

# **Accounting & Auditing Services, LLC**

**Financial Audits + Agreed Upon Procedures + Tax + Consulting**

**La Acequia de La Plaza de Dixon**

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

**La Acequia de La Plaza de Dixon  
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Fiscal Year Ended December 31, 2017**

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**La Acequia de La Plaza de Dixon  
Official Roster  
Fiscal Year Ending December 31, 2017**

**Board of Commissioners**

Charlotte Madueno, Chair

Vivian Archuleta, Vice-Chair

Yolanda R. Jaramillo, Secretary/Treasurer

**Administrative Staff**

None

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners  
La Acequia de La Plaza de Dixon  
and  
Wayne Johnson, New Mexico State Auditor

I have performed the procedures enumerated below for the La Acequia de La Plaza de Dixon (Acequia) for the year ended December 31, 2017, 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 Acequia through the New Mexico Office of the State Auditor. The Acequia'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](http://www.osanm.org) under "Tiered System Reporting Main Page."

Based on the Acequia's general ledger, total revenues for the fiscal year ending December 31, 2017 were \$10,427 (excluding capital outlay grant revenue). Based on this information, the Acequia was properly determined to be a Tier 3 entity for FY17 since their total revenues were less than \$50,000 and they expended the remainder of a capital outlay grant during 2017.

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.

All of the cash disbursements for the capital award project were tested. 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. The Acequia does not use purchase order forms.

- 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 Acequia advertised, obtained bids and awarded the contract in accordance with its procurement policies and 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 July 27, 2018. 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 Acequia did not submit the required status reports. See Finding 2017-001 on p. 5.

- 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 Acequia 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 authorized by grant agreement #13-1579 was completed. The unexpended grant balance of \$4,736.24 reverted to the State of New Mexico on June 30, 2017. The project work authorized by grant agreement #15-0639 was not completed and there was an unexpended balance of \$65,000 as of December 31, 2017.

- 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 Acequia used its operating account at Century Bank to account for the cash receipts and disbursements for this 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.

Under grant agreement #13-1579, the Acequia submitted two Request for Reimbursement forms totaling \$25,449.57 to the NMISC on June 30, 2017. The NMISC paid \$25,449.57 to the Acequia on July 11, 2017. The amounts requested in the Request for Payment forms agreed with the contractor's invoices and were supported by costs incurred by the Acequia. The invoices were not paid by the Acequia prior to the request for payment forms because the Acequia did not have the necessary funds. The Acequia paid for the invoices after the 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. 7 of this report.

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.

This agreed-upon procedures report was not submitted to the NM Office of the State Auditor by the required due date of June 1, 2018. See Finding 2016-001 on p. 4.

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

*Accounting & Auditing Services*

Accounting & Auditing Services, LLC

Santa Fe, New Mexico

August 2, 2018

**La Acequia de La Plaza de Dixon  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2017**

**Status of Prior Year Findings**

Finding 2016-001. Failure to Timely File Agreed-Upon Procedures Report - Revised and Repeated.

Finding 2016-002. Completeness of Accounting Records – Resolved.

**Current Year Findings**

**Finding 2016-001. Late Agreed-Upon Procedures Contract and Report**

**Condition**

For the fiscal year ending December 31, 2017, the Acequia did not submit the agreed-upon procedures contract and report to the NM Office of the State Auditor by the required due dates. The Acequia did not make any progress to implement its corrective action plan to resolve this prior year finding.

**Criteria**

According to the State Audit Rule, Section 2.2.2.16.B (3) NMAC, “if a local public body’s annual revenue is less than \$50,000 and the local public body expended at least 50%, or the remainder of, a single capital outlay award, then the local public body shall procure the services of an IPA for the performance of a Tier 3 agreed-upon procedures engagement in accordance with the audit contract for a Tier 3 agreed-upon procedures engagement.”

According to State Audit Rule 2017, Section 2.2.2.8.F (8)(f) NMAC, the Acequia should have submitted the unsigned contract generated by OSA-Connect to the NM Office of the State Auditor by December 1, 2017.

According to State Audit Rule 2017, Section 2.2.2.9.A(1)(j) NMAC, this agreed-upon procedures report should have been submitted to the NM Office of the State Auditor by June 1, 2018.

**Effect**

Since the agreed-upon procedures report for FY17 is late, the users of the agreed-upon procedures report did not receive timely information about the results of the capital outlay award for FY17.

