

# Acequia de La Plaza de Dixon

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**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED UPON PROCEDURES – TIER 3**

FOR THE YEAR ENDED  
DECEMBER 31, 2016

**ACEQUIA DE LA PLAZA DE DIXON**  
**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 3**  
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**ACEQUIA DE LA PLAZA DE DIXON  
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES - TIER 3  
OFFICIAL ROSTER AS OF DECEMBER 31, 2016**

**Board of Commissioners**

Maggie Greenwald  
Sirivaishnov Gaia Reid  
Yolanda Romero-Jaramillo

President  
Vice-President  
Secretary/Treasurer

**Mayordomo**

Cathy Underwood

**Administrative Staff**

None



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES - TIER 3

Timothy Keller, New Mexico State Auditor  
and  
Charlotte Madueño, President  
Acequia de La Plaza de Dixon  
Dixon, NM

We have performed the procedures enumerated below, which were agreed to by Acequia de La Plaza de Dixon (Acequia) and the New Mexico State Auditor (specified parties), solely to assist you in determining compliance with provisions of the Audit Act for 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 as of and for the year ended December 31, 2016. The Acequia's management is responsible for maintaining its accounting records and the subject matter. 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and 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](http://www.osanm.org) under "Tiered System Reporting Main Page".**

*The Acequia's revenue calculation and tier determination were documented on the form provided at [www.osanm.org](http://www.osanm.org) under the "Tier System Reporting Main Page" and it was determined that the Acequia is under the Tier 3 reporting procedures.*

**2. Test 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.**

*All of the cash disbursements documents for the capital awards projects were obtained and tested. We determined that the amounts disbursed agreed with the supporting documentation. The amount, payee, date and description of the purchase agreed with the vendor's invoice, contract and canceled check.*

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

*All of the cash disbursements documents for the capital awards projects were obtained and tested. We determined that the cash disbursements were properly authorized and approved in accordance with legal requirements and the Acequia's procurement 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).**

*Bid documents for all procurements related to capital awards projects occurring during FY2016 were obtained and viewed. We determined that the Acequia advertised, obtained bids and quotes where necessary, and entered into contracts and purchase agreements in accordance with its procurement policies and applicable state laws and regulations.*

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

*Physical existence of completed projects was determined based on observation on June 10, 2017.*

- 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.**

*Obtained award agreements, reimbursement forms, quarterly reports and supporting documentation (bank statements, canceled checks, invoices) and viewed. We determined that the amounts on the reimbursement forms agree with the general ledger, funds received and payments made. Status reports were not required by the terms of the agreements with the Office of the State Engineer/Interstate Stream Commission (OSE/ISC). The Acequia submitted project budgets and reimbursement forms for the projects to the OSE/ISC.*

**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.**

*Obtained and viewed reimbursement forms, bank statements, canceled checks and invoices. We determined that the projects were not funded in advance. The Acequia was required to submit reimbursement forms to the OSE/ISC upon completion of work on the project. The Acequia paid for its project expenditures after the Acequia received checks from the OSE/ISC.*

**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.**

*Obtained and viewed award agreements, FY2016 budget, and quarterly reports. We determined that the Acequia had three awards budgeted for projects/expenditure during FY2016:*

*NM Laws 2012, Chapter 64, Section 15, Item 9 (STB) - this project was completed and fully expended, therefore, no unexpended balance or reversions as of 12/31/16.*

*NM Laws of 2013, Chapter 226, Section 29, Item 12 (STB) - This project is ongoing. Unexpended balance as of 12/31/16 was \$30,186. Reversion date per statute is June 30, 2017, therefore, no reversions occurred or were required as of 12/31/16.*

*NM Laws 2015, Chapter 3, Section 27, Item 11 (STB) - This project had not yet commenced, and no funds were expended as of 12/31/16. Unexpended balance as of 12/31/16 was \$65,000. Reversion date per statute is 6/30/19, therefore no reversions occurred, or were required, as of 12/31/16.*

**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.**

*Obtained and viewed award documents. We determined that the capital projects agreements did not require a separate fund or separate bank account that is non-interest bearing for the capital outlay funds.*

**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.**

*Obtained and viewed reimbursement requests for all project award disbursements. We determined that the Acequia filed Request for Reimbursement Forms with the OSE/ISC based on unpaid invoices submitted to the Acequia by vendors who had performed work on Acequia projects. The costs were not paid by the Acequia prior to the request for reimbursement because the Acequia did not have the necessary funds for payment. The Acequia paid for its project expenditures after the Acequia received the OSE/ISC checks. A finding was not considered necessary since the Acequia complied with the ISC's reimbursement procedures requirements.*

**7. 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(I)(3)(C) NMAC.**

*See the Schedule of Findings and Responses listed in the table of contents.*

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 3 agreed upon procedures. 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 the Acequia de La Plaza de Dixon, The New Mexico Office of the State Auditor, the New Mexico Department of Finance and Administration, and the New Mexico State Legislature and is not intended to be and should not be used by anyone other than those specified parties.



