

Accounting & Auditing Services, LLC

Financial Audits + Agreed Upon Procedures + Tax + Consulting

El Guicu Community Ditch Association

Independent Accountant's Report on Applying Agreed-Upon Procedures

For the Fiscal Year Ended December 31, 2018

**El Guicu Community Ditch Association
Table of Contents
Fiscal Year Ended December 31, 2018**

	<u>Page</u>
Table of Contents	i
Official Roster	ii
Independent Accountant's Report	1
Schedule of Findings and Responses	5
Schedule of Capital Outlay Awards	6
Exit Conference	7

**El Guicu Community Ditch Association
Official Roster
Fiscal Year Ending December 31, 2018**

Board of Commissioners

Edward Gonzales, President

Larry Maestas, Treasurer

J J Gonzales, Secretary

Staff

Charlie C De Baca, Mayordomo

Mary Dixon, Stenographer/Assistant Treasurer

Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
El Guicu Community Ditch Association
La Cienega, New Mexico
and
Brian S. Colon, Esq., New Mexico State Auditor
Santa Fe, New Mexico

I have performed the procedures enumerated below for the El Guicu Community Ditch Association (Association) for the year ending December 31, 2018, 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, Section 2.2.2.16 NMAC and Section 6-6-2 (A) NMSA 1978. The procedures were agreed to by the Association through the New Mexico Office of the State Auditor. The Association's 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. 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."

According to the Association's general ledger, total revenues for the fiscal year ending December 31, 2018 were \$1,368 (excluding a state capital outlay appropriation of \$100,000 from the New Mexico Interstate Stream Commission). Based on this information, the Association was properly determined to be a Tier 3 entity for 2018 since their total revenues were less than \$50,000 and they expended the remaining balance of a state capital outlay appropriation during 2018.

2. Perform the following tests on 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.

The capital outlay expenditures for the project work were tested. The amount recorded as disbursed (payee, date and description of purchase) agreed with the contract, invoice, and canceled check.

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

The cash disbursements tested were properly authorized and approved in accordance with the project 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).

The Association advertised an invitation for bids, obtained sealed bids and quotes for materials and awarded a contract for the project work in accordance with the State Procurement Code.

- d. Determine the physical existence (by observation) of the capital asset based on expenditures to date.

The completed project work was physically observed on May 14, 2019. The completed project work agreed with the contractor's invoices. Nothing unusual was noted.

- 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.

The Association submitted the required project status reports to the NMISC. The information in the status reports agreed with the Association's general ledger and supporting documentation.

- 3. 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.

The project was not funded in advance. The Association was required to submit request for reimbursement forms to the NMISC along with the contractor's invoices and other supporting documentation.

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

The project work was completed in 2018 and the capital outlay appropriation was fully expended. See the Schedule of Capital Outlay Awards on p. 6.

5. 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.

The Association used its bank account at the Los Alamos National Bank to account for the cash receipts and disbursements for the project.

6. 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.

The Association submitted four Request for Reimbursement Forms dated 4/4/18, 5/1/18, 5/1/18 and 7/2/18 to the NMISC for \$81,340.98, \$79.38, \$11,317.75 and \$7,261.89, respectively. The NMISC approved the reimbursement requests and paid these amounts to the Association on 4/12/18, 5/7/18, 5/7/18 and 7/13/18, respectively. The total amount of \$100,000 requested in the Request for Reimbursement Forms agreed with the contractor's invoices and was supported by costs incurred by the Association.

The invoices were not paid by the Association prior to the requests for reimbursement because the Association did not have the necessary funds. The Association paid for the invoices after the grant funds were received from the NMISC.

7. The agreed-upon procedures report shall include the capital outlay amount 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.

See the Schedule of Capital Outlay Awards on p. 6.

8. 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.

No findings were noted during the performance of the Tier 3 agreed-upon procedures.

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 subject matter. 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 management and others with the Association, the New Mexico State Auditor, the New Mexico Interstate Stream Commission, the New Mexico Department of Finance & Administration – Local Government Division and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than these specified parties.

Accounting & Auditing Services, LLC

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

May 14, 2019

**El Guicu Community Ditch Association
Schedule of Findings and Responses
Fiscal Year Ending December 31, 2018**

Status of Prior Year Findings

N/A - there were no prior year findings.

Current Year Findings

None.

**El Guicu Community Ditch Association
Schedule of Capital Outlay Awards
For the Fiscal Year Ending December 31, 2018**

	1
Amount Awarded	\$ 100,000.00
Received and Expended in 2018	(100,000.00)
Remaining Balance	\$ -

Agreement Provisions

1 - Agreement Between the NM Interstate Stream Commission and El Guicu Community Ditch Association - Fund 15-0650 Capital Appropriation Project Agreement

Legislative Authority: New Mexico Laws of 2015, Chapter 3, Section 27, Paragraph 22

Date of Agreement: September 20, 2017

Project Description: To plan, design, renovate, construct, purchase and equip improvements to El Guicu Ditch in the La Cienega area in Santa Fe County.

Estimated Project Cost: \$100,000

State Grant Amount: \$100,000

Agreement termination/reversion date: June 30, 2021

**El Guicu Community Ditch Association
Exit Conference
Fiscal Year Ending December 31, 2018**

On May 14, 2019, the following officials held an exit conference and discussed the results of the agreed upon procedures and the contents of this report:

El Guicu Community Ditch Association

Larry Maestas, Treasurer

Accounting & Auditing Services, LLC

Steve Archibeque, CPA, Audit Manager