**La Acequia de La Plaza de Dixon  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2017**

Cause

The Acequia did not have enough funds to commit to the expenditures required for hiring a CPA firm to perform the agreed-upon procedures by the required due date. The Acequia needed to ensure that all funds on hand were available for the upcoming opening season expenses for the limpia, jara cutting, and other maintenance preparations for the new season, as well as mayordomo fees while starting to collect the current year's assessments.

Recommendation

The members of the Acequia's Board of Commissioners should read the State Audit Rule 2018 (2.2.2 NMAC) to understand the specific requirements and due dates for agreed-upon procedures. For future fiscal years, the Acequia shall determine its total revenues and state funded capital outlay award expenditures and apply the criteria noted in Section 2.2.2.16.B NMAC to determine if agreed-upon procedures are required; if so, the Acequia should submit the contract information to the NM Office of the State Auditor by December 1<sup>st</sup> as required by Section 2.2.2.8.F(8)(f) NMAC and ensure that the report is submitted to the NM Office of the State Auditor by the following June 1<sup>st</sup>. If the Acequia receives a capital outlay appropriation in the future, the Acequia should establish a budget and financing plan to pay for the required agreed-upon procedures.

Management's Response

By the end of 2018, the Board of Commissioners will work on requiring that fees for the upcoming season be paid by January 1<sup>st</sup> so that the Acequia fund will have the amount of money needed if agreed-upon procedures are required in the future. The Treasurer of the Acequia will then ensure that the contract and report are submitted to the NM Office of the State Auditor by the required due dates.

**Finding 2017-001. Non-Submission of Monthly Project Status Reports**

Condition

The Acequia did not submit the monthly and final paper status reports to the NM Interstate Stream Commission (NMISC).

Criteria

Article VIII.A-B (Reports) of the grant agreement between the Acequia and the NMISC states that the Acequia shall submit monthly paper periodic reports and a final report to the NMISC.

**La Acequia de La Plaza de Dixon  
Schedule of Findings and Responses  
Fiscal Year Ending December 31, 2017**

Effect

The NMISC did not receive required reports from the Acequia to adequately monitor the project activity.

Cause

The Treasurer of the Acequia stated that she filed the monthly Capital Project Monitoring System (CPMS) reports to DFA but was unaware of the requirement to submit monthly paper and final status reports to the NMISC.

Recommendation

If the Acequia obtains future capital outlay awards from the State of New Mexico, the Acequia's Board of Commissioners should thoroughly read the grant agreement to fully understand the reporting requirements, and the Acequia's Treasurer should file the required project status reports by the due dates in accordance with the terms of the grant agreement.

Management's Response

For future capital outlay awards and projects, the Treasurer will submit all the status reports required by the grant agreement.

**La Acequia de La Plaza de Dixon  
Schedule of Capital Outlay Awards  
For the Fiscal Year Ending December 31, 2017**

	1	2	
Amount Awarded	\$ 80,000.00	\$ 65,000.00	
Received and Expended in 2016	(49,814.19)	-	
Received and Expended in 2017	(25,449.57)	-	
Remaining Balance	\$ 4,736.24	\$ 65,000.00	

**Agreement Provisions**

**1 - Grant Agreement Between the New Mexico Interstate Stream Commission and the La Acequia de La Plaza de Dixon - Fund [13-1579] Capital Appropriation Project)**

Legislative Authority: New Mexico Laws of 2013, Chapter 226, Section 29, Paragraph 12

Date of Agreement: August 1, 2014

Project Description: To plan, design and construct improvements to the Acequia de La Plaza de Dixon in Rio Arriba County.

Estimated Project Cost: \$80,000

State Grant Amount: \$80,000

Agreement termination/reversion date: June 30, 2017

**2 - Grant Agreement Between the New Mexico Interstate Stream Commission and the La Acequia de La Plaza de Dixon - Fund [15-0639] Capital Appropriation Project)**

Legislative Authority: New Mexico Laws of 2015, Chapter 3, Section 27, Paragraph 11

Date of Agreement: December 14, 2015

Project Description: To plan, design, construct and install Phase 2 infrastructure improvements to the Acequia de La Plaza de Dixon in Rio Arriba County.

Estimated Project Cost: \$65,000

State Grant Amount: \$65,000

Agreement termination/reversion date: June 30, 2019

**La Acequia de La Plaza de Dixon**  
**Exit Conference**  
**Fiscal Year Ending December 31, 2017**

On July 27, 2018, the following officials held an exit conference and discussed discuss the results of the agreed upon procedures and the contents of this report:

La Acequia de La Plaza de Dixon

Yolanda Jaramillo, Secretary/Treasurer

Accounting & Auditing Services, LLC

Steve B. Archibeque, CPA, Audit Manager