Morton Accounting Services, LLC  
Santa Fe, New Mexico  
June 19, 2017

**ACEQUIA DE LA PLAZA DE DIXON**  
**SCHEDULE OF CAPITAL OUTLAY AWARDS AND EXPENDITURES**  
**DECEMBER 31, 2016**

**Amounts awarded for projects:**

Fund (12-1399) Capital Appropriation Project	\$ 10,000
Fund (13-1579) Capital Appropriation Project	80,000
Fund (15-0639) Capital Appropriation Project	65,000

**Amounts received by Acequia**

59,814

**Amounts expended by Acequia**

(59,814)

**Remaining balance**

\$ 95,186

**Agreement Provisions:**

<b>Legislative Authority / Project Description</b>	<b>Dates of Agreement</b>	<b>Estimated Project Cost</b>	<b>Agreement Termination / Reversion Dates</b>
NM Laws 2012, Chapter 64, Section 15, Item 9 (STB)	10/2/2012	\$ 10,000	Earlier of project completion or 6/30/2016/ 6/30/2016
NM Laws of 2013, Chapter 226, Section 29, Item 12 (STB)	8/1/2014	\$ 80,000	Earlier of project completion or 6/30/2017/ 6/30/2017

Phase 1: To plan, design, and construct the rehabilitation of the Acequia by installing a reverse siphon, outlets, and bank stabilization at El Don Pablo Valdez Arroyo Station 58-56; to plan and design bank realignment and stabilization at the presa site, the school site, and El Arroyo de La Mina site.

NM Laws 2015, Chapter 3, Section 27, Item 11 (STB)	11/13/2015	\$ 65,000	Earlier of project completion or 6/30/2019/ 6/30/2019
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Phase 2: To plan, design, and construct the rehabilitation of the Acequia by installing a reverse siphon, outlets, and bank stabilization at El Don Pablo Valdez Arroyo Station 58-56; to plan and design bank realignment and stabilization at the presa site, the school site, and El Arroyo de La Mina site.



**ACEQUIA DE LA PLAZA DE DIXON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Status of Prior Year Findings:**

Not applicable

**Current Year Findings:**

**2016-01 Failure to Timely File Agreed Upon Procedures Report**

**Condition:**

This agreed-upon procedures report for FY2016 was not submitted to the NM Office of the State Auditor (OSA) by the due date of May 31, 2017.

**Criteria:**

Per Section 2.2.2.2.16 (H) NMAC, "Local public bodies with a fiscal year end other than June 30 must submit the agreed-upon procedures report no later than 5 months after the fiscal year end."

**Effect:**

Noncompliance with Section 2.2.2.16 (H) NMAC. Users of financial statements do not have timely information.

**Cause:**

The contract process was started late. The contract was fully executed on May 26, 2017, which did not allow for timely completion of agreed-upon procedures and submission to NM Office of the State Auditor by the May 31, 2017 deadline.

**Recommendation:**

Management of the Acequia should begin the contracting process earlier to allow for timely completion and submission of agreed-upon procedures to the NM Office of the State Auditor.

**Management Response:**

The Acequia agrees with this finding as the Acequia got a late start on the contracting process for this Agreed Upon Procedures Engagement. The Acequia needed all funds on hand at year-end to meet the Acequia spring priorities, for instance, the 2017 limpia, jara cutting, and other preparations for the new season, as well as mayordomo fees.

**ACEQUIA DE LA PLAZA DE DIXON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Current Year Findings, continued:**

**2016-01 Failure to Timely File Agreed Upon Procedures Report, continued**

**Management Response, continued:**

Further, it has been Acequia tradition to hold annual meetings later in the spring, after fees have been assessed and the budget can be determined by the members. We have changed this process to holding annual meetings in late fall, thus allowing collections to begin with sufficient time prior to the new season, and allowing us to meet the calendar year requirements such as this Agreed Upon Procedures and Budget Approval requirements. The Agreed Upon Procedures requirement has added an additional financial burden to our Acequia.

**ACEQUIA DE LA PLAZA DE DIXON  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Current Year Findings, continued:**

**2016-02 Completeness of Accounting Records**

**Condition:**

The Acequia did not include other state grant revenue (non-capital outlay funds) and expenditures, in the amount of \$18,141 (total grant award was \$20,000) from New Mexico Finance Authority in the applicable quarterly and final reports to NM Department of Finance and Administration - Local Government Division and general ledger of the Acequia.

**Criteria:**

Accounting records should reflect all financial activity of the organization.

**Effect:**

Accounting records were incomplete; revenue and expenditures were understated, respectively, by \$18,141.

**Cause:**

The New Mexico Finance Authority paid contractors directly for services rendered to the Acequia. Cash/funding was never received/disbursed by the Acequia. The Acequia did not believe it was required to reflect the transactions in its accounting records as cash was never received/disbursed by the Acequia.

**Recommendation:**

The Acequia should reflect all financial transactions in its accounting records, regardless of the method of payment to vendors/contractors.

**Management Response:**

The Acequia agrees with this finding. We were not aware that these funds should be included in our operating revenues and expenditures as the disbursement process was controlled by the state agencies overseeing the funding - New Mexico Interstate Stream Commission and New Mexico Finance Authority. This issue has been remedied and we are now including this funding in our general ledger and reporting.

**ACEQUIA DE LA PLAZA DE DIXON  
EXIT CONFERENCE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

On June 19, 2017, an exit conference was held with the following individuals to discuss the results of the agreed-upon procedures and contents of this report.

**Acequia de la Plaza de Dixon**

Yolanda R. Jaramillo

Treasurer

**Morton Accounting Services, LLC**

Janet Pacheco-Morton, CPA, CGFM

Managing Principal