and Section 2.2.2.16 NMAC. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor (OSA). The Association management is responsible for its accounting records and the subject matter. 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 the parties specified in this 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:

1. **Procedure** - 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 of Procedure 1

We reviewed and verified the Association's revenue calculation and tier determination. The Association's total revenue for year ended December 2014 totaled \$7,724 (excluding capital outlay and federal grants). Based on this information, the Association was properly determined to be a Tier 3 entity for 2014 since their total revenues were less than \$50,000 and they expended more than 50% of the state capital outlay appropriation from the New Mexico Interstate Stream Commission (NMISC).

2. Capital Outlay and Procurement

Test all state-funded capital outlay expenditures.

- a. **Procedure** - 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.

Results of Procedure 2a

We determined amounts recorded as disbursed agreed to adequate supporting documentation and we verified amounts, payees, dates and descriptions agreed to the vendor's invoices, purchase orders, contracts as applicable. There was one project, 90/10 cost share grant agreement. We examined one disbursement which in total was \$150,000.

- b. **Procedure** - Determine that cash disbursements were properly authorized and approved in accordance with the budget, legal requirements and established policies and procedures.

Results of Procedure 2b

We determined disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.

- c. **Procedure** - 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).

Results of Procedure 2c

We determined the bid process or request for proposal process, 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. **Procedure** - Determine the physical existence (by observation) of the capital asset based on expenditures to date.

Results of Procedure 2d

Given the recent health precautions, physical observation/contact has been limited during this time period in which the AUPs are being conducted, and alternative procedures are deemed sufficient. Alternative procedures included reliance on oversight entity's observation (including emails, photos and other documentation).

- e. **Procedure** - 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 Procedure 2e

We verified 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 documents.

- 3. **Procedure** - 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 of Procedure 3

The project was not funded in advance but on a reimbursement basis

- 4. **Procedure** - 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 of Procedure 4

We determine that the project is complete and there was no unexpended balance remaining.

- 5. **Procedure** - 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 of Procedure 5

Since the project was approved on a reimbursement basis, no separate fund or bank accounts was required.

- 6. **Procedure** - 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 of Procedure 6

The requests for payments were properly supported by costs incurred by Association. See the Schedule of Capital Outlay Awards on Pg.5 of this report.

The invoices were not paid by the Association prior to the request for payment forms. The Association paid for the invoices after the grant checks were received from NMISC in accordance with the terms of the agreement.

7. **Procedure** - 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 Procedure 7

For the 2014 Tier 3 agreed upon procedures, the Association did not submit the agreed upon procedures report to the New Mexico Office of the State Auditor by the required due date. See finding 2014-001 on Pg.7.

We were 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 Tier 3 agreed upon procedures. 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 management of the Association, the OSA, the New Mexico Interstate Stream Commission, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Office of the State Auditor

Office of the State Auditor
Santa Fe, New Mexico
May 29, 2020

**State of New Mexico
Nacimiento Community Ditch Association
Exhibit 1 – Schedule of Capital Outlay Awards
For Year Ended December 31, 2014**

	Note 1
Amount awarded to the Association	\$ 150,000
Amount received by the Association	150,000
Amount expended by the Association in prior years	-
Amount expended by the Association in current year	150,000
Remaining balance	\$ -

Agreement Provisions

Note 1: 90/10 Acequia Rehabilitation Cost Share Grant Agreement for the mobilization of and preparation to reconstruct a Diversion Dam.

Legislative Authority: Laws of 2014 Ch.227, p.95, Lines 22-25, and p.96, Lines 1-11 (Irrigation Works Construction Fund)

Legislative and Effective Dates: July 24, 2014

Agreement Termination / Reversion Date: January 30, 2015

**State of New Mexico
Nacimiento Community Ditch Association
Schedule of Findings and Responses
For Year Ended December 31, 2014**

	<u>Finding Number</u>	<u>Type of Finding</u>
Current Year Finding	2014-001	Late Financial Reporting

**Prior Year Findings:
None Noted**

**State of New Mexico
Nacimiento Community Ditch Association
Schedule of Findings and Responses
For Year Ended December 31, 2014**

2014-001 – Late Financial Reporting

Condition: The Association did not submit the 2014 agreed upon procedures (AUP) report to the OSA by the required due date of no later than five months after the fiscal year end.

Criteria: Section 2.2.2.16(H)(1) NMAC (Audit Rule) states that “Local public bodies with a fiscal year end other than June 30 shall submit the AUP report or certification no later than five months after the fiscal year-end.”

Effect: Noncompliance with the Audit Rule which could impact the Association’s ability to receive funding. Decision making bodies such as the New Mexico Interstate Stream Commission, the New Mexico Department of Finance and Administration, the Office of the State Auditor, and the New Mexico Legislature did not have accurate information regarding the Association.

Cause: The Association originally submitted a 2014 financial certification incorrectly based on information available at that time. Upon further investigation it was determined the Association did not qualify for a financial certification and required Tier 3 agreed upon procedures for the fiscal year ended 2014.

Recommendation: The Association should continue to work with the OSA to ensure future annual financial reporting requirements are completed.

Agency Response: Nacimiento Community Ditch Association appreciates the opportunity to work with OSA to achieve and maintain compliance with the State Audit Act, and to improve the Association’s financial practices.

State of New Mexico
Nacimiento Community Ditch Association
Exit Conference
For Year Ended December 31, 2014

On May 29, 2020, an exit conference was held with the following individuals to discuss the results of the agreed upon procedures and the contents of this report.

Attendees

<u>Name</u>	<u>Title</u>
Thomas Hamm	Treasurer, Nacimiento Community Ditch Association
Natalie Cordova, CPA	Deputy State Auditor
Lynette Kennard, CPA	Financial Audit Director, OSA
Joe Cruz	Audit Supervisor, OSA
Leo Dudziak	Staff Auditor, OSA