



MACIAS, GUTIERREZ & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
TIERRA AMARILLA, NEW MEXICO

STATE OF NEW MEXICO

SANTA CRUZ IRRIGATION DISTRICT

Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 4)

Year Ended June 30, 2019

STATE OF NEW MEXICO

SANTA CRUZ IRRIGATION DISTRICT

**Independent Accountants' Report on Applying
Agreed-Upon Procedures (Tier 4)**

Year Ended June 30, 2019

**STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION DISTRICT**

**Table of Contents
June 30, 2019**

		<u>Page</u>
Title Page		i
Table of Contents		ii
Official Roster		iii
Independent Accountants' Report on Applying Agreed-Upon Procedures (Tier 4)		iv-viii
	<u>Exhibit</u>	
Schedule of Revenues and Expenditures – Budget and Actual (Cash Basis)	A	1
Copy of year-end cash balance report submitted to DFA	B	2
Copy of year-end actual vs. budget statement submitted to DFA	C	3-4
Schedule of Findings and Responses		5
Exit Conference		6

STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION DISTRICT

Official Roster
at June 30, 2019

<u>Name</u>	<u>Title</u>
<u>Board of Directors</u>	
Kenneth Salazar	Chairman
Ron Gallegos	Vice-Chairman
Dominic Martinez	Secretary/Treasurer
<u>Staff</u>	
Karen Martinez	Office Manager
Loretta Lopez	Bookkeeper
Richard Chang	Reservoir Manager



Macias, Gutierrez
& Co., P.C.

*Certified Public Accountants
Member AICPA, NMSCPA*

P. O. Box 712
Tierra Amarilla, New Mexico 87575
Phone/Fax 575.588.0607

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (TIER 4)

To: Kenneth Salazar, Chairman, Santa Cruz Irrigation District #4036
and
Brian S. Colón, Esq., New Mexico State Auditor

We have performed the procedures enumerated below, which were agreed to by the Santa Cruz Irrigation District (SCID) and the Office of the State Auditor on the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the Santa Cruz Irrigation District. The Santa Cruz Irrigation District is responsible for the Tier Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other as of and for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the Santa Cruz Irrigation District. The sufficiency of these procedures is solely the responsibility of those 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 the associated 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."

We verified SCID's revenue calculation and tier determination. The SCID cash basis revenue was between the **Tier 4** lower and upper limits and had no state capital outlay.

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.
- 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 DFA-Local Government Division (DFA-LGD).
- 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.

• e-mail: jimmymac20@juno.com

Results of Procedures

- a) The SCID pays a fee accountant, who uses Excel spreadsheets and Quickbooks, to record cash transactions, make journal entries and prepare monthly bank reconciliations and monthly financial statements. At year-end, the SCID had three (3) checking accounts and one savings account, in two different financial institutions. All bank reconciliations are performed on a timely basis and all bank statements were complete and on-hand for the entire year.
- b) We tested 33% of bank reconciliations with no exceptions. The reconciliations were accurate and agreed with supporting documentation and the general ledger. We traced the June 30, 2019 cash balances to the required quarterly financial report submitted to DFA-LGD, without exception.
- c) The three cumulative, single-institution bank account balances and the other bank account balance never exceeded uninsured limits and, therefore, pledged collateral was not required at any time for any uninsured deposits.

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 SCID performed a yearly inventory as required by Section 12-6-10 NMSA 1978 and maintained a capital asset listing.

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

- a) An analytical review of prior-year to current-year revenue revealed no unexplained or unusual variations. The test of actual revenue compared to budgeted revenue for the year for each type of revenue revealed no exceptions.

- b) We requested supporting documentation for all deposits for three months of the fiscal year which cumulatively amounted to 49% of total revenue. Amounts recorded on Quickbooks financial statements and general ledger agreed with supporting documentation and the bank statements.
- c) Amounts were properly recorded on a cash basis as to classification, amount and period per review of supporting documentation.

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 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) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

Results of Procedures

- a) We requested supporting documentation for 33 disbursements (30% of total expenses) from a total of 261 disbursements for the year. Amounts recorded as disbursed agreed to supporting documentation. Amount paid, payee, date and description agreed with the vendor's invoice, purchase order, contract and copy of cancelled check, as appropriate.
- b) Disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures.
- c) 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) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC).

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 policies and procedures that require journal entries to be reviewed and there is evidence the reviews are being performed.

Results of Procedures

- a) The SCID utilized journal entries to record monthly interest income on the savings account, journal entries to record fund transfers, journal entries to record bank service charges and a journal entry to record a returned check. The journal entries appear reasonable and have supporting documentation.
- b) The SCID has procedures that require journal entries to be reviewed and there is evidence that the reviews are being performed.

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

- a) A review of the minutes and correspondence revealed that the original budget was approved by the SCID governing body and DFA-LGD. There were no subsequent 2019 budget adjustments made.
- b) Total actual expenditures did not exceed the final budget at the total fund level, the legal level of budgetary control.
- c) A schedule of revenues and expenditures – budget and actual (Exhibit A) was prepared from the DFA-LGD approved budget and SCID records on the cash budgetary basis, the basis used by SCID. The SCID submitted a budget report (Income statement) for the year ended June 30, 2019 to DFA-LGD which is included herein (Exhibit C).

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, 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

No exceptions were found as a result of applying the procedures described above (regardless of materiality) indicating any fraud, illegal acts, noncompliance or internal control deficiencies.

* * * * *

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 Verification, Cash, Capital Assets, Revenue, Expenditures, Journal Entries, Budget and Other of the Santa Cruz Irrigation District for the year ended June 30, **2019**, included in the accompanying information provided to us by management of the Santa Cruz Irrigation District. 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 Santa Cruz Irrigation District, the New Mexico State Auditor's Office and 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.
Tierra Amarilla, New Mexico 87575
November 5, 2019

STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION DISTRICT
Schedule of Revenues and Expenditures-Budget and Actual (Cash Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actuals	Variance
	Original	Final		Favorable (Unfavorable)
Revenues:				
Assessments - Water	\$ 75,000	\$ 75,000	\$ 71,015	\$ (3,985)
Interest Income	1,000	1,000	1,546	546
Change of Ownership	1,000	1,000	1,203	203
Late Fees	2,000	2,000	2,171	171
BLM	2,000	2,000	2,623	623
Other income	-	-	4,161	4,161
	<u>81,000</u>	<u>81,000</u>	<u>82,719</u>	<u>1,719</u>
Total revenues	81,000	81,000	82,719	1,719
Cash balance budgeted	<u>66,353</u>	<u>66,353</u>	<u>66,353</u>	<u>-</u>
Total revenues and cash balance budgeted	<u>\$ 147,353</u>	<u>\$ 147,353</u>	<u>149,072</u>	<u>1,719</u>
Expenditures:				
Salaries	\$ 56,000	\$ 56,000	58,073	(2,073)
Casual Labor	1,000	1,000	833	167
Election Expense	250	250	60	190
Contract Services	1,000	1,000	-	1,000
Reimbursement	-	-	158	(158)
Rental	-	-	176	(176)
Payroll Taxes	4,400	4,400	1	4,399
Accounting Services	8,000	8,000	11,964	(3,964)
Audit Services (AUP)	4,000	4,000	3,955	45
Legal Services	1,000	1,000	164	836
Professional Services	1,000	1,000	-	1,000
Bank Service Charges	-	-	233	(233)
Dam Expense	15,000	15,000	6,380	8,620
Ditch Dues	-	-	745	(745)
Dues	-	-	249	(249)
Security	-	-	845	(845)
Insurance Expense	5,000	5,000	3,718	1,282
Penalties and Interest	-	-	150	(150)
Office Expense	2,000	2,000	1,598	402
Postage	2,000	2,000	1,286	714
Repairs - Building	2,000	2,000	780	1,220
Repairs - Office Equipment	1,000	1,000	-	1,000
Taxes	-	-	815	(815)
Telephone	1,700	1,700	2,045	(345)
Travel and Mileage	1,500	1,500	1,645	(145)
Utilities	3,500	3,500	4,376	(876)
	<u>\$ 110,350</u>	<u>\$ 110,350</u>	<u>100,249</u>	<u>10,101</u>
Total expenditures	\$ 110,350	\$ 110,350	100,249	10,101
Excess revenues over expenditures			<u>\$ 48,823</u>	<u>\$ 11,820</u>

Santa Cruz Irrigation District
Profit & Loss Budget vs. Actual
 July 2018 through June 2019

	Jul '18 - Jun 19	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
Change of Ownership	1,202.73	1,000.00	202.73	120.3%
Interest Income	1,545.64	1,000.00	545.64	154.6%
Late Fees	2,170.93	2,000.00	170.93	108.5%
Water Assessments	71,015.45	75,000.00	-3,984.55	94.7%
Total Income	75,934.75	79,000.00	-3,065.25	96.1%
Gross Profit	75,934.75	79,000.00	-3,065.25	96.1%
Expense				
Accounting Services	4,750.00	0.00	0.00	0.0%
Advertising	0.00	0.00	845.48	100.0%
Alarm Service	845.48	0.00	233.38	100.0%
Bank Service Charges	233.38	0.00	-1,000.00	0.0%
Casual Labor	0.00	1,000.00	-167.20	83.3%
Contract Labor	832.80	1,000.00	-8,619.81	42.5%
Copier	316.15	0.00	745.30	100.0%
Dam Expense	6,380.19	15,000.00	249.50	100.0%
Ditch Dues	745.30	0.00	-190.00	24.0%
Dues	249.50	0.00	0.00	0.0%
Election	60.00	250.00	0.00	0.0%
Insurance Property	0.00	0.00	-3,539.42	29.2%
Surety bond	1,460.58	5,000.00	-836.26	16.4%
Insurance Property - Other	0.00	0.00	798.27	100.0%
Total Insurance Property	1,460.58	5,000.00	1,644.59	100.0%
Legal Services	163.74	1,000.00	-718.42	64.1%
Liability Insurance	798.27	0.00	0.00	0.0%
Mileage	1,644.59	0.00	2,072.84	103.7%
Office Supplies	1,281.58	2,000.00	-4,399.12	0.0%
Other expenses	0.00	0.00	-714.34	64.3%
Payroll Expenses	58,072.84	56,000.00	0.00	0.0%
Payroll Taxes	0.88	4,400.00	0.00	0.0%
Penalties and interest	150.00	2,000.00	-785.93	90.2%
Postage	1,285.66	0.00	-45.00	98.9%
Professional Services	7,214.07	8,000.00	0.00	0.0%
Accounting	3,955.00	4,000.00	-1,000.00	0.0%
Auditing	0.00	0.00	0.00	0.0%
Professional Services	0.00	1,000.00	-1,830.93	85.9%
directors fees	0.00	0.00	157.85	100.0%
Professional Services - Other	0.00	0.00	176.00	100.0%
Total Professional Services	11,169.07	13,000.00	-1,830.93	85.9%
Reimbursement	157.85	0.00	157.85	100.0%
rental	176.00	0.00	176.00	100.0%

Santa Cruz Irrigation District
Profit & Loss Budget vs. Actual
July 2018 through June 2019

	Jul '18 - Jun '19	Budget	\$ Over Budget	% of Budget
Repairs & Maintenance				
Building Repairs	0.00	2,000.00	-2,000.00	0.0%
Equipment Repairs	0.00	1,000.00	-1,000.00	0.0%
Repairs & Maintenance - Other	780.37	0.00	780.37	100.0%
Total Repairs & Maintenance	780.37	3,000.00	-2,219.63	26.0%
Taxes				
Telephone	815.00	0.00	815.00	100.0%
Travel	2,044.84	1,700.00	344.84	120.3%
Utilities	0.00	1,500.00	-1,500.00	0.0%
Worker's Comp Ins.	4,375.50	3,500.00	875.50	125.0%
	1,459.00			
Total Expense	100,248.57	110,350.00	-10,101.43	90.8%
Net Ordinary Income	-24,313.82	-31,350.00	7,036.18	77.6%
Other Income/Expense				
Other Income				
Other Income				
BLM	2,623.25	2,000.00	623.25	131.2%
Other Income - Other	4,161.49	0.00	4,161.49	100.0%
Total Other Income	6,784.74	2,000.00	4,784.74	339.2%
Total Other Income	6,784.74	2,000.00	4,784.74	339.2%
Net Other Income	6,784.74	2,000.00	4,784.74	339.2%
Net Income	-17,529.08	-29,350.00	11,820.92	59.7%

**STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION DISTRICT**

**Schedule of Findings and Responses
Year Ended June 30, 2019**

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

*** Legend for Findings:**

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

**STATE OF NEW MEXICO
SANTA CRUZ IRRIGATION DISTRICT**

**Exit Conference
Year Ended June 30, 2019**

EXIT CONFERENCE

The report contents were discussed at a telephonic exit conference held on November 13, 2019 with the following:

Santa Cruz Irrigation District

By telephone:

Kenneth Salazar, Board Chairman
Karen Martinez, Office Manager
Loretta Lopez, Bookkeeper

Accounting Firm

James R. (Jim) Macias, CPA